

ANNUAL STATEMENT

OF THE

LM Property and Casualty Insurance Company

of **Indianapolis**

in the state of **Indiana**

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2006



32352200620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

LM Property and Casualty Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 32352 Employer's ID Number 22-2053189
Organized under the Laws of Indiana, State of Domicile or Port of Entry Indiana
Country of Domicile United States of America
Incorporated/Organized: January 2, 1975 Commenced Business: March 28, 1975
Statutory Home Office: 251 East Ohio Street, Suite 500 Indianapolis, IN 46204
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 45668

OFFICERS

Table with 2 columns: Name, Title. Rows include James Paul Condrin, III (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 various vice-presidents such as Margaret Dillon, Anthony Alexander Fontanes, Himanshu Indravadan Patel, Edward Joseph Gramer, III, John Derek Doyle, Gary Jay Ostrow, Timothy Michael Sweeney, Elizabeth Julia Morahan.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors/trustees including James Paul Condrin, III, Margaret Dillon, Himanshu Indravadan Patel, Kevin John Kirschner, Timothy Michael Sweeney, Edward Joseph Gramer, III, Elizabeth Julia Morahan.

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) James Paul Condrin, III (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)	280,403,681		280,403,681	902,989,671
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	870		870	2,492
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 (\$ 12,777,842, Schedule E-Part 1), cash equivalents (\$ 11,916,903 Schedule E-Part 2) and short-term investments (\$ 23,980,864, Schedule DA)	48,675,609		48,675,609	60,514,089
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	33,845		33,845	421,170
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	329,114,005		329,114,005	963,927,422
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	3,014,276		3,014,276	9,937,859
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	265,407		265,407	279,466
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	16,587		16,587	
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	14,871,633		14,871,633	14,787,524
14.2 Funds held by or deposited with reinsured companies	621,286		621,286	264,239
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	3,532,057		3,532,057	
16.2 Net deferred tax asset	4,841,000	3,687,011	1,153,989	6,100,571
17. Guaranty funds receivable or on deposit				
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	2,671,621		2,671,621	
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	177,757		177,757	981,065
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	359,125,629	3,687,011	355,438,618	996,278,146
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	359,125,629	3,687,011	355,438,618	996,278,146

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	177,757		177,757	981,065
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	177,757		177,757	981,065

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	103,260,242	164,544,251
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	6,935,557	4,075,423
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	2,261,017	18,455,878
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		214,632
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 \$ 455,483 and including warranty reserves of \$ 0)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	(105,610)	(708,680)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	4,249,482	31,051,387
14. Amounts withheld or retained by company for account of others		34,385
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	2,401,290	2,455,210
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	45,482,494	12,284,043
20. Payable for securities		2,605,883
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	33,479,504	59,896,275
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	197,963,976	294,908,687
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	197,963,976	294,908,687
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	4,400,000	4,400,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	151,550,955	590,825,743
33. Unassigned funds (surplus)	1,523,687	106,143,716
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)	157,474,642	701,369,459
36. TOTALS (Page 2, Line 26, Col. 3)	355,438,618	996,278,146

DETAILS OF WRITE-INS		
2301. Other liabilities	4,772,856	2,350,717
2302. Collateral held for securities loaned	28,706,648	57,545,558
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	33,479,504	59,896,275
2701.		
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)		
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)		13,399	567
DEDUCTIONS			
2. Losses incurred (Part 2, Line 34, Column 7)		(230,618)	4,789,846
3. Loss expenses incurred (Part 3, Line 25, Column 1)		2,877,775	(67)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		(124)	244,176
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)		2,647,033	5,033,955
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		(2,633,634)	(5,033,388)
INVESTMENT INCOME			
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)		36,825,936	35,669,490
10. Net realized capital gains (losses) less capital gains tax of \$ (2,054,511) (Exhibit of Capital Gains (Losses))		(3,815,521)	1,776,295
11. Net investment gain (loss) (Lines 9 + 10)		33,010,415	37,445,785
OTHER INCOME			
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)			
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income		166	(16,511)
15. Total other income (Lines 12 through 14)		166	(16,511)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)		30,376,947	32,395,886
17. Dividends to policyholders			
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)		30,376,947	32,395,886
19. Federal and foreign income taxes incurred		1,983,890	3,336,416
20. Net income (Line 18 minus Line 19) (to Line 22)		28,393,057	29,059,470
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)		701,369,459	670,010,242
22. Net income (from Line 20)		28,393,057	29,059,470
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 94,329		175,169	(191,585)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax		(7,954,671)	(4,480,952)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)		3,102,418	952,266
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		53,921	(16,645)
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		(439,274,788)	
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders		(128,291,212)	
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		(98,711)	6,036,663
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)		(543,894,817)	31,359,217
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)		157,474,642	701,369,459
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)		166	(16,511)
1402.			
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)		166	(16,511)
3701. Other changes in surplus		(98,711)	6,036,663
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)		(98,711)	6,036,663

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	613,942	(6,515,777)
2. Net investment income	45,125,622	36,132,276
3. Miscellaneous income	(27,083,775)	33,120,071
4. Total (Lines 1 through 3)	18,655,789	62,736,570
5. Benefit and loss related payments	58,277,365	(347,376)
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	19,072,512	(10,881,769)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	3,676,067	808,797
10. Total (Lines 5 through 9)	81,025,944	(10,420,348)
11. Net cash from operations (Line 4 minus Line 10)	(62,370,155)	73,156,918
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	670,813,914	166,515,187
12.2 Stocks		15,395
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		3,538,303
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(2,900)
12.7 Miscellaneous proceeds	387,325	2,554,724
12.8 Total investment proceeds (Lines 12.1 to 12.7)	671,201,239	172,620,709
13. Cost of investments acquired (long-term only):		
13.1 Bonds	55,202,939	302,030,470
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	2,605,883	
13.7 Total investments acquired (Lines 13.1 to 13.6)	57,808,822	302,030,470
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)	613,392,417	(129,409,761)
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	(439,274,788)	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	128,291,212	
16.6 Other cash provided (applied)	4,705,258	22,972,471
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(562,860,742)	22,972,471
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)	(11,838,480)	(33,280,372)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	60,514,089	93,794,461
19.2 End of year (Line 18 plus Line 19.1)	48,675,609	60,514,089

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				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability	13,399			13,399
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	13,399			13,399

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)				

NONE Underwriting and Investment Exhibit - Part 1A

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	143,142		145,922	293,645	(4,581)	
2. Allied lines	46,600		176,416	231,347	(8,331)	
3. Farmowners multiple peril						
4. Homeowners multiple peril	(18,835)		320,759	1,499,546	(1,197,622)	
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine				2,863	(2,863)	
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence	(485)		1,331	846		
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	(1,619)	(3,423)	(9,194)	227,126	(241,362)	
19.3, 19.4 Commercial auto liability			23	23		
21. Auto physical damage	(1,964)	(3,885)	(5,576)	165,389	(176,814)	
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft	33		196	229		
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X		16,368		2,969	13,399
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	166,872	(7,308)	646,245	2,421,014	(1,628,604)	13,399

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 [X]
 If yes: 1. The amount of such installment premiums \$ 0
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

**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	187,591	203,912	391,503		145,089	145,089		
2. Allied lines	(27,520)	258,798	231,278			(15,001)	15,001	
3. Farmowners multiple peril								
4. Homeowners multiple peril	11,144,631	577,130	12,025,655	(303,894)	8,030,711	9,440,703	(1,713,886)	
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	(910)		(910)					
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake	319,624		208,040	111,584	137,907	141,977	107,514	
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence	4,699,657	8,106	4,707,763			50,000	(50,000)	
17.2 Other liability - claims - made								
18.1 Products liability - occurrence								
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability	52,234,487	26,588,021	77,525,275	1,297,233	25,067,302	24,948,177	1,416,358	
19.3, 19.4 Commercial auto liability		175	175					
21. Auto physical damage	(369,176)	(1,076,852)	(1,440,423)	(5,605)			(5,605)	
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft	45	57	102					
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X	60,256,960	302,888	59,954,072	69,879,233	129,833,305		
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	68,188,429	86,816,307	93,951,346	61,053,390	103,260,242	164,544,250	(230,618)	

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	181,542	46,365	227,907		860,508	3,226	718,645	145,089	
2. Allied lines	131,876	128,137	260,013		588,534	5,623	594,157		
3. Farmowners multiple peril									
4. Homeowners multiple peril	12,465,577	407,093	12,084,551	788,119	11,297,011	1,215,333	5,269,751	8,030,712	
5. Commercial multiple peril						235	235		
6. Mortgage guaranty									
8. Ocean marine					368,370	(86)	368,284		
9. Inland marine	763		763		467,566		467,566		
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake	338,447		200,539	137,908				137,908	
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence	2,207,603	7,583	2,215,186		2,736,161	(106)	2,736,055		(12,498)
17.2 Other liability - claims - made									
18.1 Products liability - occurrence									
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability	275,382,318	20,586,007	258,567,883	37,400,442	(9,388,016)	1,593,501	4,538,626	25,067,301	140,000
19.3, 19.4 Commercial auto liability									
21. Auto physical damage	2,221	23	2,244		4,399	102	4,501		
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X	112,143,693	57,151,549	54,992,144	X X X	20,670,465	5,783,377	69,879,232	2,133,515
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	290,710,347	133,318,901	330,710,635	93,318,613	6,934,533	23,488,293	20,481,197	103,260,242	2,261,017

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 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(17,700,161)			(17,700,161)
1.2 Reinsurance assumed	6,593,598			6,593,598
1.3 Reinsurance ceded	(12,304,381)			(12,304,381)
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	1,197,818			1,197,818
2. Commission and brokerage:				
2.1 Direct, excluding contingent		16,384		16,384
2.2 Reinsurance assumed, excluding contingent		(24,171)		(24,171)
2.3 Reinsurance ceded, excluding contingent		(7,787)		(7,787)
2.4 Contingent-direct		102,509,478		102,509,478
2.5 Contingent-reinsurance assumed		8,741		8,741
2.6 Contingent-reinsurance ceded		102,518,219		102,518,219
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)				
3. Allowances to manager and agents				
4. Advertising			955	955
5. Boards, bureaus and associations			32	32
6. Surveys and underwriting reports			1	1
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			226,093	226,093
8.2 Payroll taxes			9,801	9,801
9. Employee relations and welfare			9,808	9,808
10. Insurance			760	760
11. Directors' fees				
12. Travel and travel items			7,512	7,512
13. Rent and rent items			3,204	3,204
14. Equipment			3,528	3,528
15. Cost or depreciation of EDP equipment and software			1,849	1,849
16. Printing and stationery			503	503
17. Postage, telephone and telegraph, exchange and express			1,118	1,118
18. Legal and auditing			21,490	21,490
19. Totals (Lines 3 to 18)			286,654	286,654
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	1,679,957	(124)	33,477	1,713,310
25. Total expenses incurred	2,877,775	(124)	320,131	(a) 3,197,782
26. Less unpaid expenses-current year	2,261,017			2,261,017
27. Add unpaid expenses-prior year	18,455,878			18,455,878
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)	19,072,636	(124)	320,131	19,392,643

DETAILS OF WRITE-INS				
2401. Other expenses	1,679,957	(124)	33,477	1,713,310
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	1,679,957	(124)	33,477	1,713,310

(a) Includes management fees of \$ 320,131 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) 11,102,549	9,082,897
1.1 Bonds exempt from U.S. tax	(a) 8,096,471	6,786,951
1.2 Other bonds (unaffiliated)	(a) 27,450,370	23,828,583
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 812,427	839,803
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(3,392,167)	(3,392,167)
10. Total gross investment income	44,069,650	37,146,067

11. Investment expenses		(g) 320,131
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)		320,131
17. Net investment income (Line 10 minus Line 16)		36,825,936

DETAILS OF WRITE-INS			
0901. Miscellaneous Income/ (Expense)		(3,392,167)	(3,392,167)
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)		(3,392,167)	(3,392,167)
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 \$ 436,314 accrual of discount less \$ 1,812,417 amortization of premium and less \$ 166,961 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 \$ 56,894 accrual of discount less \$ 0 amortization of premium and less \$ 0 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 depreciation on real estate and \$ 0 depreciation on other invested assets.
- (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	(3,250,210)			(3,250,210)
1.1 Bonds exempt from U.S. tax	2,703,734			2,703,734
1.2 Other bonds (unaffiliated)	(4,862,774)	(460,782)	271,120	(5,052,436)
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)			(1,622)	(1,622)
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)	(5,409,250)	(460,782)	269,498	(5,600,534)

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			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
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			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	3,687,011	6,789,429	3,102,418
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			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,687,011	6,789,429	3,102,418
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	3,687,011	6,789,429	3,102,418

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.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

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 Indiana Department of Insurance, the accompanying financial statements of LM Property and Casualty Insurance Co. (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. Preferred stocks are carried at cost or market as specified by the SVO Manual.
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 does not own any joint ventures, partnerships, or limited liability companies.
9. Derivative securities, refer to Note 8.
10. Refer to Note 30.
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

- 3 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.

C. Impairment Loss

Not applicable

NOTES TO FINANCIAL STATEMENTS

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.

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.

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	6,376,000	16,738,000	(10,362,000)
Total of deferred tax liabilities	(1,535,000)	(3,848,000)	2,313,000
Net deferred tax asset	4,841,000	12,890,000	(8,049,000)
Net deferred tax asset non-admitted	(3,687,011)	(6,789,429)	3,102,418
Net admitted deferred tax asset	1,153,989	6,100,571	(4,946,582)

B. The Company does not have any deferred tax liabilities described in SSAP No. 10, Income Taxes, paragraph 6d.

NOTES TO FINANCIAL STATEMENTS

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2006	2005
Federal tax on operations	3,253,763	12,563,816
Net operating loss benefit	(1,269,873)	(9,227,400)
Foreign tax on operations	0	0
Income tax incurred on operations	1,983,890	3,336,416
Tax on capital gains	(2,054,511)	956,467
Total income tax incurred	(70,621)	4,292,882

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss, and LAE reserves, non-deductible legal accruals and net operating loss carryforwards.

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

	2006
Change in net deferred income tax (without unrealized gain or loss)	(7,954,671)
Tax effect of unrealized (gains) losses	(94,329)
Total change in net deferred income tax	(8,049,000)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, revisions to prior year estimates, and changes in deferred taxes.

E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is \$4,372,000 from the current year and none from the preceding year.

The Company had 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
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

NOTES TO FINANCIAL STATEMENTS

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 insurance company. LMIC is wholly owned by Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.

During 2006 the Company paid an ordinary dividend of \$ 70,136,946 to its parent, LMIC. The Company also paid its parent, pursuant to the approval of its domiciliary state, an extraordinary dividend of \$58,154,266 and a return of capital distribution of \$ 439,274,788.

- C. There have been no material transactions with the company's affiliates during 2006.
- D. At December 31, 2006 the Company reported \$42,810,873 due to affiliates. In general, the terms of the intercompany arrangement 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 intercompany pooling arrangement.

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

There is a "Distribution Agreement" between the Company and Helmsman Insurance Agency, Inc., ("Helmsman") whereby Helmsman provides agent commission payments, accounting, office services and other services under the terms of the "Distribution Agreement".

- 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 any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own investments in subsidiary, controlled or affiliated companies.
- J. Impairment of subsidiaries
Not applicable
- K. The Company does not hold investments in foreign subsidiaries.

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 described in note 10 F.

Note 13- Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

1. The Company has 800 shares authorized, issued, and outstanding as of December 31, 2006. All shares have a stated par value of \$5,500.
2. Preferred Stock
Not applicable
3. Dividend Restrictions
There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The maximum amount of dividends that can be paid by Indiana domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner, is the greater of (a) 10% of policyholder surplus, or (b) net income, not including realized capital gains. The maximum dividend payout that may be made without prior approval during 2007 is \$28,393,057.
5. The Company does not have restricted unassigned surplus.
6. The Company had no advances to surplus.
7. The Company does not hold stock for special purposes.
8. The Company does not hold special surplus funds.
9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is \$870.
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.

As a result of an inter-company 100% Quota Share Reinsurance Agreement (see Note 26), all guaranty fund and other assessment liabilities are ceded to LMIC.

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. The Company is not involved in material lease obligations.

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 during the year.

B. Transfers and servicing of financial assets:

NOTES TO FINANCIAL STATEMENTS

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company's portfolio to qualifying third parties, via a lending agent. Under the terms of the lending agreement, the company does not participant in term loans. Therefore, the company does not have collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Under the terms of the securities lending program, all collateral is restricted. Cash collateral is carried as a liability on the balance sheet, as, while the collateral is restricted, the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company. At December 31, 2006 the total market value of fixed maturities on loan was \$35,046,423.53 with corresponding collateral value of \$35,748,858.14 of which \$28,706,647.80 represents cash collateral.

C. Wash Sales

The Company did not have any wash sale 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

Not applicable

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

As a result of the inter-company 100% Quota Share Reinsurance Agreement with LMIC, refer to Note 26, the Company has no net exposure to losses arising from the September 11, 2001 World Trade Center disaster.

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

- 1) Assets in the amount of \$5,246,943 and \$5,117,147 as of December 31, 2006 and 2005 respectively, were on deposit with government authorities or trustees as required by law.
- 2) In 2006, the Company changed the accounting for claims subject to recoveries from the Michigan Catastrophic Claims Association (MCCA). Effective in 2006, the Company capped Michigan Private Passenger, at an individual level, at \$250,000, the maximum amount for which the Company is liable. Recoveries from the MCCA were treated as claims refunds. Prior to 2006, the Company reported the amounts in excess of the \$250,000 cap as direct losses with an offsetting ceded loss recovery for the amount recoverable from the MCCA. There is no net impact to losses from this change. However, 2006 direct and ceded losses have been significantly reduced as compared to 2005.

D. As a result of the inter-company 100% Quota Share Reinsurance Agreement with LMIC (see Note 26), the Company has no exposure to uncollectible premium receivable balances.

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 state transferable tax credits.

H. Impact of Medicare Modification Act on Post Retirement Benefits

Not applicable. (Refer to Note 12)

NOTES TO FINANCIAL STATEMENTS

Note 22- Events Subsequent

There were no events subsequent to December 31, 2006 that would require disclosure.

Note 23- Reinsurance

- A. Excluding amounts arising pursuant to the inter-company 100% Quota Share Reinsurance Agreement, as described in Note 26, the unsecured reinsurance recoverables with an individual reinsurer that exceed 3% of policyholders surplus are listed below.

<u>Reinsurer</u>	<u>Naic No.</u>	<u>Federal ID No.</u>	<u>Recoverable Amount</u>
New Jersey Unsatisfied Claim and Judgment Fund		AA-9991160	\$177,376,808
General Reinsurance Corp	22039	13-2673100	\$41,300,001
California Re Management		AA-9995111	\$7,141,965
Excess Casualty Reinsurance Association		AA-9995022	\$5,062,923

- 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 reinsurers 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	\$0	\$0	\$455,483	\$129,688	(\$455,483)	(\$129,688)
All Other	\$384,127	\$122,695	0	0	\$384,127	\$122,695
Total	\$384,127	\$122,695	\$455,483	\$129,688	(\$71,356)	(\$6,993)

Direct Unearned Premium Reserve: \$(71,356)

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	\$107,027,785	\$0	(\$107,027,785)	\$0
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	0	0	0
Totals	\$107,027,785	\$0	(\$107,027,785)	\$0

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 no retroactive reinsurance.
- G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not have net accrued retrospective premiums.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

- A. As a result of the inter-company 100% Quota Share Reinsurance Agreement with LMIC (see Note 26), the Company has no net exposure to changes in incurred losses and loss adjustment expenses.

Note 26- Intercompany Pooling Arrangements

The Company participates in a 100% Quota Share Reinsurance Agreement with an affiliate, LMIC. Pursuant to the Agreement, after external reinsurance, the Company cedes its net underwriting activity to LMIC.

Note 27- Structured Settlements

- A. As a result of the inter-company 100% Quota Share Reinsurance Agreement with LMIC (see Note 26), the Company has no net exposure to contingent liabilities from the purchase of annuities.
- B. Not applicable

Note 28 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

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 a result of the inter-company 100% Quota Share Reinsurance Agreement with LMIC (see Note 26), the Company does not have any net high dollar deductible policy liability.

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

Not applicable

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims which emanate principally from two main exposures 1) the assumption of certain liabilities and obligations of Prudential-LMI Commercial Insurance Company (Prudential-LMI), effective December 31, 1986 and 2) the assumption of reserves from Everest Reinsurance Holdings, Inc. (Everest Re), related to Prudential Financials' sale of Gibraltar Casualty Company to Everest Re.

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 claims and claim 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 a products or 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.

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities, 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.

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 be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2006, 2005, 2004, 2003, and 2002:

Asbestos:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurred losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-
Assumed Reinsurance Basis					
Beginning Reserves	11,419,932	174,514,566	175,311,805	175,165,320	176,343,834
Incurred losses and LAE	4,902,489	1,681,681	-	2,400,000	(1,800,000)
Calendar year payments	1,807,854	884,443	146,485	1,221,486	59,692,365
Ending Reserves	14,514,566	175,311,805	175,165,320	176,343,834	114,851,469
Net of Ceded Reinsurance Basis					
Beginning Reserves	11,419,932	116,641,075	117,516,732	117,370,247	116,206,553
Incurred losses and LAE	1,268,797	1,693,636	-	-	-
Calendar year payments	1,647,654	817,978	146,485	1,163,694	60,322,546
Ending Reserves	11,041,075	117,516,732	117,370,247	116,206,553	55,884,007
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					110,575,592
Assumed Reinsurance Basis					52,683,904
Net of Ceded Reinsurance Basis					-
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					-
Assumed Reinsurance Basis					853,406
Net of Ceded Reinsurance Basis					853,406
Environmental:					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Direct Basis					
Beginning Reserves	-	-	-	-	-
Incurred losses and LAE	-	-	-	-	-
Calendar year payments	-	-	-	-	-
Ending Reserves	-	-	-	-	-
Assumed Reinsurance Basis					
Beginning Reserves	11,419,932	14,514,566	15,311,805	15,165,320	13,943,834
Incurred losses and LAE	4,902,489	1,681,681	-	-	-
Calendar year payments	1,807,854	884,443	146,485	1,221,486	546,365
Ending Reserves	14,514,566	15,311,805	15,165,320	13,943,834	13,397,469
Net of Ceded Reinsurance Basis					
Beginning Reserves	11,419,932	11,041,075	11,916,732	11,770,247	10,606,553
Incurred losses and LAE	1,268,797	1,693,636	-	-	-
Calendar year payments	1,647,654	817,978	146,485	1,163,694	1,176,547
Ending Reserves	11,041,075	11,916,732	11,770,247	10,606,553	9,430,007
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					-
Assumed Reinsurance Basis					9,121,592
Net of Ceded Reinsurance Basis					6,229,904
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					-
Assumed Reinsurance Basis					853,406
Net of Ceded Reinsurance Basis					853,406

Note: Effective in 2003, as part of the series of transactions related to the sale of the company to LMGI, the Company terminated its keep well agreement under which Prudential Financial, Inc. would reimburse asbestos losses and for which the Company had a permitted practice allowing gross asbestos reserves to be reported net of the keep well agreement. In its place, the Company executed a reinsurance agreement with Vantage Casualty Insurance Company ("Vantage", a wholly owned subsidiary of the Prudential) whereby any increase in asbestos and pollution reserves are reinsured by Vantage. Vantage's obligations are fully guaranteed by Prudential Financial Inc. Accordingly, the gross and net asbestos reserves have been adjusted in 2003.

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	42,901,313	13.035	42,901,313	13.035
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	15,390,855	4.676	15,390,855	4.676
1.22 Issued by U.S. government sponsored agencies	5,918,831	1.798	5,918,831	1.798
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	11,954,657	3.632	11,954,657	3.632
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	10,668,573	3.242	10,668,573	3.242
1.43 Revenue and assessment obligations	34,435,614	10.463	34,435,614	10.463
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	11,833,713	3.596	11,833,713	3.596
1.512 Issued or guaranteed by FNMA and FHLMC	44,763,221	13.601	44,763,221	13.601
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	27,798,224	8.446	27,798,224	8.446
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	13,455,214	4.088	13,455,214	4.088
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	60,821,350	18.480	60,821,350	18.480
2.2 Unaffiliated foreign securities	462,117	0.140	462,117	0.140
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
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	870		870	
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	33,845	0.010	33,845	0.010
8. Cash, cash equivalents and short-term investments	48,675,609	14.790	48,675,609	14.790
9. Other invested assets				
10. Total invested assets	329,114,006	100.000	329,114,006	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? Indiana
- 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: 12/31/2005
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005
- 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. 12/31/2005
- 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). 06/30/2006
- 3.4 By what department or departments? Indiana Department of Insurance
- 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) ~~Yes~~ **Yes** ~~extended~~ or revoked by any governmental entity during the reporting period?
- 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? Roy K. Morell
 175 Berkeley Street, Boston, MA 02116
 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 | _____ |
| 11.13 Total book/adjusted carrying value | \$ _____ |
- 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 | \$ _____ |
| 16.12 To stockholders not officers | \$ _____ |
| 16.13 Trustees, supreme or grand (Fraternal only) | \$ _____ |
- 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 | \$ _____ |
| 16.22 To stockholders not officers | \$ _____ |
| 16.23 Trustees, supreme or grand (Fraternal only) | \$ _____ |
- 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 | \$ _____ |
| 17.22 Borrowed from others | \$ _____ |
| 17.23 Leased from others | \$ _____ |
| 17.24 Other | \$ _____ |
- 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 | \$ _____ |
| 18.22 Amount paid as expenses | \$ _____ |
| 18.23 Other amounts paid | \$ _____ |
- 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		\$ 35,046,424
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

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 [] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

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

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	304,384,546	301,876,988	(2,507,558)
26.2 Preferred stocks		15	15
26.3 Totals	304,384,546	301,877,003	(2,507,543)

26.4 Describe the sources or methods utilized in determining the fair values: FTID, 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
	\$
	\$
	\$

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
	\$
	\$
	\$

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
	\$
	\$
	\$
	\$

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. \$ _____
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 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. \$ _____
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ 13,399	\$ 567
2.3 Premium Ratio (2.1/2.2)	_____	_____
2.4 Reserve Numerator	\$ _____	\$ _____
2.5 Reserve Denominator	\$ 112,456,816	\$ 187,075,552
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 \$ _____
 3.22 Non-participating policies \$ _____

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? _____ %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

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: The Company has a 100% Quota share agreement with Liberty Mutual Insurance Company.
- 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 Clasic/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 has a 100% Quota share agreement with Liberty Mutual Insurance Company.
- 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.
- 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 | \$ _____ |
| | 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ _____ |
- 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? \$ _____
- 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 [X] 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 | _____ % |
| | 12.42 To | _____ % |
- 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 [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | |
|--|----------------------------------|----------|
| | 12.61 Letters of Credit | \$ _____ |
| | 12.62 Collateral and other funds | \$ _____ |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____
- 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 [X] 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 [X] 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 arrangements.
- 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 [X]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? YES [X] 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 [X]
- 15.2 If yes, give full information _____
- 16.1 Does the reporting entity write any warranty business? YES [] NO [X]
- 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 | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 16.12 Products | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 16.13 Automobile | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 16.14 Other* | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
- * 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	\$ _____
17.12	Unfunded portion of Interrogatory 17.11	\$ _____
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$ _____
17.14	Case reserves portion of Interrogatory 17.11	\$ _____
17.15	Incurred but not reported portion of Interrogatory 17.11	\$ _____
17.16	Unearned premium portion of Interrogatory 17.11	\$ _____
17.17	Contingent commission portion of Interrogatory 17.11	\$ _____

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	\$ _____
17.19	Unfunded portion of Interrogatory 17.18	\$ _____
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ _____
17.21	Case reserves portion of Interrogatory 17.18	\$ _____
17.22	Incurred but not reported portion of Interrogatory 17.18	\$ _____
17.23	Unearned premium portion of Interrogatory 17.18	\$ _____
17.24	Contingent commission portion of Interrogatory 17.18	\$ _____

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)	(13,367)	(2,511,649)	188,963,416	522,024,193	556,105,461
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	500,884	(725,708)	126,014,583	368,316,786	386,449,600
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	301,924	33,794	46,568,341	409,190,795	389,411,552
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	16,368	7,213		6,239	2,084
6. Total (Line 34)	805,809	(3,196,350)	361,546,340	1,299,538,013	1,331,968,697
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)				329,807,563	553,584,107
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)				223,401,689	377,164,128
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)		1		111,215,660	367,950,939
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	13,399	568		303,945	4,808
12. Total (Line 34)	13,399	569		664,728,857	1,298,703,982
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(2,633,634)	(5,033,388)	(2,979,326)	(31,407,062)	(221,644,691)
14. Net investment gain (loss) (Line 11)	33,010,415	37,445,785	69,742,391	149,024,820	31,000,090
15. Total other income (Line 15)	166	(16,511)	(2,613)	(55,122,332)	4,450,830
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,983,890	3,336,416	(5,546,877)	(57,418,103)	(53,739,598)
18. Net income (Line 20)	28,393,057	29,059,470	72,307,329	119,913,529	(132,454,173)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	355,438,618	996,278,146	909,975,215	2,195,625,126	2,007,441,955
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	265,407	279,466	97,105		7,216,304
20.2 Deferred and not yet due (Line 13.2)	16,587				91,297,538
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	197,963,976	294,908,687	234,714,973	1,600,399,383	1,488,895,888
22. Losses (Page 3, Line 1)	103,260,242	168,619,674	169,171,329	230,073,144	616,600,596
23. Loss adjustment expenses (Page 3, Line 3)	2,261,017	18,455,878	7,330,000	7,700,494	102,866,926
24. Unearned premiums (Page 3, Line 9)					406,404,608
25. Capital paid up (Page 3, Lines 28 & 29)	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
26. Surplus as regards policyholders (Page 3, Line 35)	157,474,642	701,369,459	675,260,242	595,225,743	518,546,067
Risk-Based Capital Analysis					
27. Total adjusted capital	157,474,642	701,369,459	675,260,242	595,225,743	518,546,067
28. Authorized control level risk-based capital	17,557,258	29,734,176	29,311,145	91,614,964	147,717,530
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)	85.2	93.7	88.7	85.1	80.6
30. Stocks (Lines 2.1 & 2.2)					10.1
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					0.8
33. Cash, cash equivalents and short-term investments (Line 5)	14.8	6.3	10.9	14.6	8.3
34. Contract loans (Line 6)					XXX
35. Other invested assets (Line 7)			0.4	0.2	0.2
36. Receivables for securities (Line 8)				0.1	
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)					127,532,713
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					127,532,713
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)					24.6

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)	175,169	(191,585)	49,552	(5,398,632)	(11,114,184)
48. Dividends to stockholders (Line 35)	(128,291,212)				
49. Change in surplus as regards policyholders for the year (Line 38)	(543,894,817)	31,359,217	80,034,499	76,679,677	(208,944,394)
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)	83,530,446	147,343,269	303,670,229	421,793,223	420,597,881
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	(504,431)	3,800,312	97,113,638	208,644,498	238,758,949
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	11,721,761	36,133,780	179,064,302	236,421,089	258,059,053
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	60,256,960	3,205,433	6,695,668	(24,612,840)	(74,794,689)
55. Total (Line 34)	155,004,736	190,482,794	586,543,837	842,245,970	842,621,194
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)	1,297,233	1,085,170	3,355,927	731,678,167	369,346,743
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	105,979	(190,687)	(3)	150,983,251	204,491,772
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	(303,894)	2,886,081	22,557,059	266,652,781	250,281,438
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	59,954,072	2,909,234	6,695,668	(25,650,885)	(75,195,191)
61. Total (Line 34)	61,053,390	6,689,798	32,608,651	1,123,663,314	748,924,762
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)	(1,721.2)	844,770.0		66.5	75.2
64. Loss expenses incurred (Line 3)	21,477.5	(11.8)		11.1	12.6
65. Other underwriting expenses incurred (Line 4)	(0.9)	43,064.6		25.3	29.6
66. Net underwriting gain (loss) (Line 8)	(19,655.5)	(887,722.8)		(2.9)	(17.4)
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)	(2.2)	45,814.9		49.1	28.8
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	19,756.4	844,758.2		77.6	87.7
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)				111.7	250.5
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)	970	4,476	(5,816)	(121)	35,102
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)	0.1	0.7	(1.0)		4.8
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)	5,446	(1,492)	(2,178)	11,622	(17,288)
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)	0.8	(0.3)	(0.4)	1.6	(1.6)

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	76,044,711	75,256,165	76,058,236	75,767,611
	2. Canada				
	3. Other Countries				
	4. Totals	76,044,711	75,256,165	76,058,236	75,767,611
States, Territories and Possessions (Direct and guaranteed)	5. United States	11,954,658	12,133,200	11,952,870	12,000,000
	6. Canada				
	7. Other Countries				
8. Totals	11,954,658	12,133,200	11,952,870	12,000,000	
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	10,668,574	10,937,370	10,818,226	10,700,000
	10. Canada				
	11. Other Countries				
12. Totals	10,668,574	10,937,370	10,818,226	10,700,000	
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	108,544,358	108,046,300	108,582,319	108,778,607
	14. Canada				
	15. Other Countries				
16. Totals	108,544,358	108,046,300	108,582,319	108,778,607	
Public Utilities (unaffiliated)	17. United States	11,416,388	11,182,400	11,397,490	11,500,000
	18. Canada				
	19. Other Countries				
20. Totals	11,416,388	11,182,400	11,397,490	11,500,000	
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	61,312,876	59,878,939	62,205,819	60,079,987
	22. Canada				
	23. Other Countries	462,117	461,750	455,250	500,000
24. Totals	61,774,993	60,340,689	62,661,069	60,579,987	
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	280,403,682	277,896,124	281,470,210	279,326,205
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		15		
	36. Canada				
	37. Other Countries				
38. Totals		15			
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks		15		
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	870	870		
	50. Canada				
	51. Other Countries				
52. Totals	870	870			
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	870	870		
	55. Total Stocks	870	885		
	56. Total Bonds and Stocks	280,404,552	277,897,009	281,470,210	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	902,992,163	7. Amortization of premium	1,812,417
2. Cost of bonds and stocks acquired, Column 7, Part 3	55,202,938	8. Foreign Exchange Adjustment:	
3. Accrual of discount	436,314	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	(1,621)	9. Book/adjusted carrying value at end of current period	280,404,552
4.4 Column 11 - 13, Part 4	(189,662)	10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	(5,409,250)	11. Subtotal (Lines 9 plus 10)	280,404,552
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	670,813,913	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	280,404,552

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	71,093	11,082	950	574	6,305	(1,135)		67,827	X X X
2. 1997	1,230,625	1,230,031	594	709,977	709,814	19,936	19,936	108,786	108,883		66	X X X
3. 1998	1,099,346	1,099,305	41	659,598	659,592	21,421	21,408	116,041	116,108		(48)	X X X
4. 1999	1,031,254	1,031,219	35	622,267	622,266	19,721	19,678	114,409	114,444		9	X X X
5. 2000	1,080,428	1,080,392	36	715,808	715,531	22,901	22,792	124,192	124,272		306	X X X
6. 2001	1,204,352	1,200,732	3,620	879,187	873,876	26,802	26,080	129,554	125,943		9,644	X X X
7. 2002	1,308,335	1,304,294	4,041	915,722	898,939	25,235	23,897	105,754	104,365		19,510	X X X
8. 2003	1,309,881	1,305,637	4,244	779,551	748,704	18,450	18,014	33,513	31,839		32,957	X X X
9. 2004	729,052	729,052		365,364	365,312	13,088	13,075	4,639	7,031		(2,327)	X X X
10. 2005	28,976	28,976		17,206	17,206	698	698	(2,612)	924		(3,536)	X X X
11. 2006	1,120	1,107	13	(27)	(27)	4	4	(3,182)	(3,182)			X X X
12. Totals	X X X	X X X	X X X	5,735,746	5,622,295	169,206	166,156	737,399	729,492		124,408	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	347,703	255,158	8,456	5,902			291	291	6,142	3,868		97,373	X X X
2. 1997	456	434	129	129			341	341	62	62		22	X X X
3. 1998	1,621	1,606	127	127			485	485	125	125		15	X X X
4. 1999	1,999	1,884	193	193			655	655	205	137		183	X X X
5. 2000	3,507	3,505	660	660			1,082	1,082	215	215		2	X X X
6. 2001	6,401	6,254	563	563			2,235	2,235	483	397		233	X X X
7. 2002	14,468	14,104	972	972			4,085	4,085	791	719		436	X X X
8. 2003	24,518	24,409	13,511	6,118	17	17	6,818	6,818	10,046	10,286		7,262	X X X
9. 2004	21,121	21,121	979	984	13	13	6,138	6,138	2,931	2,931		(5)	X X X
10. 2005	2,165	2,165	4,807	4,807	16	16	226	226	11,580	11,580			X X X
11. 2006	70	70	26	26	1	1	1	1	17,424	17,424			X X X
12. Totals	424,029	330,710	30,423	20,481	47	47	22,357	22,357	50,004	47,744		105,521	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	95,099	2,274
2. 1997	839,687	839,599	88	68,233	68,258	14,815				22	
3. 1998	799,418	799,451	(33)	72,718	72,723	(80,488)				15	
4. 1999	759,449	759,257	192	73,643	73,627	548,571				115	68
5. 2000	868,365	868,057	308	80,372	80,346	855,556				2	
6. 2001	1,045,225	1,035,348	9,877	86,787	86,226	272,845				147	86
7. 2002	1,067,027	1,047,081	19,946	81,556	80,280	493,591				364	72
8. 2003	886,424	846,205	40,219	67,672	64,812	947,667				7,502	(240)
9. 2004	414,273	416,605	(2,332)	56,824	57,143					(5)	
10. 2005	34,086	37,622	(3,536)	117,635	129,838						
11. 2006	14,317	14,317		1,278,304	1,293,315						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	103,261	2,260

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	70,944	74,149	74,132	72,240	77,450	79,533	81,160	76,447	81,320	82,454	1,134	6,007
2. 1997	125	39	41	41	42	43	53	169	314	185	(129)	16
3. 1998	X X X				1	3	8	81	139	34	(105)	(47)
4. 1999	X X X	X X X			2	300	151	(503)	154	159	5	662
5. 2000	X X X	X X X	X X X		10	1,010	685	1,420	367	388	21	(1,032)
6. 2001	X X X	X X X	X X X	X X X	215	7,099	7,285	7,634	6,973	6,180	(793)	(1,454)
7. 2002	X X X	X X X	X X X	X X X	X X X	20,459	18,984	21,021	20,637	18,485	(2,152)	(2,536)
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	38,836	35,077	35,766	38,785	3,019	3,708
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	(62)	90	60	(30)	122
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				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		X X X	X X X
	12. Totals										970	5,446

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	5,043	9,183	13,398	16,454	(56,782)	(79,797)	(77,440)	(73,032)	(12,645)	X X X	X X X
2. 1997	34	39	41	41	42	43	53	60	198	163	X X X	X X X
3. 1998	X X X				1	3	8	10	12	19	X X X	X X X
4. 1999	X X X	X X X			2	4	75	148	89	44	X X X	X X X
5. 2000	X X X	X X X	X X X		10	50	252	321	344	386	X X X	X X X
6. 2001	X X X	X X X	X X X	X X X	185	3,533	4,707	5,427	5,418	6,033	X X X	X X X
7. 2002	X X X	X X X	X X X	X X X	X X X	7,546	15,548	17,627	17,776	18,121	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	9,114	28,749	30,721	31,283	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	(62)	(60)	65	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			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		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	19,670	20,096	18,543	15,857	19,429	97,205	136,901	125,908	116,438	2,554	
2. 1997	36										
3. 1998	X X X							66			
4. 1999	X X X	X X X					275	81			
5. 2000	X X X	X X X	X X X				826	347			
6. 2001	X X X	X X X	X X X	X X X			3,856	2,100	1,484	1,253	
7. 2002	X X X	X X X	X X X	X X X	X X X		12,545	2,100	3,029	2,558	
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	15,200	5,451	4,751	7,393
9. 2004	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)	(5)
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	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	X X X	

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			16,492	63,490	154,364		
2. Alaska	AK	YES	2	2					
3. Arizona	AZ	YES	(7,264)	22,307	2,811,783	(786,338)	1,290,571	355	
4. Arkansas	AR	YES			6,215	(120,535)	90,326		
5. California	CA	YES	107,178	241,360	4,958,083	(13,476,405)	3,875,858		
6. Colorado	CO	YES	(667)	(667)	1,325,576	547,165	498,259		
7. Connecticut	CT	YES	(796)	(796)	4,341,572	(3,789,634)	5,764,621		
8. Delaware	DE	YES	(109)	(109)	1,018,470	(1,217,137)	1,318,861		
9. Dist. Columbia	DC	YES			17,300	(20,814)	987,589		
10. Florida	FL	YES	(2,787)	(2,787)	6,724,155	(4,676,296)	5,510,478		
11. Georgia	GA	YES	1,450	11,174	532,293	(1,947,406)	1,406,162		
12. Hawaii	HI	YES				2,527			
13. Idaho	ID	YES	(250)	(250)	161,528	(399,905)	380,906		
14. Illinois	IL	YES	5,323	20,849	1,127,530	(1,874,984)	3,328,798		
15. Indiana	IN	YES	(30)	(30)	634,977	(1,097,470)	1,521,858		
16. Iowa	IA	YES			67,336	77,931	84,182		
17. Kansas	KS	YES			4,326	(320,214)	136,147		
18. Kentucky	KY	YES	(849)	(849)	201,680	(416,787)	495,013		
19. Louisiana	LA	YES	(69)	(69)	2,083,839	(1,434,145)	1,793,272		
20. Maine	ME	YES			458,797	(330,944)	498,320		
21. Maryland	MD	YES	(1,035)	(1,035)	1,204,164	(228,901)	991,764		
22. Massachusetts	MA	YES	(903)	(903)	195,232	(22,613)	834,228		
23. Michigan	MI	YES	(1,936)	(1,936)	858,759	(65,958,777)	7,230,016		
24. Minnesota	MN	YES	(937)	(937)	953,311	38,545	1,418,231		
25. Mississippi	MS	YES			68,979	(112,475)	312,520		
26. Missouri	MO	YES			466,482	187,300	317,605		
27. Montana	MT	YES	(634)	(634)	135,733	(70,048)	183,689		
28. Nebraska	NE	YES	(313)	(313)	87,657	(127,345)	101,679		
29. Nevada	NV	YES	(1,362)	(1,362)	608,850	(867,573)	1,248,853		
30. New Hampshire	NH	YES			(42,022)	(67,483)	160,369		
31. New Jersey	NJ	NO			6,628,240	(1,023,174)	186,592,497		
32. New Mexico	NM	YES			367,464	(386,808)	365,228		
33. New York	NY	YES	2,579	30,440	11,765,508	2,390,954	18,024,442		
34. No. Carolina	NC	YES	14,942	22,556	193,380	(363,281)	161,929		
35. No. Dakota	ND	YES			9,767	(16,090)	84,908		
36. Ohio	OH	YES	(1,127)	(1,127)	796,801	(597,568)	2,882,711		
37. Oklahoma	OK	YES	(9)	(9)	104,530	(857,671)	898,985		
38. Oregon	OR	YES			215,104	(158,658)	154,328		
39. Pennsylvania	PA	YES	(6,882)	(6,882)	12,055,130	3,014,518	38,898,836		
40. Rhode Island	RI	YES	9,082	9,036	689,278	(128,124)	1,239,375		
41. So. Carolina	SC	YES	(355)	(355)	232,338	125,316	483,986		
42. So. Dakota	SD	YES			30,373	(77,335)	255,935		
43. Tennessee	TN	YES			49,957	135,162	181,351		
44. Texas	TX	YES			905,927	836,647	1,703,074		
45. Utah	UT	YES	(887)	(887)	187,440	(245,416)	490,143		
46. Vermont	VT	YES			18,632	37,103	60,416		
47. Virginia	VA	YES	53,161	79,691	440,092	92,961	1,376,687		
48. Washington	WA	YES	(641)	(641)	686,396	(136,943)	467,193		
49. West Virginia	WV	YES	(1,734)	(1,734)	426,370	(1,197,716)	474,581		
50. Wisconsin	WI	YES	4,731	8,243	1,224,241	(392,913)	844,896		
51. Wyoming	WY	YES			132,364	52,052	68,840		
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	NO							
55. U.S. Virgin Islands	VI	NO							
56. Northern Mariana Islands	MP	NO							
57. Canada	CN	NO							
58. Aggregate other alien	OT	X X X							
59. Totals	(a) 50		166,872	421,346		68,188,429	(97,344,255)	297,644,880	355

DETAILS OF WRITE-INS									
5801.	X X X								
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								

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.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

