

ANNUAL STATEMENT

OF THE

LM Insurance Corporation

of **West Des Moines**

in the state of **Iowa**

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2006**

PROPERTY AND CASUALTY

2006



33600200620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

LM Insurance Corporation

NAIC Group Code 0111 0111 NAIC Company Code 33600 Employer's ID Number 04-3058504

Organized under the Laws of Iowa, State of Domicile or Port of Entry Iowa

Country of Domicile United States of America

Incorporated/Organized: June 16, 1989 Commenced Business: June 22, 1989

Statutory Home Office: 2829 Westown Parkway Suite 300 West Des Moines, IA 50265

Main Administrative Office: 175 Berkeley Street Boston, MA 02116 617-357-9500

Mail Address: 175 Berkeley Street Boston, MA 02116

Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02116 617-357-9500

Internet Website Address: www.LibertyMutual.com

Statutory Statement Contact: Douglas Link 617-357-9500 45668 Douglas.Link@LibertyMutual.com 617-574-5955 (E-Mail Address) (Fax Number)

Policyowner Relations Contact: 175 Berkeley Street Boston, MA 02116 617-357-9500 41015

OFFICERS

Table with 2 columns: Name, Title. Rows include Edmund Francis Kelly (Chairman of the Board President & CEO), Dexter Robert Legg (Vice President & Secretary), Laurance Henry Soyer Yahia (Vice President & Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Lists names and titles of Vice Presidents such as James Paul Condrin, III, David Henry Long, Christopher Charles Mansfield, John Derek Doyle, Anthony Alexander Fontanes, Dennis James Langwell, Gary Jay Ostrow.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists names and titles of Directors or Trustees such as James Paul Condrin, III, David Henry Long, Dennis James Langwell, Edmund Francis Kelly, Dexter Robert Legg, Christopher Charles Mansfield.

State of Massachusetts County of Suffolk ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Edmund Francis Kelly (Printed Name) 1. Chairman of the Board President & CEO (Title) (Signature) Dexter Robert Legg (Printed Name) 2. Vice President & Secretary (Title) (Signature) Laurance Henry Soyer Yahia (Printed Name) 3. Vice President & Treasurer (Title)

Subscribed and sworn to before me this day of , 2007

- a. Is this an original filing? YES [X] NO [] b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	51,110,290		51,110,290	47,701,886
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	752,000		752,000	690,539
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 3,535,613, Schedule DA)	3,535,613		3,535,613	2,526,731
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	5,926		5,926	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	55,403,829		55,403,829	50,919,156
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	611,752		611,752	562,585
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,708,947	62,735	1,646,212	1,398,682
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 91 earned but unbilled premiums)	5,505,642	10	5,505,632	4,139,565
13.3 Accrued retrospective premiums	1,543,914	152,283	1,391,631	1,408,202
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	6,436	6,436		
16.1 Current federal and foreign income tax recoverable and interest thereon				313,637
16.2 Net deferred tax asset	2,827,000	1,444,623	1,382,377	1,644,578
17. Guaranty funds receivable or on deposit	98,321		98,321	113,245
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	30,015		30,015	
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	1,175,238	56,098	1,119,140	1,076,475
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	68,911,094	1,722,185	67,188,909	61,576,125
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	68,911,094	1,722,185	67,188,909	61,576,125

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Other assets	104,186	29,341	74,845	82,944
2302. Cash surrender value - life insurance	487,335		487,335	430,169
2303. Equities and deposits in pools and associations	61,648		61,648	62,954
2398. Summary of remaining write-ins for Line 23 from overflow page	522,069	26,757	495,312	500,408
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,175,238	56,098	1,119,140	1,076,475

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	30,584,849	28,414,274
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,366,670	
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	6,269,446	5,819,492
4. Commissions payable, contingent commissions and other similar charges	392,744	282,513
5. Other expenses (excluding taxes, licenses and fees)	892,147	798,180
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	626,661	599,419
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	356,062	
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 110,594,826 and including warranty reserves of \$ 0)	9,367,537	8,398,602
10. Advance premium	68,409	102,884
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	12,030	6,982
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	314,864	62,592
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	826,496	943,589
19. Payable to parent, subsidiaries and affiliates		142,775
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(2,870,274)	(2,523,135)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	48,207,641	43,048,167
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	48,207,641	43,048,167
27. Aggregate write-ins for special surplus funds	2,439,506	2,349,541
28. Common capital stock	3,600,000	3,600,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	7,400,000	7,400,000
33. Unassigned funds (surplus)	5,541,762	5,178,417
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	18,981,268	18,527,958
36. TOTALS (Page 2, Line 26, Col. 3)	67,188,909	61,576,125

DETAILS OF WRITE-INS		
2301. Other liabilities	260,505	568,144
2302. Pooled retroactive reinsurance	(4,591,865)	(4,514,653)
2303. Amounts held under uninsured plans	1,461,086	1,423,374
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(2,870,274)	(2,523,135)
2701. Special surplus from retroactive reinsurance	2,439,506	2,349,541
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	2,439,506	2,349,541
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME		1	2
		Current Year	Prior Year
UNDERWRITING INCOME			
1. Premiums earned (Part 1, Line 34, Column 4)		22,742,826	20,719,382
DEDUCTIONS			
2. Losses incurred (Part 2, Line 34, Column 7)		13,897,375	13,214,373
3. Loss expenses incurred (Part 3, Line 25, Column 1)		3,470,809	3,905,425
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		6,091,265	5,167,284
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)		23,459,449	22,287,082
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		(716,623)	(1,567,700)
INVESTMENT INCOME			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,713,888	2,591,450
10. Net realized capital gains (losses) less capital gains tax of \$	0 (Exhibit of Capital Gains (Losses))		150,004
11. Net investment gain (loss) (Lines 9 + 10)		2,713,888	2,741,454
OTHER INCOME			
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 4,646 amount charged off \$ 36,434)		(31,788)	(72,044)
13. Finance and service charges not included in premiums		110,033	113,384
14. Aggregate write-ins for miscellaneous income		(240,709)	(261,172)
15. Total other income (Lines 12 through 14)		(162,464)	(219,832)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)		1,834,801	953,922
17. Dividends to policyholders		102,055	72,216
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)		1,732,746	881,706
19. Federal and foreign income taxes incurred		1,053,740	219,584
20. Net income (Line 18 minus Line 19) (to Line 22)		679,006	662,122
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		18,527,958	17,643,949
22. Net income (from Line 20)		679,006	662,122
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	2,274	4,224	(20,450)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax		628,275	(26,581)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		(864,908)	254,473
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)			
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders			
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)			
37. Aggregate write-ins for gains and losses in surplus		6,713	14,445
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)		453,310	884,009
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)		18,981,268	18,527,958

DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)			
1401. Other income/(expense)		(342,530)	(323,226)
1402. Retroactive reinsurance gain/(loss)		101,821	62,054
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)		(240,709)	(261,172)
3701. Other changes in surplus		6,713	14,445
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		6,713	14,445

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	22,077,450	20,870,621
2. Net investment income	2,682,205	2,616,617
3. Miscellaneous income	127,108	(3,931,936)
4. Total (Lines 1 through 3)	24,886,763	19,555,302
5. Benefit and loss related payments	10,497,436	11,360,661
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	8,882,902	8,369,345
8. Dividends paid to policyholders	97,007	87,257
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	384,041	640,854
10. Total (Lines 5 through 9)	19,861,386	20,458,117
11. Net cash from operations (Line 4 minus Line 10)	5,025,377	(902,815)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,462,005	10,388,739
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		99,539
12.8 Total investment proceeds (Lines 12.1 to 12.7)	9,462,005	10,488,278
13. Cost of investments acquired (long-term only):		
13.1 Bonds	12,887,893	9,393,026
13.2 Stocks	54,964	50,746
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	5,926	
13.7 Total investments acquired (Lines 13.1 to 13.6)	12,948,783	9,443,772
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(3,486,778)	1,044,506
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(529,717)	662,574
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(529,717)	662,574
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,008,882	804,265
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	2,526,731	1,722,466
19.2 End of year (Line 18 plus Line 19.1)	3,535,613	2,526,731

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	577,610	250,413	285,860	542,163
2. Allied lines	203,169	81,042	102,659	181,552
3. Farmowners multiple peril	800			800
4. Homeowners multiple peril	3,182,754	1,483,780	1,813,627	2,852,907
5. Commercial multiple peril	516,227	211,204	259,265	468,166
6. Mortgage guaranty				
8. Ocean marine	49,086	25,579	24,147	50,518
9. Inland marine	705,435	66,778	79,299	692,914
10. Financial guaranty				
11.1 Medical malpractice - occurrence	7			7
11.2 Medical malpractice - claims-made				
12. Earthquake	71,945	24,421	33,386	62,980
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	797	131	378	550
16. Workers' compensation	7,834,531	(245,141)	(83,261)	7,672,651
17.1 Other liability - occurrence	1,310,660	347,364	522,679	1,135,345
17.2 Other liability - claims-made	345,826	159,165	160,322	344,669
18.1 Products liability - occurrence	323,691	91,729	112,209	303,211
18.2 Products liability - claims-made	14,561	5	1,282	13,284
19.1, 19.2 Private passenger auto liability	4,373,297	2,233,253	2,216,457	4,390,093
19.3, 19.4 Commercial auto liability	981,169	259,398	340,485	900,082
21. Auto physical damage	2,351,485	1,554,480	1,586,285	2,319,680
22. Aircraft (all perils)	148,352	33,197	49,609	131,940
23. Fidelity	10,745	4,343	4,140	10,948
24. Surety	486,373	225,405	292,027	419,751
26. Burglary and theft	1,265	643	591	1,317
27. Boiler and machinery	9,050	3,341	4,324	8,067
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	125,342	9,862	12,499	122,705
31. Reinsurance-Nonproportional Assumed Liability	104,087	11,650	5,263	110,474
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	23,728,264	6,832,042	7,823,532	22,736,774

DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	282,808	3,052			285,860
2. Allied lines	102,588	71			102,659
3. Farmowners multiple peril					
4. Homeowners multiple peril	1,813,625				1,813,625
5. Commercial multiple peril	225,819	33,446			259,265
6. Mortgage guaranty					
8. Ocean marine	21,101	3,046			24,147
9. Inland marine	74,306	4,993			79,299
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	32,991	395			33,386
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	380				380
16. Workers' compensation	1,238,112	30,090	(91)	(1,351,371)	(83,260)
17.1 Other liability - occurrence	557,474	45,858		(80,653)	522,679
17.2 Other liability - claims-made	118,118	42,203			160,321
18.1 Products liability - occurrence	140,824	4,230		(32,845)	112,209
18.2 Products liability - claims-made	1,282				1,282
19.1, 19.2 Private passenger auto liability	2,216,457				2,216,457
19.3, 19.4 Commercial auto liability	405,770	17,257		(82,542)	340,485
21. Auto physical damage	1,585,869	416			1,586,285
22. Aircraft (all perils)	49,609				49,609
23. Fidelity	3,940	200			4,140
24. Surety	270,600	17,930		3,497	292,027
26. Burglary and theft	570	20			590
27. Boiler and machinery	4,310	13			4,323
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	12,499				12,499
31. Reinsurance-Nonproportional Assumed Liability	5,263				5,263
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	9,164,315	203,220	(91)	(1,543,914)	7,823,530
35. Accrued retrospective premiums based on experience					1,543,914
36. Earned but unbilled premiums					91
37. Balance (Sum of Line 34 through 36)					9,367,535

DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

(a) State here basis of computation used in each case Daily pro rata

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	9,868	577,610		9,868		577,610
2. Allied lines	9,542	203,169		9,542		203,169
3. Farmowners multiple peril		800				800
4. Homeowners multiple peril	3,348,129	3,182,754		3,348,129		3,182,754
5. Commercial multiple peril	721,624	516,227		721,624		516,227
6. Mortgage guaranty						
8. Ocean marine		49,086				49,086
9. Inland marine	1,594,135	705,435		1,594,135		705,435
10. Financial guaranty						
11.1 Medical malpractice - occurrence		7				7
11.2 Medical malpractice - claims-made						
12. Earthquake	18,012	71,945		18,012		71,945
13. Group accident and health		(1)				(1)
14. Credit accident and health (group and individual)						
15. Other accident and health		797				797
16. Workers' compensation	343,387,757	7,834,531		343,387,757		7,834,531
17.1 Other liability - occurrence	2,830,985	1,310,660		2,830,985		1,310,660
17.2 Other liability - claims-made		345,826				345,826
18.1 Products liability - occurrence	1,610,041	323,691		1,610,041		323,691
18.2 Products liability - claims-made		14,561				14,561
19.1, 19.2 Private passenger auto liability		4,373,297				4,373,297
19.3, 19.4 Commercial auto liability	8,639,896	981,169		8,639,896		981,169
21. Auto physical damage	1,097,444	2,351,485		1,097,444		2,351,485
22. Aircraft (all perils)		148,352				148,352
23. Fidelity	2,369	10,745		2,369		10,745
24. Surety	115,563	486,373		115,563		486,373
26. Burglary and theft	483	1,265		483		1,265
27. Boiler and machinery	14,400	9,050		14,400		9,050
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	125,342				125,342
31. Reinsurance-Nonproportional Assumed Liability	X X X	104,087				104,087
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	363,400,248	23,728,263		363,400,248		23,728,263

DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes No

If yes: 1. The amount of such installment premiums \$ 334,751,506

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 335,125,263

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire		230,290		230,290	192,302	221,018	201,574	37.180
2. Allied lines	110,677	184,545	110,677	184,545	124,230	121,716	187,059	103.033
3. Farmowners multiple peril					336		336	42.000
4. Homeowners multiple peril	943,678	1,309,670	943,678	1,309,670	652,206	510,679	1,451,197	50.867
5. Commercial multiple peril	26,238	265,946	26,238	265,946	622,919	465,044	423,821	90.528
6. Mortgage guaranty								
8. Ocean marine		27,369		27,369	78,836	88,927	17,278	34.202
9. Inland marine	308,669	639,468	308,669	639,468	149,581	186,494	602,555	86.960
10. Financial guaranty								
11.1 Medical malpractice - occurrence		22		22	828	(130)	980	14,000.000
11.2 Medical malpractice - claims - made								
12. Earthquake		(17)		(17)	(620)	1,310	(1,947)	(3.091)
13. Group accident and health		1,929		1,929	6,797	7,424	1,302	
14. Credit accident and health (group and individual)								
15. Other accident and health		1,159		1,159	6,382	6,878	663	120.545
16. Workers' compensation	217,700,198	3,501,933	217,700,198	3,501,933	17,633,220	15,677,898	5,457,255	71.126
17.1 Other liability - occurrence	1,586,276	696,939	1,586,276	696,939	3,521,752	3,474,402	744,289	65.556
17.2 Other liability - claims - made		138,683		138,683	572,037	573,860	136,860	39.708
18.1 Products liability - occurrence	826	(78,189)	826	(78,189)	838,029	828,698	(68,858)	(22.710)
18.2 Products liability - claims - made		13		13	22,642	14,793	7,862	59.184
19.1, 19.2 Private passenger auto liability	240,348	2,732,193	240,348	2,732,193	3,688,473	3,892,911	2,527,755	57.579
19.3, 19.4 Commercial auto liability	1,169,398	492,953	1,169,398	492,953	1,207,101	1,301,330	398,724	44.299
21. Auto physical damage	622,784	1,204,129	622,784	1,204,129	(71,355)	(77,443)	1,210,217	52.172
22. Aircraft (all perils)		63,987		63,987	138,822	132,994	69,815	52.914
23. Fidelity		1,218		1,218	29,521	20,296	10,443	95.387
24. Surety	45,875	28,462	45,875	28,462	177,730	118,702	87,490	20.843
26. Burglary and theft		205		205	2,516	4,032	(1,311)	(99.544)
27. Boiler and machinery		(30)		(30)	357	(1,002)	1,329	16.475
28. Credit					28	28		
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	119,235		119,235	250,216	280,909	88,542	72.158
31. Reinsurance-Nonproportional Assumed Liability	X X X	183,854		183,854	732,582	557,839	358,597	324.599
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	1,171		1,171	7,378	4,667	3,882	
33. Aggregate write-ins for other lines of business								
34. TOTALS	222,754,967	11,747,137	222,754,967	11,747,137	30,584,846	28,414,274	13,917,709	61.212

DETAILS OF WRITE-INS

3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)								

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire		146,408		146,408	17,176	45,894	17,176	192,302	23,867
2. Allied lines		101,050		101,050	27,073	23,180	27,073	124,230	18,546
3. Farmowners multiple peril						336		336	208
4. Homeowners multiple peril	248,880	383,343	248,880	383,343	204,379	268,863	204,379	652,206	157,801
5. Commercial multiple peril	150,101	388,412	150,101	388,412	387,267	234,506	387,267	622,918	189,030
6. Mortgage guaranty									
8. Ocean marine		57,966		57,966		20,870		78,836	19,929
9. Inland marine	125,001	68,443	125,001	68,443	501,730	81,138	501,730	149,581	17,040
10. Financial guaranty									
11.1 Medical malpractice - occurrence		737		737		91		828	
11.2 Medical malpractice - claims - made									
12. Earthquake		217		217		(836)		(619)	86
13. Group accident and health		2,908		2,908		3,889		(a) 6,797	532
14. Credit accident and health (group and individual)									
15. Other accident and health		1,663		1,663		4,719		(a) 6,382	205
16. Workers' compensation	374,678,058	10,646,714	374,678,058	10,646,714	480,087,249	6,986,506	480,087,249	17,633,220	2,117,819
17.1 Other liability - occurrence	1,797,730	1,905,367	1,797,730	1,905,367	1,406,343	1,616,385	1,406,343	3,521,752	1,493,346
17.2 Other liability - claims - made		146,148		146,148		425,889		572,037	207,216
18.1 Products liability - occurrence		215,772		215,772	773,850	622,257	773,850	838,029	555,149
18.2 Products liability - claims - made		5,096		5,096		17,547		22,643	11,717
19.1, 19.2 Private passenger auto liability	77,342	2,394,195	77,342	2,394,195	70,212	1,294,278	70,212	3,688,473	1,015,001
19.3, 19.4 Commercial auto liability	1,677,497	716,999	1,677,497	716,999	2,173,946	490,102	2,173,946	1,207,101	220,153
21. Auto physical damage		1,435		1,435	(6,244)	(72,790)	(6,244)	(71,355)	112,734
22. Aircraft (all perils)		97,321		97,321		41,501		138,822	28,728
23. Fidelity		7,352		7,352	88	22,169	88	29,521	2,738
24. Surety	1	29,301	1	29,301	53,383	148,430	53,383	177,731	51,208
26. Burglary and theft		225		225	26	2,290	26	2,515	2,429
27. Boiler and machinery		39		39	17,492	318	17,492	357	245
28. Credit						28		28	
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	142,023		142,023	X X X	108,192		250,215	4,656
31. Reinsurance-Nonproportional Assumed Liability	X X X	369,146		369,146	X X X	363,437		732,583	18,977
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	7,378		7,378	X X X			7,378	86
33. Aggregate write-ins for other lines of business									
34. TOTALS	378,754,610	17,835,658	378,754,610	17,835,658	485,713,970	12,749,189	485,713,970	30,584,847	6,269,446

DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)									

(a) Including \$ 0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	26,509,303			26,509,303
1.2 Reinsurance assumed	1,678,787			1,678,787
1.3 Reinsurance ceded	26,509,303			26,509,303
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	1,678,787			1,678,787
2. Commission and brokerage:				
2.1 Direct, excluding contingent		8,307,825		8,307,825
2.2 Reinsurance assumed, excluding contingent		415,809		415,809
2.3 Reinsurance ceded, excluding contingent		8,307,825		8,307,825
2.4 Contingent-direct		28		28
2.5 Contingent-reinsurance assumed		246,698		246,698
2.6 Contingent-reinsurance ceded		28		28
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		662,507		662,507
3. Allowances to manager and agents		6		6
4. Advertising	21,497	240,333	53	261,883
5. Boards, bureaus and associations	4,910	38,781	2	43,693
6. Surveys and underwriting reports	22	46,887		46,909
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	1,043,936	2,320,165	12,615	3,376,716
8.2 Payroll taxes	59,074	193,072	547	252,693
9. Employee relations and welfare	198,848	652,461	547	851,856
10. Insurance	103,288	31,893	42	135,223
11. Directors' fees		372		372
12. Travel and travel items	70,817	179,191	419	250,427
13. Rent and rent items	63,858	209,643	179	273,680
14. Equipment	52,381	155,709	197	208,287
15. Cost or depreciation of EDP equipment and software	10,505	41,705	103	52,313
16. Printing and stationery	14,787	43,422	28	58,237
17. Postage, telephone and telegraph, exchange and express	45,127	131,392	62	176,581
18. Legal and auditing	10,098	49,614	1,443	61,155
19. Totals (Lines 3 to 18)	1,699,148	4,334,646	16,237	6,050,031
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 20,673		870,673		870,673
20.2 Insurance department licenses and fees		16,379		16,379
20.3 Gross guaranty association assessments		(18,400)		(18,400)
20.4 All other (excluding federal and foreign income and real estate)		18,438		18,438
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		887,090		887,090
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	92,874	207,022	1,870	301,766
25. Total expenses incurred	3,470,809	6,091,265	18,107	(a) 9,580,181
26. Less unpaid expenses-current year	6,269,446	1,911,551		8,180,997
27. Add unpaid expenses-prior year	5,819,492	1,680,112		7,499,604
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,020,855	5,859,826	18,107	8,898,788

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	35,011			35,011
2402. Other expenses	57,863	207,022	1,870	266,755
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	92,874	207,022	1,870	301,766

(a) Includes management fees of \$ 17,863 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 957,690	977,878
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,473,991	1,490,118
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		55,439
2.21 Common stocks of affiliates	55,439	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 188,753	201,606
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	6,954	6,954
10. Total gross investment income	2,682,827	2,731,995
11. Investment expenses		(g) 18,107
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		18,107
17. Net investment income (Line 10 minus Line 16)		2,713,888
DETAILS OF WRITE-INS		
0901. Miscellaneous Income / (Expense)	6,954	6,954
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	6,954	6,954
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

- (a) Includes \$ 38,648 accrual of discount less \$ 56,133 amortization of premium and less \$ 62,153 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 1,222 accrual of discount less \$ 0 amortization of premium and less \$ 1,986 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)			6,498	6,498
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)			6,498	6,498

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	62,735	57,399	(5,336)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	10		(10)
13.3 Accrued retrospective premiums	152,283	158,357	6,074
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans	6,436	7,060	624
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	1,444,623	556,422	(888,201)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets	56,098	71,332	15,234
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,722,185	850,570	(871,615)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,722,185	850,570	(871,615)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	29,341	52,725	23,384
2302. Amounts receivable under high deductible policies	26,757	18,607	(8,150)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	56,098	71,332	15,234

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the Iowa Insurance Commissioner, the accompanying financial statements of LM Insurance Corporation (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office ("SVO Manual").
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market value.
4. The Company does not own unaffiliated preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage backed/asset backed securities are stated at amortized cost or market based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. The Company does not own any subsidiaries, controlled, or affiliated entities.
8. The Company has no investments in joint ventures, limited partnerships, or limited liability companies.
9. Derivative Securities, refer to Note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2006.
13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

- A. There were no material changes in accounting principles or corrections of errors during the year.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not enter into any statutory purchases during the year.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.
2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
3. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

The Company did not enter into any repurchase agreements during the year.

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

The Company does not hold investments in low-income housing tax credits.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

A. The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets

B. Impairments on joint ventures, partnerships and limited liability companies

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

All investment income due and accrued over 90 days past due is excluded from Surplus.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2006.

Note 8- Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

- A. The components of the net deferred tax assets and liabilities recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2006	December 31, 2005	Change
Total of gross deferred tax assets	3,225,000	2,692,000	533,000
Total of deferred tax liabilities	(398,000)	(491,000)	93,000
Net deferred tax asset	2,827,000	2,201,000	626,000
Net deferred tax asset non-admitted	(1,444,623)	(556,422)	(888,201)
Net admitted deferred tax asset	1,382,377	1,644,578	(262,201)

- B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.
- C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2006	2005
Federal tax on operations	1,053,740	219,584
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	1,053,740	219,584
Tax on capital gains	0	80,772
Total income tax incurred	1,053,740	300,356

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation deductions, and statutory non-admitted assets.

The change in deferred income taxes is comprised of the following:

	2006
Change in net deferred income tax (without unrealized gain or loss)	628,275
Tax effect of unrealized (gains) losses	(2,275)
Total change in net deferred income tax	626,000

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of revisions to prior year estimates and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$826,000 from the current year and \$474,000 from the preceding year.

The Company has no net loss carryforward available to offset future net income subject to Federal income taxes.

- F. The Company's Federal income tax return is consolidated with the following entities:

Access Insurance Services, Co.	Liberty Life Holdings, Inc.
Ambco Capital Corporation	Liberty Lloyds of Texas Insurance Company
America First Insurance Company	Liberty Management Services, Inc.
America First Lloyds Insurance Company	Liberty Mexico Holdings, Inc.
American Ambassador Casualty Company	Liberty Mutual Fire Insurance Company
Berkeley Holding Company Associates, Inc.	Liberty Mutual Group Inc.
Berkeley Management Corporation	Liberty Mutual Holding Company, Inc.
Bridgefield Casualty Insurance Company	Liberty Mutual Insurance Company
Bridgefield Employers Insurance Company	Liberty Mutual Managed Care, Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Personal Insurance Company
Capitol Agency, Inc. (Ohio corporation)	Liberty Northwest Insurance Corporation
Capitol Agency, Inc. (Tennessee corporation)	Liberty Personal Insurance Company
Cascade Disability Management, Inc.	Liberty RE (Bermuda) Limited
Colorado Casualty Insurance Company	Liberty Real Estate Corporation
Companies Agency Insurance Services of California	Liberty Sponsored Insurance (Vermont) Inc.
Companies Agency of Alabama, Inc.	Liberty Surplus Insurance Corporation
Companies Agency of Georgia, Inc.	Liberty-USA Corporation
Companies Agency of Kentucky, Inc.	LIH-Re of America Corporation
Companies Agency of Massachusetts, Inc.	LIH U.S. P&C Corporation
Companies Agency of Michigan, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of New York, Inc.	LIU Specialty Insurance Agency, Inc.
Companies Agency of Pennsylvania, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency of Phoenix, Inc.	LM Insurance Corporation
Consolidated Insurance Company	LMHC Massachusetts Holding, Inc.
Copley Venture Capital, Inc.	LRE Properties, Inc.
Countrywide Services Corporation	Mid-American Agency, Inc.
Diversified Settlements, Inc.	Mid-American Fire and Casualty Company
Employers Insurance Company of Wausau	Missouri Agency, Inc.
Excelsior Insurance Company	North Pacific Insurance Company
First State Agency, Inc.	Oregon Automobile Insurance Company
Florida State Agency, Inc.	Peerless Indemnity Insurance Company
Globe American Casualty Company	Peerless Insurance Company

NOTES TO FINANCIAL STATEMENTS

Golden Eagle Insurance Corporation	LM Personal Insurance Company
Gulf States AIF, Inc.	LM General Insurance Company
Hawkeye-Security Insurance Company	LM Property and Casualty Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	San Diego Insurance Company
Helmsman Insurance Agency of Texas, Inc.	State Agency, Inc. (Indiana corporation)
Heritage-Summit Healthcare of Florida, Inc.	State Agency, Inc. (Wisconsin corporation)
Indiana Insurance Company	St. James Insurance Company
LEXCO Limited	Summit Consulting, Inc.
Liberty Assignment Corporation	Summit Consulting, Inc. of Louisiana
Liberty Energy Corporation	Summit Holding Southeast, Inc.
Liberty Financial Services, Inc.	The First Liberty Insurance Corporation
Liberty Hospitality Group, Inc.	The Midwestern Indemnity Company
Liberty Insurance Company of America	The National Corporation
Liberty Insurance Corporation	The Netherlands Insurance Company
Liberty Insurance Holdings, Inc.	Wausau Business Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau General Insurance Company
Liberty International Asia Pacific Holdings, Inc.	Wausau Service Corporation
Liberty International Holdings, Inc.	Wausau Signature Agency, Inc.
Liberty Life Assurance Company of Boston	Wausau Underwriters Insurance Company

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts company. LMIC is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.
- C. Refer to Note 26.
- D. At December 31, 2006, the Company reported \$30,015 due from affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 26 for information regarding the Inter-Company Reinsurance Agreement.

There is a "Service Agreement" between the Company and an affiliate, LMIC, under which LMIC provides the Company with services of personnel employed by the LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate. The Company also has an investment services agreement with LMIC. LMIC is reimbursed for the costs of all services which it provides under these agreements.

The Company is party to a Federal Tax Sharing Agreement between LMIC and Affiliates (see Note 9 F).

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled or affiliated companies.
- J. Impairment of subsidiaries
Not applicable
- K. See Note 10 I.

Note 11- Debt

- A. The Company has no capital notes.
- B. The Company has no outstanding borrowed money.

Note 12- Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreement as described in Note 10 F.

Note 13- Capital and Surplus, Dividend restrictions and Quasi-Reorganizations

1. The Company has 30,000 shares authorized, issued, and outstanding as of December 31, 2006. All shares have a stated par value of \$120.

NOTES TO FINANCIAL STATEMENTS

2. Preferred Stock

Not applicable

3. Dividend Restrictions

There are no dividend restrictions.

4. The maximum amount of dividends which can be paid by Iowa-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of policyholders' surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2007 is \$1,898,127.

5. As of December 31, 2006, the Company has pre-tax restricted surplus of \$2,439,506 resulting from retroactive reinsurance contracts.

6. The Company had no advances to surplus.

7. The Company did not hold stock for special purposes.

8. The Company had changes in special surplus funds since December 31, 2001 resulting from retroactive reinsurance contracts.

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$25,562.

10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to affiliates or other entities as indicated in Note 10 E. The Company has made no guarantees on behalf of affiliates.

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of \$553,400 that is offset by future premium tax credits of \$98,538. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2006.

During 2006 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

C. Gain Contingencies

Not applicable

D. All other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. ("LMGI"). LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

Note 15- Leases

A. Aside from certain sale-leaseback transactions disclosed below, the Company is not involved in material lease arrangements.

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS

The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The Company's minimum lease obligations under these agreements are as follows:

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2007	\$79,660	\$211,664
2008	73,518	194,343
2009	62,334	146,249
2010	43,592	102,540
2011	11,476	50,801
2012 & thereafter	-	274,340
Total	\$270,580	\$979,937

B. Leasing as a significant part of lessor's business activities

Not applicable

Note 16- Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company is not exposed to financial instruments with off-balance sheet risk or with concentrations of credit risk.

Note 17- Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables reported as sales:

The Company did not have any transfers of receivables reported as sales.

B. Transfers and servicing of financial assets:

The Company did not have any transfers and servicing of financial assets during the year.

C. Wash Sales

The Company did not have any wash sales transactions during the year.

Note 18-Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was \$1,901. Claim payment volume was \$77,461.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19- Direct Premium Written/Produced by Managing General Agents/ Third Party Administrators

The Company has no direct premiums written through managing general agents or third party administrators.

Note 20 – September 11 Events

The Company has exposure to losses arising from the World Trade Center disaster of September 11, 2001. The exposure arises from the property, workers' compensation, auto, and surety policies and reinsurance contracts written by member companies of the Liberty Mutual Group. The Company shares in the losses via the inter-company pooling agreement (see Note 26). The amount of incurred loss and ALAE recorded by the Company as a result of September 11 events on a direct and net of reinsurance basis are \$793,145 and \$184,802 respectively. Although uncertainty about the final loss amount still exists, the losses are reasonably estimable and such estimate has been recorded. The Company believes that its reinsurers are financially sound and that reinsurance collectibility is not a significant issue or concern.

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2006 and 2005.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$43,820 and \$11,743, in 2006 and 2005, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$1,016,434 and \$830,182, in 2006 and 2005, respectively.

- 2) Assets in the amount of \$8,610,202 and \$8,220,811 as of December 31, 2006 and 2005, respectively, were on deposit with government authorities or trustees as required by law.

- D. The Company routinely assesses the collectibility of its premium receivable. Based upon Company experience, amounts in excess of non-admitted amounts are not believed to be material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. Hybrid Securities

The Company does not hold hybrid securities.

G. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

H. Impact of Medicare Modification Act on Post Retirement Benefits

Not applicable. (Refer to Note 12)

Note 22- Events Subsequent

Refer to Note 26.

Note 23- Reinsurance

- A. Excluding amounts arising pursuant to the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.
- B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus.
In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.
- C. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2006.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$9,367,537	\$164,155	\$110,594,826	\$2,528,349	\$(101,227,289)	\$(2,364,194)
All Other	0	0	0	0	0	0
Total	\$9,367,537	\$164,155	\$110,594,826	\$2,528,349	\$(101,227,289)	\$(2,364,194)

Direct Unearned Premium Reserve: \$110,594,826

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2006 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$259,411	\$0	\$259,411
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(390,000)	0	(390,000)
Totals	\$0	\$(130,589)	\$0	\$(130,589)

The Company does not use protected cells as an alternative to traditional reinsurance.

- D. The Company has not written off any uncollectible balances in the current year.
- E. The Company has not recorded any commutations in the current year.
- F. The Company has one assumed retroactive contract as a result of the inter-company pooling arrangement with LMIC.

NOTES TO FINANCIAL STATEMENTS

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	(4,622,022)	\$0
	2. Adjustment – Prior Year(s)	501,878	0
	3. Adjustment – Current Year	(81,722)	0
	4. Total	(4,201,866)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	(2,168,152)	\$0
	2. Adjustment – Prior Year(s)	(42,038)	0
	3. Adjustment – Current Year	(60,656)	0
	4. Total	(2,270,846)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	(78,690)	\$0
	2. Adjustment – Prior Year(s)	(374,515)	0
	3. Adjustment – Current Year	(74,974)	0
	4. Total	(528,179)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	2,514,408	\$0
	2. Adjustment – Prior Year(s)	(169,401)	0
	3. Adjustment – Current Year	94,499	0
	4. Total	2,439,506	\$0
	5. Cumulative Total Transferred To Unassigned Funds	19,693	
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(4,201,866)	\$0

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	\$1,543,914
Less: Non-admitted amount	152,283
Admitted amount	<u>\$1,391,631</u>

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributed to insured events in prior years have increased in 2006 as a result of rising loss development trends in workers' compensation and non-proportional assumed liability lines, partially offset by the personal auto and commercial auto lines of business. Original estimates are revised as additional information becomes known regarding individual claims.

NOTES TO FINANCIAL STATEMENTS

Note 26- Inter-Company Pooling Arrangements

The Company is a member of the Liberty Mutual Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		<u>NAIC</u> <u>Co. #</u>	<u>Pooling</u> <u>%</u>	<u>Lines of</u> <u>Business</u>
Lead Company:	Liberty Mutual Insurance Company (LMIC)	23043	66.5%	All Lines
Affiliated Pool Companies:	Employers Insurance Company of Wausau (EICOW)	21458	16.00%	All Lines
	Liberty Mutual Fire Insurance Company (LMFIC)	23035	10.00%	All Lines
	Liberty Insurance Corporation (LIC)	42404	6.00%	All Lines
	Wausau Business Insurance Company (WBIC)	26069	0.40%	All Lines
	Wausau General Insurance Company (WGIC)	26425	0.40%	All Lines
	Wausau Underwriters Insurance Company (WUIC)	26042	0.40%	All Lines
	LM Insurance Corporation (LM Ins Corp)	33600	0.20%	All Lines
	The First Liberty Insurance Corporation (FLIC)	33588	0.10%	All Lines
	Liberty Personal Insurance Company (LPIC)	11746	0.00%	All Lines
	Liberty Insurance Company of America (LICA)	10337	0.00%	All Lines
	Liberty Surplus Insurance Corporation (LSIC)	10725	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Liberty Lloyd's of Texas Insurance Company (Lloyds)	11041	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (LIU)	19917	0.00%	All Lines
	Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company (LMPAC)	32352	0.00%	All Lines
	LM General Insurance Company (LMGIC)	36447	0.00%	All Lines
	LM Personal Insurance Company (LMPIC)	36439	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (LMPICO)	12484	0.00%	All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the Lead Company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.
- (c) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- (h) Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2007, the Liberty Mutual Pool participation percentages were revised as follows:

	2007	2006
Liberty Mutual Insurance Company	75.9%	66.5%
Employers Insurance Company of Wausau	10.0%	16.0%
Liberty Insurance Corporation	3.0%	6.0%
Wausau General Insurance Company	0.0%	0.4%

Note 27- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$2,152,305 after

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applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$2,152,305 as of December 31, 2006.

- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

<u>Life Insurance Company & Location</u>	<u>Licensed in Company's State of Domicile (Yes/No)</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$1,039,197
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$651,153
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$320,681

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

As of December 31, 2006, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 31- High Dollar Deductible Policies

As of December 31, 2006, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$8,839,036 and the amount billed and recoverable on paid claims was \$522,069.

Note 32- Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2006, liabilities include \$7,012,766 of liabilities carried at a discounted value of \$4,338,180, representing a discount of \$2,674,586.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from general liability policies written prior to the mid-1980's. In establishing the Company's asbestos and environmental reserves, the Company estimates case basis reserves for anticipated losses and bulk reserves for loss adjustment expenses and incurred but not reported losses. The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of expected recoveries from reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

Upon their de-affiliation from the Nationwide Group and re-affiliation with the Company, EICOW, WBIC, WGIC, and WUIC entered into ceded reinsurance contracts whereby Nationwide Indemnity Company assumed full responsibility for obligations on certain policies with effective dates prior to January 1, 1986, including all asbestos and environmental exposures.

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental losses and loss adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is

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a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

In recent years the Company, as well as the industry generally, has witnessed a significant increase in the number of asbestos claims being filed, due to a number of variables, including more intensive advertising by lawyers seeking asbestos claimants, and the increasing focus by plaintiffs on new and previously peripheral defendants, attempts to broaden the interpretation of compensable loss, and courts expanding the scope of the coverage.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based upon historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment.

During the third quarter of 2005, the Company completed its biennial ground-up asbestos reserve study. As part of that review, a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel completed their comprehensive review of the Company's asbestos exposure on a direct, assumed, and ceded basis including potential exposures of large policyholders that were individually evaluated using the Company's proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. Small policyholders were evaluated using aggregate methods that utilized information developed from the large policyholders. Additionally, a provision of pure IBNR was established for the potential emergence of first-time filers of future asbestos claims. Based on this internal study, the Company increased its asbestos reserves by \$406,000.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

As a direct result of the significant uncertainties associated with estimating its asbestos and environmental exposures and establishing appropriate levels of reserves, the ultimate liability of the Company for asbestos and environmental exposures may vary materially from the reserves currently recorded. The Company and other industry members have and will continue to litigate the broadening judicial interpretation of policy coverage and the liability issues. If the courts continue to expand the scope of the coverage provided, additional liabilities could emerge for amounts in excess of reserves held. This emergence, as well as the other uncertainties noted above, cannot now be reasonably estimated, but could have a material impact on the Company's future operating results, and financial condition.

The table below summarizes reserve and loss activity for the Company's asbestos and environmental loss and loss adjustment expenses for each of the five most recent calendar years. Gross reserves for both asbestos and environmental are representative of all Liberty pooled companies. Net reserves for asbestos and environmental are allocated based on the Company's Inter-Company Reinsurance Agreement as discussed in Note 26.

Asbestos:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct Basis					
Beginning Reserves	2,712,693	2,958,124	3,156,858	3,404,924	3,996,500
Incurring losses and LAE	826,656	854,032	824,147	1,108,478	201,037
Calendar year payments	581,225	655,298	576,081	516,902	498,017
Ending Reserves	<u>2,958,124</u>	<u>3,156,858</u>	<u>3,404,924</u>	<u>3,996,500</u>	<u>3,699,520</u>
Assumed Reinsurance Basis					
Beginning Reserves	217,974	373,915	524,519	979,183	1,027,761
Incurring losses and LAE	161,931	230,480	524,080	108,889	97,622
Calendar year payments	5,990	79,876	69,416	60,311	38,456
Ending Reserves	<u>373,915</u>	<u>524,519</u>	<u>979,183</u>	<u>1,027,761</u>	<u>1,086,927</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,685,926	1,920,028	2,249,178	1,902,936	2,084,712
Incurring losses and LAE	580,656	626,006	7,064	438,738	24,408
Calendar year payments	346,554	296,856	353,306	256,962	315,076
Ending Reserves	<u>1,920,028</u>	<u>2,249,178</u>	<u>1,902,936</u>	<u>2,084,712</u>	<u>1,794,044</u>
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					1,872,956
Assumed Reinsurance Basis					814,755
Net of Ceded Reinsurance Basis					716,388
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					1,456,614
Assumed Reinsurance Basis					9,027
Net of Ceded Reinsurance Basis					635,212

Environmental:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct Basis					
Beginning Reserves	1,140,535	893,009	643,412	1,420,362	1,371,996
Incurring losses and LAE	88,194	(109,753)	920,247	317,132	95,701
Calendar year payments	335,720	139,844	143,297	365,498	456,668
Ending Reserves	<u>893,009</u>	<u>643,412</u>	<u>1,420,362</u>	<u>1,371,996</u>	<u>1,011,029</u>

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis

Beginning Reserves	221,917	235,733	111,832	141,768	104,636
Incurring losses and LAE	17,276	(112,645)	40,675	(24,461)	1,762
Calendar year payments	3,460	11,256	10,739	12,671	10,506
Ending Reserves	<u>235,733</u>	<u>111,832</u>	<u>141,768</u>	<u>104,636</u>	<u>95,892</u>

Net of Ceded Reinsurance Basis

Beginning Reserves	850,786	612,918	515,476	1,053,427	853,643
Incurring losses and LAE	(21,778)	(16,000)	631,972	1,019	40,401
Calendar year payments	216,090	81,442	94,021	200,803	103,312
Ending Reserves	<u>612,918</u>	<u>515,476</u>	<u>1,053,427</u>	<u>853,643</u>	<u>790,732</u>

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	706,081
Assumed Reinsurance Basis	58,547
Net of Ceded Reinsurance Basis	549,799

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	424,291
Assumed Reinsurance Basis	1,844
Net of Ceded Reinsurance Basis	286,067

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	14,465,387	26.109	14,465,387	26.109
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	6,645,574	11.995	6,645,574	11.995
1.22 Issued by U.S. government sponsored agencies	1,990,959	3.594	1,990,959	3.594
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	1,000,000	1.805	1,000,000	1.805
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	194,473	0.351	194,473	0.351
1.512 Issued or guaranteed by FNMA and FHLMC	6,109,799	11.028	6,109,799	11.028
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	19,705,509	35.567	19,705,509	35.567
2.2 Unaffiliated foreign securities	998,590	1.802	998,590	1.802
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	752,000	1.357	752,000	1.357
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	5,926	0.011	5,926	0.011
8. Cash, cash equivalents and short-term investments	3,535,612	6.382	3,535,612	6.382
9. Other invested assets				
10. Total invested assets	55,403,829	100.000	55,403,829	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Iowa
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: 12/31/2004
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/24/2006
- 3.4 By what department or departments? Iowa Insurance Division
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young, LLP
 200 Clarendon Street, Boston, MA 02116
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Robert T. Muleski
 175 Berkeley Street, Boston, MA 02117
 Officer of Liberty Mutual Insurance Company
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company _____

11.12 Number of parcels involved _____ 0

11.13 Total book/adjusted carrying value \$ _____ 0
- 11.2 If yes, provide explanation _____
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? _____
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [] No [X]
14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers \$ _____ 0

16.12 To stockholders not officers \$ _____ 0

16.13 Trustees, supreme or grand (Fraternal only) \$ _____ 0
- 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers \$ _____ 0

16.22 To stockholders not officers \$ _____ 0

16.23 Trustees, supreme or grand (Fraternal only) \$ _____ 0
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others \$ _____ 0

17.22 Borrowed from others \$ _____ 0

17.23 Leased from others \$ _____ 0

17.24 Other \$ _____ 0
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 18.2 If answer is yes:
- 18.21 Amount paid as losses or risk adjustment \$ _____ 0

18.22 Amount paid as expenses \$ _____ 0

18.23 Other amounts paid \$ _____ 0
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes No

20.2 If no, give full and complete information, relating thereto

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1). Yes No

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others	\$	0
21.22 Subject to repurchase agreements	\$	0
21.23 Subject to reverse repurchase agreements	\$	0
21.24 Subject to dollar repurchase agreements	\$	0
21.25 Subject to reverse dollar repurchase agreements	\$	0
21.26 Pledged as collateral	\$	0
21.27 Placed under option agreements	\$	0
21.28 Letter stock or securities restricted as to sale	\$	0
21.29 Other	\$	0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
 If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

23.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes No

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	3 Chase Metro Tech Center, Brooklyn, NY 11245

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes No

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)]?) Yes [X] No []

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
42982#100	LMIA High Yield Fund	752,000
		0
		0
		0
25.2999	Total	752,000

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
LMIA High Yield Fund	VENTAS REALTY LP/CAP CRP	16,279	12/31/2006
LMIA High Yield Fund	JP MORGAN PRIME MONEY MARKET FUND	15,430	12/31/2006
LMIA High Yield Fund	CHESAPEAKE ENERGY CORP	15,332	12/31/2006
LMIA High Yield Fund	WILLIAMS PARTNERS LP/WIL	13,497	12/31/2006
LMIA High Yield Fund	SENIOR HOUSING PROP	12,541	12/31/2006

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	54,645,902	54,106,646	(539,256)
26.2 Preferred stocks	0	0	0
26.3 Totals	54,645,902	54,106,646	(539,256)

26.4 Describe the sources or methods utilized in determining the fair values: IDC, Bloomberg, NAIC-SVO, Broker Quotes, Analytically Determined

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list exceptions: _____

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ _____ 0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0
	\$ 0
	\$ 0

29.1 Amount of payments for legal expenses, if any? \$ _____ 0

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0
	\$ 0
	\$ 0

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ _____ 0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ 0
	\$ 0
	\$ 0
	\$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? YES [] NO [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$ 0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

1.6 Individual policies:
 Most current three years:
 1.61 Total premium earned \$ 0
 1.62 Total incurred claims \$ 0
 1.63 Number of covered lives \$ 0
 All years prior to most current three years:
 1.64 Total premium earned \$ 0
 1.65 Total incurred claims \$ 0
 1.66 Number of covered lives \$ 0

1.7 Group policies:
 Most current three years:
 1.71 Total premium earned \$ 0
 1.72 Total incurred claims \$ 0
 1.73 Number of covered lives \$ 0
 All years prior to most current three years:
 1.74 Total premium earned \$ 0
 1.75 Total incurred claims \$ 0
 1.76 Number of covered lives \$ 0

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 166	\$ 283
2.2 Premium Denominator	\$ 22,742,826	\$ 20,719,382
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 14,294	\$ 15,237
2.5 Reserve Denominator	\$ 47,588,502	\$ 42,632,368
2.6 Reserve Ratio (2.4/2.5)		

3.1 Does the reporting entity issue both participating and non-participating policies? YES [] NO [X]
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$ 0
 3.22 Non-participating policies \$ 0

4. For Mutual Reporting Entities and Reciprocal Exchange only:
 4.1 Does the reporting entity issue assessable policies? YES [] NO [X]
 4.2 Does the reporting entity issue non-assessable policies? YES [] NO [X]
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0 %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:
 5.1 Does the exchange appoint local agents? YES [] NO [X]
 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation YES [] NO [] N/A [X]
 5.22 As a direct expense of the exchange YES [] NO [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? YES [] NO [X]
 5.5 If yes, give full information

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: In 2006 the Company purchased a Worker's Compensation Catastrophe Treaty with limits of \$390M part of \$500M xs \$500M.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The Company employs industry recognized catastrophe modeling software to estimate the PML. For property exposures, we employ RiskLink v6.0 from RMS and AIR Classic/2 v8.0 from AIR. For WC, Liberty Mutual utilizes RiskLink v6.0 from RMS.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? The Company purchased a Property Catastrophe Treaty with limits of \$888M part of \$1.4B xs \$300M
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES NO
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES NO
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. YES NO
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates. YES NO
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? YES NO
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES NO N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? YES NO
- 11.2 If yes, give full information

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | |
|-------|---|--------------|
| 12.11 | Unpaid losses | \$ 4,166,305 |
| 12.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ 840,052 |
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 583,028
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES NO N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|-------|------|----------|
| 12.41 | From | 9.000 % |
| 12.42 | To | 10.000 % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES NO
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | |
|-------|----------------------------|---------------|
| 12.61 | Letters of Credit | \$ 16,449,701 |
| 12.62 | Collateral and other funds | \$ 1,093,286 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 732,787
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES NO
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? YES NO
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants: Premiums and recoverables were allocated pursuant to separate intercompany pooling agreements.
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? YES NO
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? YES NO
- 14.5 If the answer to 14.4 is no, please explain: _____
- 15.1 Has the reporting entity guaranteed any financed premium accounts? YES NO
- 15.2 If yes, give full information _____
- 16.1 Does the reporting entity write any warranty business? YES NO
- If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1 | 2 | 3 | 4 | 5 |
|------------------|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
| | Direct Losses
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.12 Products | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.13 Automobile | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 16.14 Other* | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

* Disclose type of coverage: _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5. YES [] NO [X]

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ <u>0</u>
17.12	Unfunded portion of Interrogatory 17.11	\$ <u>0</u>
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ <u>0</u>
17.14	Case reserves portion of Interrogatory 17.11	\$ <u>0</u>
17.15	Incurred but not reported portion of Interrogatory 17.11	\$ <u>0</u>
17.16	Unearned premium portion of Interrogatory 17.11	\$ <u>0</u>
17.17	Contingent commission portion of Interrogatory 17.11	\$ <u>0</u>

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$ <u>0</u>
17.19	Unfunded portion of Interrogatory 17.18	\$ <u>0</u>
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u>0</u>
17.21	Case reserves portion of Interrogatory 17.18	\$ <u>0</u>
17.22	Incurred but not reported portion of Interrogatory 17.18	\$ <u>0</u>
17.23	Unearned premium portion of Interrogatory 17.18	\$ <u>0</u>
17.24	Contingent commission portion of Interrogatory 17.18	\$ <u>0</u>

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2006	2 2005	3 2004	4 2003	5 2002
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	371,652,421	354,823,029	602,435,860	438,874,960	306,821,712
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,640,393	4,368,277	4,300,312	4,144,341	12,956,478
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,990,422	4,772,897	2,807,628	2,992,960	2,440,450
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	615,846	536,616	521,606	958,961	1,525,342
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	229,429	164,105	241,916	442,839	291,107
6. Total (Line 34)	387,128,511	364,664,924	610,307,322	447,414,061	324,035,089
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	15,183,742	13,975,325	13,080,008	11,517,960	10,049,300
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,910,909	3,607,613	3,501,454	3,261,478	3,059,934
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,906,269	3,045,798	2,760,789	2,882,860	2,357,826
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	497,914	399,337	273,398	353,653	1,076,100
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	229,429	164,105	241,916	442,839	291,107
12. Total (Line 34)	23,728,263	21,192,178	19,857,565	18,458,790	16,834,267
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(716,623)	(1,567,700)	(1,487,701)	(1,748,715)	(1,385,934)
14. Net investment gain (loss) (Line 11)	2,713,888	2,741,454	3,025,351	2,915,248	2,305,621
15. Total other income (Line 15)	(162,464)	(219,832)	(369,937)	(455,453)	(469,499)
16. Dividends to policyholders (Line 17)	102,055	72,216	78,865	(4,803)	129,751
17. Federal and foreign income taxes incurred (Line 19)	1,053,740	219,584	216,136	335,613	118,522
18. Net income (Line 20)	679,006	662,122	872,712	380,270	201,915
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	67,188,909	61,576,125	61,479,987	56,184,752	52,532,098
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	1,646,212	1,398,682	1,342,779	1,770,804	1,751,692
20.2 Deferred and not yet due (Line 13.2)	5,505,632	4,139,565	3,831,557	3,080,398	2,590,850
20.3 Accrued retrospective premiums (Line 13.3)	1,391,631	1,408,202	1,533,659	1,593,189	1,398,941
21. Total liabilities excluding protected cell business (Page 3, Line 24)	48,207,641	43,048,167	43,836,037	39,329,903	36,155,954
22. Losses (Page 3, Line 1)	30,584,849	28,414,274	26,780,483	26,374,633	24,901,377
23. Loss adjustment expenses (Page 3, Line 3)	6,269,446	5,819,492	5,108,039	5,215,331	4,745,848
24. Unearned premiums (Page 3, Line 9)	9,367,537	8,398,602	8,067,839	7,670,522	6,451,345
25. Capital paid up (Page 3, Lines 28 & 29)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	18,981,268	18,527,958	17,643,949	16,854,849	16,376,144
Risk-Based Capital Analysis					
27. Total adjusted capital	18,981,268	18,527,958	17,643,949	16,854,849	16,376,144
28. Authorized control level risk-based capital	2,945,657	2,630,392	2,707,160	2,551,116	2,343,594
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	92.3	93.7	95.1	97.6	92.1
30. Stocks (Lines 2.1 & 2.2)	1.4	1.4	1.3	1.4	1.2
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	6.4	5.0	3.4	1.0	6.7
34. Contract loans (Line 6)					XXX
35. Other invested assets (Line 7)					
36. Receivables for securities (Line 8)			0.2		
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2006	2 2005	3 2004	4 2003	5 2002
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	4,224	(20,450)	9,894	33,056	1,890
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	453,310	884,009	789,100	478,705	703,106
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	228,181,593	238,975,487	193,713,017	146,437,984	107,997,769
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,300,750	2,129,876	2,014,484	6,250,620	7,226,085
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,636,858	2,113,917	1,930,129	1,498,657	1,498,919
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	78,643	173,322	1,017,210	590,935	867,942
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	304,260	218,559	9,944	203,604	211,233
55. Total (Line 34)	234,502,104	243,611,161	198,684,784	154,981,800	117,801,948
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	7,484,547	7,474,119	8,121,501	6,807,124	7,852,762
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,258,620	1,839,169	1,552,049	1,524,597	1,528,538
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,666,942	1,929,296	1,787,872	1,188,452	1,335,871
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	32,768	106,320	1,017,210	590,935	867,942
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	304,260	218,559	9,944	203,604	211,233
61. Total (Line 34)	11,747,137	11,567,463	12,488,576	10,314,712	11,796,346
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	61.1	63.8	66.5	66.4	68.6
64. Loss expenses incurred (Line 3)	15.3	18.8	16.3	19.1	16.4
65. Other underwriting expenses incurred (Line 4)	26.8	24.9	24.9	24.4	100.2
66. Net underwriting gain (loss) (Line 8)	(3.2)	(7.6)	(7.7)	(10.0)	(8.8)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.4	25.4	26.2	25.7	25.1
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.4	82.6	82.8	85.5	85.1
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	125.0	114.4	112.5	109.5	102.8
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	981	1,023	696	1,468	1,224
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	5.3	5.8	4.1	9.0	7.8
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	2,689	2,675	3,305	3,081	4,630
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	15.2	15.9	20.2	19.7	28.8

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	23,296,387	23,108,530	23,267,837	23,339,759
	2. Canada				
	3. Other Countries				
	4. Totals	23,296,387	23,108,530	23,267,837	23,339,759
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
8. Totals					
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
12. Totals					
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	7,109,798	7,066,731	7,109,042	7,154,409
	14. Canada				
	15. Other Countries				
16. Totals	7,109,798	7,066,731	7,109,042	7,154,409	
Public Utilities (unaffiliated)	17. United States	2,969,998	2,904,600	2,970,360	3,000,000
	18. Canada				
	19. Other Countries				
20. Totals	2,969,998	2,904,600	2,970,360	3,000,000	
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	16,735,516	16,475,348	16,846,840	16,500,000
	22. Canada				
	23. Other Countries	998,591	1,009,000	989,860	1,000,000
24. Totals	17,734,107	17,484,348	17,836,700	17,500,000	
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	51,110,290	50,564,209	51,183,939	50,994,168
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
34. Totals					
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
38. Totals					
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
48. Totals					
Industrial and Miscellaneous (unaffiliated)	49. United States	752,000	752,000	726,438	
	50. Canada				
	51. Other Countries				
52. Totals	752,000	752,000	726,438		
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	752,000	752,000	726,438	
	55. Total Stocks	752,000	752,000	726,438	
	56. Total Bonds and Stocks	51,862,290	51,316,209	51,910,377	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	48,392,425	7. Amortization of premium	56,132
2. Cost of bonds and stocks acquired, Column 7, Part 3	12,942,857	8. Foreign Exchange Adjustment:	
3. Accrual of discount	38,648	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	6,497	9. Book/adjusted carrying value at end of current period	51,862,290
4.4 Column 11 - 13, Part 4	6,497	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4		11. Subtotal (Lines 9 plus 10)	51,862,290
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	9,462,005	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	51,862,290

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,397	534	561	224	60	28	15	1,232	X X X
2. 1997	16,918	2,106	14,812	12,743	1,712	1,166	125	1,378	8	432	13,442	X X X
3. 1998	17,838	2,149	15,689	14,547	1,837	1,187	111	1,540	15	496	15,311	X X X
4. 1999	17,708	2,547	15,161	14,631	2,041	1,238	158	1,564	25	479	15,209	X X X
5. 2000	18,675	3,018	15,657	14,436	2,495	1,162	160	1,510	20	373	14,433	X X X
6. 2001	19,395	3,123	16,272	13,921	2,959	1,028	147	1,433	16	442	13,260	X X X
7. 2002	22,145	4,184	17,961	12,955	2,347	901	120	1,616	13	687	12,992	X X X
8. 2003	24,661	5,601	19,060	11,370	2,325	792	67	1,694	13	688	11,451	X X X
9. 2004	25,653	6,253	19,400	10,291	2,626	571	113	1,652	81	639	9,694	X X X
10. 2005	26,420	5,701	20,719	10,719	2,959	374	85	1,571	90	581	9,530	X X X
11. 2006	28,753	6,010	22,743	5,907	985	147	20	1,343	123	357	6,269	X X X
12. Totals	X X X	X X X	X X X	122,917	22,820	9,127	1,330	15,361	432	5,189	122,823	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	9,833	2,996	4,229	2,825	544	448	2,264	953	132		80	9,780	X X X
2. 1997	621	90	141	44	41	21	54	15	18		6	705	X X X
3. 1998	874	137	340	192	18	2	67	16	38		9	990	X X X
4. 1999	936	227	267	194	20	3	77	34	33		18	875	X X X
5. 2000	952	290	373	284	28	13	81	23	35		22	859	X X X
6. 2001	1,329	661	525	335	41	20	151	59	41	2	36	1,010	X X X
7. 2002	1,229	632	911	698	62	33	179	8	53		32	1,063	X X X
8. 2003	1,538	470	1,630	769	51	9	370	71	82		52	2,352	X X X
9. 2004	1,859	475	2,479	832	73	15	567	86	136	1	84	3,705	X X X
10. 2005	2,858	916	4,157	1,512	78	10	884	136	352	43	144	5,712	X X X
11. 2006	3,320	621	7,161	1,781	79	13	1,324	156	488	2	427	9,799	X X X
12. Totals	25,349	7,515	22,213	9,466	1,035	587	6,018	1,557	1,408	48	910	36,850	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	8,241	1,539
2. 1997	16,162	2,015	14,147	95.531	95.679	95.510			0.200	628	77
3. 1998	18,611	2,310	16,301	104.333	107.492	103.901			0.200	885	105
4. 1999	18,766	2,682	16,084	105.975	105.300	106.088			0.200	782	93
5. 2000	18,577	3,285	15,292	99.475	108.847	97.669			0.200	751	108
6. 2001	18,469	4,199	14,270	95.226	134.454	87.697			0.200	858	152
7. 2002	17,906	3,851	14,055	80.858	92.041	78.253			0.200	810	253
8. 2003	17,527	3,724	13,803	71.072	66.488	72.419			0.200	1,929	423
9. 2004	17,628	4,229	13,399	68.717	67.632	69.067			0.200	3,031	674
10. 2005	20,993	5,751	15,242	79.459	100.877	73.565			0.200	4,587	1,125
11. 2006	19,769	3,701	16,068	68.755	61.581	70.650			0.200	8,079	1,720
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	30,581	6,269

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	One Year	Two Year
1. Prior	26,470	25,875	24,804	24,432	25,688	26,619	27,594	28,966	29,944	30,500	556	1,534
2. 1997	11,754	11,697	12,132	12,329	12,563	12,575	12,596	12,744	12,819	12,889	70	145
3. 1998	X X X	12,928	13,378	13,704	14,135	14,283	14,392	14,557	14,707	14,908	201	351
4. 1999	X X X	X X X	12,724	13,122	13,618	13,969	14,221	14,334	14,576	14,647	71	313
5. 2000	X X X	X X X	X X X	12,238	12,803	12,886	13,320	13,677	13,786	13,861	75	184
6. 2001	X X X	X X X	X X X	X X X	12,608	12,284	12,502	12,321	12,720	12,858	138	537
7. 2002	X X X	X X X	X X X	X X X	X X X	12,506	11,805	11,820	12,207	12,438	231	618
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	13,073	11,772	11,421	12,085	664	313
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	13,126	12,163	11,819	(344)	(1,307)
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,310	13,629	(681)	X X X
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	14,590	X X X	X X X
	12. Totals										981	2,689

SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	000	4,941	8,116	10,538	11,994	13,906	15,346	16,833	18,166	19,366	X X X	X X X
2. 1997	4,740	7,158	8,778	9,944	10,718	11,218	11,524	11,825	11,962	12,072	X X X	X X X
3. 1998	X X X	5,189	8,327	10,185	11,559	12,349	12,888	13,304	13,585	13,786	X X X	X X X
4. 1999	X X X	X X X	5,155	8,195	10,103	11,461	12,375	13,022	13,415	13,670	X X X	X X X
5. 2000	X X X	X X X	X X X	5,407	8,489	10,100	11,213	12,226	12,644	12,943	X X X	X X X
6. 2001	X X X	X X X	X X X	X X X	5,694	8,589	10,025	10,884	11,511	11,843	X X X	X X X
7. 2002	X X X	X X X	X X X	X X X	X X X	5,359	8,211	9,875	10,700	11,389	X X X	X X X
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	4,944	7,556	8,841	9,770	X X X	X X X
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,525	6,957	8,123	X X X	X X X
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,261	8,049	X X X	X X X
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,049	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	11,398	8,161	5,366	4,556	3,591	2,599	2,465	2,120	2,742	2,826
2. 1997	3,878	1,898	1,121	746	603	341	167	155	159	182
3. 1998	X X X	4,187	1,878	1,075	639	470	218	223	185	266
4. 1999	X X X	X X X	4,135	1,963	980	598	347	271	245	181
5. 2000	X X X	X X X	X X X	3,388	1,297	572	392	314	226	185
6. 2001	X X X	X X X	X X X	X X X	3,529	1,443	863	442	358	287
7. 2002	X X X	X X X	X X X	X X X	X X X	3,775	1,491	673	507	390
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	5,415	2,226	1,018	1,172
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,976	3,334	2,222
10. 2005	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,503	3,541
11. 2006	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,749

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	YES	10,418,976	11,248,578	(1,000)	2,546,714	8,432,101	20,150,715	56
2. Alaska	AK	YES	216,572	183,000		22,975	87,102	111,790	
3. Arizona	AZ	YES	755,457	880,814	3,002	680,597	1,164,332	1,583,096	
4. Arkansas	AR	YES	6,680,513	6,611,765	(581)	2,015,181	2,702,572	11,058,556	96
5. California	CA	YES	3,327,655	3,513,879	185	2,281,770	1,067,198	9,814,747	
6. Colorado	CO	YES	2,058,860	2,109,278		705,494	1,704,882	2,914,800	252
7. Connecticut	CT	YES	17,077,320	20,583,388		9,476,641	11,429,138	34,024,007	2,922
8. Delaware	DE	YES	23,879,521	27,499,738		10,075,088	18,311,986	52,730,529	260
9. Dist. Columbia	DC	YES	8,640,997	8,342,762		895,653	3,384,942	9,506,140	391
10. Florida	FL	YES	25,060,645	23,745,548	615,653	7,052,917	7,469,504	28,962,915	268
11. Georgia	GA	YES	15,091,662	14,906,595	(9,376)	8,089,086	12,311,538	31,436,203	121
12. Hawaii	HI	YES	92,544	90,925			39,469	79,553	
13. Idaho	ID	YES	7,654	15,834		289,966	198,852	125,481	
14. Illinois	IL	YES	7,212,776	7,214,358	(1)	32,305,858	(14,252,589)	72,132,846	199
15. Indiana	IN	YES	9,175,752	7,762,063		3,913,370	4,474,275	8,026,859	295
16. Iowa	IA	YES	19,210,704	21,919,066		15,772,941	19,792,012	36,512,040	72
17. Kansas	KS	YES	3,753,718	3,198,891	1,356	1,392,621	2,649,181	3,811,472	
18. Kentucky	KY	YES	4,789,713	4,134,773		1,128,590	2,447,474	3,806,074	71
19. Louisiana	LA	YES	5,941,888	4,759,726	1,352	2,287,498	4,506,089	5,815,718	425
20. Maine	ME	YES	538,579	301,886		288,602	306,346	944,575	656
21. Maryland	MD	YES	325,512	431,985	6,783	826,645	932,132	4,196,807	993
22. Massachusetts	MA	YES	6,495,827	6,121,687	(765)	10,595,490	45,617	23,795,990	11,995
23. Michigan	MI	YES	20,851,123	21,640,475	7,600	11,486,077	9,662,856	31,324,661	139
24. Minnesota	MN	YES	3,414,300	2,736,363	3,693	910,675	1,673,307	4,167,802	128
25. Mississippi	MS	YES	13,570,839	15,057,182	4,013	4,211,436	14,757,034	17,977,092	50
26. Missouri	MO	YES	4,342,037	3,224,826	(197)	1,046,935	2,361,205	5,539,609	154
27. Montana	MT	YES	4,463	4,061		3,431	8,891	4,471	
28. Nebraska	NE	YES	1,876,726	1,627,119		299,182	845,321	884,240	103
29. Nevada	NV	YES	20,595,591	20,638,711	41,541	5,682,043	(20,556,214)	7,649,578	137
30. New Hampshire	NH	YES	17,019,783	18,941,097		6,400,047	6,252,981	31,537,065	5,020
31. New Jersey	NJ	YES	(693,357)	(799,778)	64,640	30,305,983	26,067,504	207,644,927	4,314
32. New Mexico	NM	YES	155,019	163,137		12,146	54,259	102,264	86
33. New York	NY	YES	9,842,001	9,707,713		4,897,181	4,006,202	21,196,394	1,015
34. No. Carolina	NC	YES	31,090,131	34,502,983	7,122	20,104,593	28,521,646	78,007,116	100
35. No. Dakota	ND	YES	3,064	1,393			205	472	
36. Ohio	OH	YES	392,289	192,521			53,447	88,428	
37. Oklahoma	OK	YES	1,217,367	1,058,082		310,705	830,054	848,213	189
38. Oregon	OR	YES	193,661	176,891		59,603	27,210	179,154	
39. Pennsylvania	PA	YES	1,861,755	2,411,622	187	2,920,089	1,703,948	7,156,967	2,663
40. Rhode Island	RI	YES	379,072	310,447		108,530	148,475	221,576	617
41. So. Carolina	SC	YES	12,420,072	13,711,243	3,753	5,533,018	6,430,849	17,898,897	52
42. So. Dakota	SD	YES	85,814	60,598		75,011	35,641	156,357	
43. Tennessee	TN	YES	519,604	412,226	(4,410)	330,047	603,083	1,379,048	44
44. Texas	TX	YES	43,075,812	42,939,976	5,727	10,464,561	36,136,409	39,091,112	1,422
45. Utah	UT	YES	42,745	37,373		336,941	348,299	4,618,116	
46. Vermont	VT	YES	4,367,863	4,854,824		1,303,567	3,154,297	9,664,075	397
47. Virginia	VA	YES	3,064,788	2,719,868	516	2,659,879	787,026	13,440,271	115
48. Washington	WA	YES	24,824	19,602			1,903	8,491	
49. West Virginia	WV	YES	2,998	22,389			1,010	2,163	
50. Wisconsin	WI	YES	2,868,928	1,993,273	111,986	649,589	1,332,912	2,109,995	304
51. Wyoming	WY	YES	45,493	19,222			6,016	6,358	
52. American Samoa	AS	NO							
53. Guam	GU	YES	6,806	3,363			10,224	16,466	
54. Puerto Rico	PR	NO	4,748	3,516			(147)	1,734	
55. U.S. Virgin Islands	VI	YES					(5)	2	
56. Northern Mariana Islands	MP	YES							
57. Canada	CN	NO							
58. Aggregate other alien	OT	X X X	1,044	(159)		7,486	4,552		
59. Totals	(a) 54		363,400,248	373,968,698	862,779	222,754,966	214,477,487	864,468,579	36,121

DETAILS OF WRITE-INS									
5801. Other alien	X X X		1,044	(159)			7,486	4,552	
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	X X X		1,044	(159)			7,486	4,552	

Explanation of basis of allocation of premiums by states, etc.

- *Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
- *States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation
- *Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage
- *Principal Location of business or location of coverage - Liability other than Auto, Fidelity
- *Point of origin of shipment or principal location of assured - Inland Marine
- *State in which employees regularly work - Group Accident and Health
- *Location of Court - Surety
- *Address of Assured - Other Accident and Health
- *Location of Properties covered - Burglary and Theft
- *Principal Location of Assured - Ocean Marine, Credit
- *Primary residence of Assured - Aircraft (all perils)

(a) Insert the number of yes responses except for Canada and Other Alien.

OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets

REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS

0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS

2304. Amounts receivable under high deductible policies	522,069	26,757	495,312	500,408
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	522,069	26,757	495,312	500,408