ANNUAL STATEMENT

OF THE

Wausau General Insurance Company

of Wausau

in the state of Wisconsin

TO THE

Insurance Department

OF THE

STATE OF

FOR THE YEAR ENDED
December 31, 2006

PROPERTY AND CASUALTY

2006

26425200620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

Wausau General Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 26425 **Employer's ID Number** 36-2753986

Organized under the Laws of Wisconsin **, State of Domicile or Port of Entry** Wisconsin

Country of Domicile United States of America

Incorporated/Organized: October 10, 1972 **Commenced Business:** November 29, 1972

Statutory Home Office: 2000 Westwood Drive Wausau, WI 54401

Main Administrative Office: 2000 Westwood Drive Wausau, WI 54401 715-845-5211

Mail Address: Post Office Box 8017 Wausau, WI 54402-8017

Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02117 617-357-9500

Internet Website Address: www.wausau.com

Statutory Statement Contact: Douglas Link 617-357-9500 45668

Douglas.Link@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

Policyowner Relations Contact: 2000 Westwood Drive Wausau, WI 54401 715-845-5211 6570

OFFICERS

	Name	Title
1.	Mark Edward Fiebrink	President and Chief Operating Officer
2.	James Stanley Hoffert	Vice President-General Counsel and Secretary
3.	Laurance Henry Soyer Yahia	Vice President and Treasurer

Vice-Presidents

Name	Title	Name	Title
Susan Marie Doyle	EVP GM Field Operations	Timothy Charles Mulloy	Sr Vice President GM Signature Div.
Michael Lynn Parker	Sr Vice President GM Western Div.	Richard Vincent Poirier	Sr Vice President GM Claims
Mark Alan Steinberg	Sr Vice President WSA	Eugene Bernard Kelly	Sr Vice President GM Eastern Div.

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Mark Edward Fiebrink	Gary Richard Gregg	Edmund Francis Kelly
Dennis James Langwell	Christopher Charles Mansfield	Stuart Michael McGuigan	

State of Wisconsin
County of Marathon 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)	(Signature)	(Signature)
Mark Edward Fiebrink	James Stanley Hoffert	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Operating Officer	Vice President-General Counsel and Secretary	Vice President and Treasurer
(Title)	(Title)	(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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	92,364,181		92,364,181	114,962,286
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 (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 ($ 1,765,450 , Schedule E-Part 1), cash equivalents ($ 1,669,601 Schedule E-Part 2) and short-term investments ($ 5,959,568 , Schedule DA)	9,394,619		9,394,619	6,940,836
6. Contract loans (including $ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	2,015,649		2,015,649	5,134
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	103,774,449		103,774,449	121,908,256
11. Title plants less $ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	941,220		941,220	1,163,057
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	3,417,894	125,470	3,292,424	2,797,366
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 182 earned but unbilled premiums)	11,011,284	20	11,011,264	8,279,130
13.3 Accrued retrospective premiums	3,087,828	304,566	2,783,262	2,816,403
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	969,822		969,822	
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	12,872	12,872		
16.1 Current federal and foreign income tax recoverable and interest thereon				318,381
16.2 Net deferred tax asset	5,581,000	2,806,617	2,774,383	3,306,885
17. Guaranty funds receivable or on deposit	196,642		196,642	226,490
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	125,291		125,291	2,416,172
22. Health care ($ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	2,343,809	112,198	2,231,611	2,178,103
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	131,462,111	3,361,743	128,100,368	145,410,243
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	131,462,111	3,361,743	128,100,368	145,410,243

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	201,705	58,684	143,021	191,041
2302. Cash surrender value - life Insurance	974,670		974,670	860,338
2303. Equities and deposits in pools & associations	123,296		123,296	125,908
2398. Summary of remaining write-ins for Line 23 from overflow page	1,044,138	53,514	990,624	1,000,816
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,343,809	112,198	2,231,611	2,178,103

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	61,169,697	56,828,547
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,733,341	
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	12,538,892	11,638,987
4. Commissions payable, contingent commissions and other similar charges	785,488	565,026
5. Other expenses (excluding taxes, licenses and fees)	1,784,294	1,596,360
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,253,321	1,198,837
7.1 Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	775,867	
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 $ 6,323,147 and including warranty reserves of $ 0)	18,735,073	16,797,204
10. Advance premium	136,819	205,768
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	24,060	13,963
12. Ceded reinsurance premiums payable (net of ceding commissions)	(250,778)	
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	327,226	387,273
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	1,652,992	1,887,179
19. Payable to parent, subsidiaries and affiliates	1,204,321	2,578,575
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes $ 0 and interest thereon $ 0		
23. Aggregate write-ins for liabilities	(1,264,227)	(2,093,312)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	101,606,386	91,604,407
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	101,606,386	91,604,407
27. Aggregate write-ins for special surplus funds	4,879,011	4,699,083
28. Common capital stock	2,000,000	2,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	19,398,843	37,000,000
33. Unassigned funds (surplus)	216,128	10,106,753
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)	26,493,982	53,805,836
36. TOTALS (Page 2, Line 26, Col. 3)	128,100,368	145,410,243

DETAILS OF WRITE-INS		
2301. Amounts held under uninsured plans	2,922,172	2,846,748
2302. Other liabilities	975,425	974,571
2303. Collateral held for securities loaned	4,021,906	3,114,676
2398. Summary of remaining write-ins for Line 23 from overflow page	(9,183,730)	(9,029,307)
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(1,264,227)	(2,093,312)
2701. Special surplus from retroactive reinsurance	4,879,011	4,699,083
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)	4,879,011	4,699,083
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 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	45,485,652	41,438,764
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	27,794,749	26,428,745
3. Loss expenses incurred (Part 3, Line 25, Column 1)	6,941,618	7,810,850
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	12,182,531	10,334,567
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	46,918,898	44,574,162
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,433,246)	(3,135,398)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,251,255	6,092,721
10. Net realized capital gains (losses) less capital gains tax of $ 131,658 (Exhibit of Capital Gains (Losses))	244,507	269,532
11. Net investment gain (loss) (Lines 9 + 10)	6,495,762	6,362,253
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered $ 9,293 amount charged off $ 72,868)	(63,575)	(144,087)
13. Finance and service charges not included in premiums	220,067	226,769
14. Aggregate write-ins for miscellaneous income	(483,370)	(514,896)
15. Total other income (Lines 12 through 14)	(326,878)	(432,214)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	4,735,638	2,794,641
17. Dividends to policyholders	204,110	144,432
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)	4,531,528	2,650,209
19. Federal and foreign income taxes incurred	1,471,110	726,183
20. Net income (Line 18 minus Line 19) (to Line 22)	3,060,418	1,924,026
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	53,805,837	51,389,043
22. Net income (from Line 20)	3,060,418	1,924,026
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 19,123	35,514	(35,514)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	803,123	284,877
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(1,269,918)	171,452
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in	(17,601,157)	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(12,352,843)	
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	13,008	71,953
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(27,311,855)	2,416,794
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	26,493,982	53,805,837

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)	(687,011)	(639,004)
1402. Retroactive reinsurance gain / (loss)	203,641	124,108
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)	(483,370)	(514,896)
3701. Other changes in surplus	13,008	71,953
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)	13,008	71,953

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	43,904,122	41,740,250
2. Net investment income	6,605,496	6,161,510
3. Miscellaneous income	(312,228)	(269,903)
4. Total (Lines 1 through 3)	50,197,390	47,631,857
5. Benefit and loss related payments	21,964,694	22,721,322
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	17,765,803	16,738,689
8. Dividends paid to policyholders	194,014	174,514
9. Federal and foreign income taxes paid (recovered) $ 0 net of tax on capital gains (losses)	508,520	1,205,313
10. Total (Lines 5 through 9)	40,433,031	40,839,838
11. Net cash from operations (Line 4 minus Line 10)	9,764,359	6,792,019
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	41,800,725	21,614,613
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		1,079,030
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	41,800,725	22,693,643
13. Cost of investments acquired (long-term only):		
13.1 Bonds	18,904,222	24,898,958
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	2,010,516	5,027
13.7 Total investments acquired (Lines 13.1 to 13.6)	20,914,738	24,903,985
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)	20,885,987	(2,210,342)
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	(17,601,157)	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	12,352,843	
16.6 Other cash provided (applied)	1,757,437	(7,128,921)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(28,196,563)	(7,128,921)
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)	2,453,783	(2,547,244)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,940,836	9,488,080
19.2 End of year (Line 18 plus Line 19.1)	9,394,619	6,940,836

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	1,155,221	500,827	571,720	1,084,328
2. Allied lines	406,339	162,084	205,317	363,106
3. Farmowners multiple peril	1,600			1,600
4. Homeowners multiple peril	6,365,508	2,967,560	3,627,254	5,705,814
5. Commercial multiple peril	1,032,454	422,408	518,531	936,331
6. Mortgage guaranty				
8. Ocean marine	98,172	51,157	48,295	101,034
9. Inland marine	1,410,870	133,557	158,598	1,385,829
10. Financial guaranty				
11.1 Medical malpractice - occurrence	14			14
11.2 Medical malpractice - claims-made				
12. Earthquake	143,889	48,843	66,772	125,960
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health	1,594	262	756	1,100
16. Workers' compensation	15,669,059	(490,282)	(166,515)	15,345,292
17.1 Other liability - occurrence	2,621,320	694,729	1,045,359	2,270,690
17.2 Other liability - claims-made	691,653	318,330	320,643	689,340
18.1 Products liability - occurrence	647,382	183,458	224,418	606,422
18.2 Products liability - claims-made	29,122	10	2,564	26,568
19.1, 19.2 Private passenger auto liability	8,746,594	4,466,505	4,432,913	8,780,186
19.3, 19.4 Commercial auto liability	1,962,337	518,796	680,970	1,800,163
21. Auto physical damage	4,702,969	3,108,960	3,172,563	4,639,366
22. Aircraft (all perils)	296,704	66,394	99,218	263,880
23. Fidelity	21,490	8,687	8,280	21,897
24. Surety	972,747	450,810	584,055	839,502
26. Burglary and theft	2,529	1,285	1,181	2,633
27. Boiler and machinery	18,100	6,682	8,647	16,135
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	250,684	19,724	24,998	245,410
31. Reinsurance-Nonproportional Assumed Liability	208,173	23,300	10,526	220,947
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	47,456,524	13,664,086	15,647,063	45,473,547

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	565,616	6,104			571,720
2. Allied lines	205,176	142			205,318
3. Farmowners multiple peril					
4. Homeowners multiple peril	3,627,251				3,627,251
5. Commercial multiple peril	451,639	66,892			518,531
6. Mortgage guaranty					
8. Ocean marine	42,203	6,092			48,295
9. Inland marine	148,613	9,985			158,598
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	65,982	791			66,773
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	759				759
16. Workers' compensation	2,476,224	60,179	(182)	(2,702,738)	(166,517)
17.1 Other liability - occurrence	1,114,946	91,718		(161,305)	1,045,359
17.2 Other liability - claims-made	236,237	84,406			320,643
18.1 Products liability - occurrence	281,648	8,460		(65,691)	224,417
18.2 Products liability - claims-made	2,564				2,564
19.1, 19.2 Private passenger auto liability	4,432,913				4,432,913
19.3, 19.4 Commercial auto liability	811,540	34,514		(165,083)	680,971
21. Auto physical damage	3,171,737	832		(6)	3,172,563
22. Aircraft (all perils)	99,218				99,218
23. Fidelity	7,880	401			8,281
24. Surety	541,201	35,859		6,995	584,055
26. Burglary and theft	1,140	40			1,180
27. Boiler and machinery	8,621	27			8,648
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	24,998				24,998
31. Reinsurance-Nonproportional Assumed Liability	10,526				10,526
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	18,328,632	406,442	(182)	(3,087,828)	15,647,064
35. Accrued retrospective premiums based on experience					3,087,828
36. Earned but unbilled premiums					182
37. Balance (Sum of Line 34 through 36)					18,735,074

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire		1,155,221				1,155,221
2. Allied lines		406,339				406,339
3. Farmowners multiple peril		1,600				1,600
4. Homeowners multiple peril		6,365,508				6,365,508
5. Commercial multiple peril		1,032,454				1,032,454
6. Mortgage guaranty						
8. Ocean marine		98,172				98,172
9. Inland marine		1,410,870				1,410,870
10. Financial guaranty						
11.1 Medical malpractice - occurrence		14				14
11.2 Medical malpractice - claims-made						
12. Earthquake		143,889				143,889
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health		1,594				1,594
16. Workers' compensation	29,055,677	15,669,059		29,055,677		15,669,059
17.1 Other liability - occurrence		2,621,320				2,621,320
17.2 Other liability - claims-made		691,653				691,653
18.1 Products liability - occurrence		647,382				647,382
18.2 Products liability - claims-made		29,122				29,122
19.1, 19.2 Private passenger auto liability		8,746,594				8,746,594
19.3, 19.4 Commercial auto liability		1,962,337				1,962,337
21. Auto physical damage		4,702,969				4,702,969
22. Aircraft (all perils)		296,704				296,704
23. Fidelity		21,490				21,490
24. Surety		972,747				972,747
26. Burglary and theft		2,529				2,529
27. Boiler and machinery		18,100				18,100
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	250,684				250,684
31. Reinsurance-Nonproportional Assumed Liability	X X X	208,173				208,173
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	29,055,677	47,456,524		29,055,677		47,456,524

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 [X] No [ ]

If yes: 1. The amount of such installment premiums $ 29,454,582

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 30,890,214

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire		460,580		460,580	384,605	442,035	403,150	37.180
2. Allied lines		369,089		369,089	248,460	243,433	374,116	103.032
3. Farmowners multiple peril					673		673	42.063
4. Homeowners multiple peril		2,619,340		2,619,340	1,304,413	1,021,358	2,902,395	50.867
5. Commercial multiple peril		531,891		531,891	1,245,837	930,088	847,640	90.528
6. Mortgage guaranty								
8. Ocean marine		54,738		54,738	157,673	177,854	34,557	34.203
9. Inland marine		1,278,937		1,278,937	299,167	372,989	1,205,115	86.960
10. Financial guaranty								
11.1 Medical malpractice - occurrence		45		45	1,655	(260)	1,960	14,000.000
11.2 Medical malpractice - claims - made								
12. Earthquake		(35)		(35)	(1,240)	2,620	(3,895)	(3.092)
13. Group accident and health		3,857		3,857	13,594	14,849	2,602	
14. Credit accident and health (group and individual)								
15. Other accident and health		2,319		2,319	12,765	13,756	1,328	120.727
16. Workers' compensation	11,139,964	7,003,866	11,139,964	7,003,866	35,266,436	31,355,795	10,914,507	71.126
17.1 Other liability - occurrence	698,871	1,393,878	698,871	1,393,878	7,043,504	6,948,804	1,488,578	65.556
17.2 Other liability - claims - made		277,367		277,367	1,144,075	1,147,719	273,723	39.708
18.1 Products liability - occurrence	9,008	(156,379)	9,008	(156,379)	1,676,058	1,657,395	(137,716)	(22.710)
18.2 Products liability - claims - made		27		27	45,285	29,585	15,727	59.195
19.1, 19.2 Private passenger auto liability		5,464,386		5,464,386	7,376,947	7,785,821	5,055,512	57.579
19.3, 19.4 Commercial auto liability		985,907		985,907	2,414,201	2,602,661	797,447	44.299
21. Auto physical damage		2,408,259		2,408,259	(142,710)	(154,885)	2,420,434	52.172
22. Aircraft (all perils)		127,973		127,973	277,643	265,987	139,629	52.914
23. Fidelity		2,435		2,435	59,041	40,593	20,883	95.369
24. Surety		56,925		56,925	355,460	237,404	174,981	20.843
26. Burglary and theft		411		411	5,031	8,063	(2,621)	(99.544)
27. Boiler and machinery		(61)		(61)	715	(2,003)	2,657	16.467
28. Credit					56	56		
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	238,470		238,470	500,431	561,818	177,083	72.158
31. Reinsurance-Nonproportional Assumed Liability	X X X	367,708		367,708	1,465,165	1,115,678	717,195	324.600
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	2,342		2,342	14,757	9,334	7,765	
33. Aggregate write-ins for other lines of business								
34. TOTALS	11,847,843	23,494,275	11,847,843	23,494,275	61,169,697	56,828,547	27,835,425	61.212

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1. Fire		292,816		292,816	65	91,789	65	384,605	47,734
2. Allied lines		202,099		202,099	431	46,361	431	248,460	37,091
3. Farmowners multiple peril						673		673	416
4. Homeowners multiple peril		766,687		766,687		537,726		1,304,413	315,602
5. Commercial multiple peril	7,501	776,824	7,501	776,824	360,627	469,013	360,627	1,245,837	378,061
6. Mortgage guaranty									
8. Ocean marine		115,932		115,932		41,740		157,672	39,858
9. Inland marine		136,886		136,886	5	162,276	5	299,162	34,079
10. Financial guaranty									
11.1 Medical malpractice - occurrence		1,473		1,473		182		1,655	1
11.2 Medical malpractice - claims - made									
12. Earthquake		433		433		(1,673)		(1,240)	172
13. Group accident and health		5,817		5,817		7,777		(a) 13,594	1,064
14. Credit accident and health (group and individual)									
15. Other accident and health		3,327		3,327		9,438		(a) 12,765	410
16. Workers' compensation	24,033,923	21,293,428	24,033,923	21,293,428	16,713,162	13,973,012	16,713,162	35,266,440	4,235,637
17.1 Other liability - occurrence	33,811	3,810,735	33,811	3,810,735	1,280,591	3,232,770	1,280,591	7,043,505	2,986,691
17.2 Other liability - claims - made		292,296		292,296		851,778		1,144,074	414,433
18.1 Products liability - occurrence	104,800	431,544	104,800	431,544	356,376	1,244,513	356,376	1,676,057	1,110,298
18.2 Products liability - claims - made		10,191		10,191		35,094		45,285	23,433
19.1, 19.2 Private passenger auto liability		4,788,390		4,788,390		2,588,556		7,376,946	2,030,002
19.3, 19.4 Commercial auto liability		1,433,998		1,433,998		980,204		2,414,202	440,307
21. Auto physical damage		2,871		2,871		(145,581)		(142,710)	225,469
22. Aircraft (all perils)		194,642		194,642		83,001		277,643	57,456
23. Fidelity		14,703		14,703		44,338		59,041	5,475
24. Surety		58,601		58,601		296,859		355,460	102,415
26. Burglary and theft		450		450		4,581		5,031	4,859
27. Boiler and machinery		79		79		636		715	490
28. Credit						56		56	3
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	284,046		284,046	X X X	216,385		500,431	9,312
31. Reinsurance-Nonproportional Assumed Liability	X X X	738,291		738,291	X X X	726,874		1,465,165	37,953
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	14,757		14,757	X X X			14,757	172
33. Aggregate write-ins for other lines of business									
34. TOTALS	24,180,035	35,671,316	24,180,035	35,671,316	18,711,257	25,498,378	18,711,257	61,169,694	12,538,893

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	2,047,451			2,047,451
1.2 Reinsurance assumed	3,357,574			3,357,574
1.3 Reinsurance ceded	2,047,451			2,047,451
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	3,357,574			3,357,574
2. Commission and brokerage:				
2.1 Direct, excluding contingent		384,682		384,682
2.2 Reinsurance assumed, excluding contingent		831,617		831,617
2.3 Reinsurance ceded, excluding contingent		384,682		384,682
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed		493,396		493,396
2.6 Contingent-reinsurance ceded				
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)		1,325,013		1,325,013
3. Allowances to manager and agents		13		13
4. Advertising	42,995	480,666	128	523,789
5. Boards, bureaus and associations	9,821	77,561	4	87,386
6. Surveys and underwriting reports	44	93,775		93,819
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	2,087,873	4,640,329	30,288	6,758,490
8.2 Payroll taxes	118,148	386,145	1,313	505,606
9. Employee relations and welfare	397,697	1,304,923	1,314	1,703,934
10. Insurance	206,576	63,786	102	270,464
11. Directors' fees		744		744
12. Travel and travel items	141,634	358,382	1,006	501,022
13. Rent and rent items	127,715	419,286	429	547,430
14. Equipment	104,761	311,419	473	416,653
15. Cost or depreciation of EDP equipment and software	21,009	83,410	248	104,667
16. Printing and stationery	29,575	86,844	67	116,486
17. Postage, telephone and telegraph, exchange and express	90,255	262,784	150	353,189
18. Legal and auditing	20,196	99,227	2,879	122,302
19. Totals (Lines 3 to 18)	3,398,299	8,669,294	38,401	12,105,994
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 41,346		1,741,346		1,741,346
20.2 Insurance department licenses and fees		32,758		32,758
20.3 Gross guaranty association assessments		(36,799)		(36,799)
20.4 All other (excluding federal and foreign income and real estate)		36,876		36,876
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,774,181		1,774,181
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	185,745	414,043	4,485	604,273
25. Total expenses incurred	6,941,618	12,182,531	42,886	(a) 19,167,035
26. Less unpaid expenses-current year	12,538,892	3,823,103		16,361,995
27. Add unpaid expenses-prior year	11,638,984	3,360,223		14,999,207
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)	6,041,710	11,719,651	42,886	17,804,247

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	70,021			70,021
2402. Other expenses	115,724	414,043	4,485	534,252
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	185,745	414,043	4,485	604,273

(a) Includes management fees of $ 42,886 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) 1,343,164	1,289,645
1.1	Bonds exempt from U.S. tax	(a) 9,476	9,460
1.2	Other bonds (unaffiliated)	(a) 4,794,388	4,586,408
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) 354,119	393,796
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	14,831	14,831
10.	Total gross investment income	6,515,978	6,294,140
11.	Investment expenses		(g) 42,886
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)		42,886
17.	Net investment income (Line 10 minus Line 16)		6,251,254

	DETAILS OF WRITE-INS		
0901.	Miscellaneous Income/(Expense)	14,831	14,831
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)	14,831	14,831
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 $ 85,365 accrual of discount less $ 217,769 amortization of premium and less $ 89,664 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 $ 0 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 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1.	U.S. Government bonds	193,157			193,157
1.1	Bonds exempt from U.S. tax				
1.2	Other bonds (unaffiliated)	183,008		54,637	237,645
1.3	Bonds of affiliates				
2.1	Preferred stocks (unaffiliated)				
2.11	Preferred stocks of affiliates				
2.2	Common stocks (unaffiliated)				
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)	376,165		54,637	430,802

	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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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	125,470	114,797	(10,673)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	20		(20)
13.3 Accrued retrospective premiums	304,566	316,715	12,149
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	12,872	14,120	1,248
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	2,806,617	1,490,115	(1,316,502)
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	112,198	142,664	30,466
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,361,743	2,078,411	(1,283,332)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	3,361,743	2,078,411	(1,283,332)

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	58,684	105,450	46,766
2302. Amounts billed and receivable under high deductible	53,514	37,214	(16,300)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	112,198	142,664	30,466

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 State of Wisconsin, the accompanying financial statements of Wausau General Insurance Company (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. The Company does not own common stocks.

4. The Company does not own preferred stocks.

5. The Company does not own mortgage loans.

6. Mortgage backed/asset backed securities are stated at amortized cost or market based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. The Company does not own any subsidiaries, controlled, or affiliated entities.

8. The Company has no investments in joint ventures, partnerships or limited liability companies.

9. Derivative Securities, refer to Note 8.

10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2006.

13. The Company has no pharmaceutical rebate receivables.

Note 2- Accounting Changes and Correction of Errors

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

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

NOTES TO FINANCIAL STATEMENTS

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company has no mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available.

2. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

3. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2006.

Note 8- Derivative Instruments

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

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

	December 31, 2006	December 31, 2005	Change
Total of gross deferred tax assets	6,333,000	5,428,000	905,000
Total of deferred tax liabilities	(752,000)	(631,000)	(121,000)
Net deferred tax asset	5,581,000	4,797,000	784,000
Net deferred tax asset non-admitted	(2,806,617)	(1,490,115)	(1,316,502)
Net admitted deferred tax asset	2,774,383	3,306,885	(532,502)

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

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

	2006	2005
Federal tax on operations	1,471,110	726,183
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	1,471,110	726,183
Tax on capital gains	131,658	145,133
Total income tax incurred	1,602,768	871,316

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

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

	2006
Change in net deferred income tax (without unrealized gain or loss)	803,123
Tax effect of unrealized (gains) losses	(19,123)
Total change in net deferred income tax	784,000

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, goodwill, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.

E. The amount of Federal income taxes paid and available for recoupment in the event of future losses is $1,598,000 from the current year and $727,000 from the preceding year.

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

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

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

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

B. Transactions between the Company and its affiliates are described in Schedule Y Part 2.

During 2006 the Company paid an ordinary dividend of $4,186,473 to its Parent, LMIC. The Company also paid to its Parent, pursuant to the approval of its domiciliary state, an extraordinary dividend of $8,166,370 and a return of capital distribution of $17,601,157.

C. Refer to Note 26.

D. At December 31, 2006, the Company reported $1,079,031 due to affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. The Company has made no guarantee or initiated undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. See Note 26 for information regarding the Inter-Company Reinsurance Agreement.

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

There is a "Service Agreement" between the Company and an affiliate, LMIC, under which LMIC provides the Company with services of personnel employed by the LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate. The Company has an investment services agreement with LMIC. LMIC is reimbursed for the costs of all services which it provides under these agreements. The Company incurred $508,520 under the LMIC Tax Sharing Agreement and $42,886 under the LMIC investment services agreement. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (See Note 26), the expenses incurred under the Liberty Mutual management service agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.

H. The Company does not own shares of an upstream company, either directly or indirectly.

I. The Company has no investments in subsidiary, controlled or affiliated companies.

J. Impairment of subsidiaries

Not applicable

K. See Note 10 I.

Note 11- Debt

Not applicable

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

NOTES TO FINANCIAL STATEMENTS

plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreement as described in Note 10 F.

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

1. The Company has 2,500,000 shares authorized, and 200,000 shares issued and outstanding as of December 31, 2006. All shares have a stated par value of $10.

2. Preferred Stock

   Not applicable

3. Dividend Restrictions

   There are no dividend restrictions.

4. The maximum amount of dividends which can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of policyholders' surplus, or (b) adjusted net income. The maximum dividend payout which may be made without prior approval in 2007 is $2,649,398

5. As of December 31, 2006, the Company has pre-tax restricted surplus of $4,879,011 resulting from retroactive reinsurance contracts.

6. The Company had no advances to surplus.

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

8. The Company had changes in special surplus funds resulting from retroactive reinsurance contracts during 2006.

9. The portion of unassigned funds (surplus) represented by cumulative unrealized gains and (losses) is $0.

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 made no commitments, contingent commitments or guarantees on behalf of affiliates except as indicated in Note 10 E.

B. Assessments

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

   The Company has accrued a liability for guaranty fund and other assessments of $1,106,800 that is offset by future premium tax credits of $197,077. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2006.

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

C. Gain Contingencies

   Not applicable

D. All other Contingencies

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

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

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controlled group, would be contingently liable to make such contributions.

Note 15- Leases

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

The Company has entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22. The Company has a purchase option for all PP&E at the end of each respective lease. The Company's minimum lease obligations under these agreements are as follows:

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2007	$159,321	$423,329
2008	147,037	388,686
2009	124,668	292,498
2010	87,185	205,080
2011	22,953	101,601
2012 & thereafter	-	548,680
Total	$541,163	1,959,874

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

The Company 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 $8,803,534, with corresponding collateral value of $9,018,722 of which $4,021,905 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and net gain was $3,801. Claim payment volume was $154,922.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – September 11 Events

The Company has exposure to losses arising from the World Trade Center disaster of September 11, 2001. The exposure arises from the property, workers' compensation, auto, and surety policies and reinsurance contracts written by member companies of the Liberty Mutual Group. The Company shares in the losses via the inter-company pooling agreement (see

NOTES TO FINANCIAL STATEMENTS

Note 26). The amount of incurred loss and ALAE recorded by the Company as a result of September 11 events on a direct and net of reinsurance basis are $1,586,291 and $369,606 respectively. Although uncertainty about the final loss amount still exists, the losses are reasonably estimable and such estimate has been recorded. The Company believes that its reinsurers are financially sound and that reinsurance collectibility is not a significant issue or concern.

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of $3,282,562 and $3,212,518 as of December 31, 2006 and 2005, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. Hybrid Securities

The Company currently owns the following securities meeting the NAIC definition of "Hybrid Securities" per SVO report 9B. These are all NAIC Class 1 securities reported on Schedule D1.

CUSIP	Issuer	Description	Book/Adjusted Carrying Value
318924AA5	FIRST CHICAGO CAPITAL	Redeemable Preferred	930,651

G. State Transferable Tax Credits

The Company does not hold transferable state tax credits.

H. Impact of Medicare Modification Act on Post Retirement Benefits

Not applicable. (Refer to Note 12)

Note 22- Events Subsequent

Refer to Note 26.

Note 23- Reinsurance

A. Excluding amounts arising pursuant to the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.

B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.

C. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2006.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$18,735,073	$328,309	$6,323,147	$83,715	$12,411,926	$244,594
All Other	0	0	0	0	0	0
Total	$18,735,073	$328,309	$6,323,147	$83,715	$12,411,926	$244,594

Direct Unearned Premium Reserve: $6,323,147

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$0	$518,822	$0	$518,822
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(780,000)	0	(780,000)
Totals	$0	$(261,178)	$0	$(261,178)

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.

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E. The Company has not recorded any commutations in the current year.

F. The Company has one assumed retroactive contract as a result of the inter-company pooling arrangement with LMIC.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	(9,244,043)	$0
	2. Adjustment – Prior Year(s)	1,003,756	0
	3. Adjustment – Current Year	(163,443)	0
	4. Total	(8,403,730)	$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	(4,336,304)	$0
	2. Adjustment – Prior Year(s)	(84,077)	0
	3. Adjustment – Current Year	(121,311)	0
	4. Total	(4,541,692)	$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	(157,380)	$0
	2. Adjustment – Prior Year(s)	(749,029)	0
	3. Adjustment – Current Year	(149,947)	0
	4. Total	(1,056,356)	$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	5,028,814	$0
	2. Adjustment – Prior Year(s)	(338,804)	0
	3. Adjustment – Current Year	189,001	0
	4. Total	4,879,011	$0
	5. Cumulative Total Transferred To Unassigned Funds	39,383	
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	$(8,403,730)	$0

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

G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.

D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated as non-admitted and charged to surplus.

Total accrued retro premium	$3,087,828
Less: Non-admitted amount	304,566
Admitted amount	$2,783,262

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

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Note 26- Inter-Company Pooling Arrangements

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

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

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

(a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

(b) With the exception of LMGIC and LMPIC, each 100% Quota Share Affiliated company cedes its net underwriting activity to the Lead Company. LMGIC and LMPIC cede its net underwriting activity to LMPAC.

(c) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

(d) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

(e) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

(f) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

(g) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

(h) Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2007, the Liberty Mutual Pool participation percentages were revised as follows:

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

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Note 27- Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $4,304,609 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was $4,304,609 as of December 31, 2006.

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

Life Insurance Company & Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
The Prudential Insurance Company of America Newark, New Jersey	Yes	$2,078,393
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$1,302,305
Nationwide Life Insurance Company Columbus, Ohio	Yes	$641,362

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

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

Note 31- High Dollar Deductible Policies

As of December 31, 2006, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $17,678,072 and the amount billed and recoverable on paid claims was $1,044,138.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2006, liabilities include $14,025,533 of liabilities carried at a discounted value of $8,676,359 representing a discount of $5,349,174.

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

Note 33- Asbestos/Environmental Reserves

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

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

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

The uncertainties associated with establishing reserves for asbestos and environmental losses and loss adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are

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

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

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

During the third quarter of 2005, the Company completed its biennial ground-up asbestos reserve study. As part of that review, a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel completed their comprehensive review of the Company’s asbestos exposure on a direct, assumed, and ceded basis including potential exposures of large policyholders that were individually evaluated using the Company’s proprietary stochastic model, which is consistent with the latest published actuarial paper on asbestos reserving. Among the factors reviewed in depth by the team specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. Small policyholders were evaluated using aggregate methods that utilized information developed from the large policyholders. Additionally, a provision of pure IBNR was established for the potential emergence of first-time filers of future asbestos claims. Based on this internal study, the Company increased its asbestos reserves by $812,000.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition
The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

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

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

Asbestos:

	2002	2003	2004	2005	2006
Direct Basis					
Beginning Reserves	5,425,386	5,916,248	6,313,717	6,809,851	7,993,001
Incurred losses and LAE	1,653,313	1,708,064	1,648,295	2,216,955	402,075
Calendar year payments	1,162,451	1,310,595	1,152,161	1,033,805	996,034
Ending Reserves	5,916,248	6,313,717	6,809,851	7,993,001	7,399,042
Assumed Reinsurance Basis					
Beginning Reserves	435,946	747,828	1,049,035	1,958,363	2,055,519
Incurred losses and LAE	323,861	460,960	1,048,161	217,778	195,244
Calendar year payments	11,979	159,753	138,833	120,622	76,912
Ending Reserves	747,828	1,049,035	1,958,363	2,055,519	2,173,851
Net of Ceded Reinsurance Basis					
Beginning Reserves	3,371,852	3,840,056	4,498,356	3,805,873	4,169,424
Incurred losses and LAE	1,161,312	1,252,012	14,128	877,475	48,817
Calendar year payments	693,108	593,712	706,611	513,924	630,151
Ending Reserves	3,840,056	4,498,356	3,805,873	4,169,424	3,588,090

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	3,745,912
Assumed Reinsurance Basis	1,629,510
Net of Ceded Reinsurance Basis	1,432,775
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	2,913,228
Assumed Reinsurance Basis	18,055
Net of Ceded Reinsurance Basis	1,270,423

Environmental:	2002	2003	2004	2005	2006
Direct Basis					
Beginning Reserves	2,281,068	1,786,015	1,286,821	2,840,721	2,743,988
Incurred losses and LAE	176,387	(219,506)	1,840,494	634,264	191,403
Calendar year payments	671,440	279,688	286,594	730,997	913,337
Ending Reserves	1,786,015	1,286,821	2,840,721	2,743,988	2,022,054

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis					
Beginning Reserves	443,836	471,469	223,667	283,540	209,277
Incurred losses and LAE	34,552	(225,290)	81,351	(48,921)	3,524
Calendar year payments	6,919	22,512	21,478	25,342	21,013
Ending Reserves	471,469	223,667	283,540	209,277	191,788
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,701,572	1,225,836	1,030,952	2,106,854	1,707,286
Incurred losses and LAE	(43,556)	(32,000)	1,263,944	2,037	80,803
Calendar year payments	432,180	162,884	188,042	401,605	206,625
Ending Reserves	1,225,836	1,030,952	2,106,854	1,707,286	1,581,464

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	1,412,163
Assumed Reinsurance Basis	117,094
Net of Ceded Reinsurance Basis	1,099,598
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	848,583
Assumed Reinsurance Basis	3,687
Net of Ceded Reinsurance Basis	572,134

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 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	13,192,838	12.713	13,192,838	12.713
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	4,028,211	3.882	4,028,211	3.882
1.22 Issued by U.S. government sponsored agencies	6,059,408	5.839	6,059,408	5.839
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	302,249	0.291	302,249	0.291
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	1,628,758	1.570	1,628,758	1.570
1.512 Issued or guaranteed by FNMA and FHLMC	20,783,868	20.028	20,783,868	20.028
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	6,713,429	6.469	6,713,429	6.469
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	4,369,303	4.210	4,369,303	4.210
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	33,281,496	32.071	33,281,496	32.071
2.2 Unaffiliated foreign securities	2,004,621	1.932	2,004,621	1.932
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				
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	2,015,649	1.942	2,015,649	1.942
8. Cash, cash equivalents and short-term investments	9,394,619	9.053	9,394,619	9.053
9. Other invested assets				
10. Total invested assets	103,774,449	100.000	103,774,449	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? Wisconsin

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:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2006

3.4 By what department or departments? State of Wisconsin
Office of the Commissioner 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) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control 0%

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
200 Clarendon Street, Boston, MA 02116

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Roy K. Morell
175 Berkeley Street, Boston, MA 02117
Officer of Liberty Mutual Insurance Company

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

11.11	Name of real estate holding company	
11.12	Number of parcels involved	0
11.13	Total book/adjusted carrying value	$ 0

11.2 If yes, provide explanation

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [ ] No [X]

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11	To directors or other officers	$ 0
16.12	To stockholders not officers	$ 0
16.13	Trustees, supreme or grand (Fraternal only)	$ 0

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21	To directors or other officers	$ 0
16.22	To stockholders not officers	$ 0
16.23	Trustees, supreme or grand (Fraternal only)	$ 0

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

17.21	Rented from others	$ 0
17.22	Borrowed from others	$ 0
17.23	Leased from others	$ 0
17.24	Other	$ 0

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

18.2 If answer is yes:

18.21	Amount paid as losses or risk adjustment	$ 0
18.22	Amount paid as expenses	$ 0
18.23	Other amounts paid	$ 0

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

INVESTMENT

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

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

21.21	Loaned to others	$ 8,803,534
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 [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]

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 [X]

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 [X] 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 [X]

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	98,323,750	96,774,970	(1,548,780)
26.2 Preferred stocks			
26.3 Totals	98,323,750	96,774,970	(1,548,780)

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

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

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 54,890

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
Wisconsin Compensation Rating Bureau	$ 51,784
	$
	$

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 Current Year	2 Prior Year
2.1 Premium Numerator	$ 331	$ 565
2.2 Premium Denominator	$ 45,485,652	$ 41,438,764
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	$ 28,589	$ 30,474
2.5 Reserve Denominator	$ 95,177,003	$ 85,264,736
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: In 2006, the Company purchased a Workers Compensation Catastrophe Treaty with limits of $390M part of $500M xs $500M.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The Company employs industry recognized catastrophe modeling software to estimate the PML. For property exposures, we employ RiskLink v6.0 from RMS and AIR 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 purchased a Property Catastrophe Treaty with limits of $888M part of $1.4B xs $300M.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES [X] 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 unreinsured 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 [X] NO [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES [ ] NO [X]

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 [X]

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 [X]

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 [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatroy 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 priniciples ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? YES [ ] NO [X]

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 [X] NO [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: YES [ ] NO [X]

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 $ 8,332,611

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 1,680,105

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? $ 1,166,056

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 [X] NO [ ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From 9.000 %

12.42 To 10.000 %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES [X] NO [ ]

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

12.61 Letters of Credit $ 32,899,401

12.62 Collateral and other funds $ 2,186,573

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 1,465,574

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 agreements.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? YES [ ] NO [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 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 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)	59,423,158	47,489,000	42,783,943	28,819,942	28,071,682
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,821,817	7,215,228	7,004,152	6,523,181	6,120,086
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,812,538	6,091,598	5,545,239	5,807,645	4,755,488
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	995,831	798,674	546,792	707,307	2,152,201
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	458,857	328,210	483,834	885,678	582,214
6. Total (Line 34)	76,512,201	61,922,710	56,363,960	42,743,753	41,681,671
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)	30,367,481	27,950,653	26,161,037	23,035,920	20,098,602
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,821,817	7,215,228	7,004,152	6,522,957	6,119,869
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,812,538	6,091,598	5,522,375	5,765,721	4,715,652
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	995,831	798,674	546,792	707,307	2,152,201
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	458,857	328,210	483,834	885,678	582,214
12. Total (Line 34)	47,456,524	42,384,363	39,718,190	36,917,583	33,668,538
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,433,246)	(3,135,398)	(3,008,122)	(3,509,651)	(2,771,867)
14. Net investment gain (loss) (Line 11)	6,495,762	6,362,253	6,896,244	6,673,262	7,364,344
15. Total other income (Line 15)	(326,878)	(432,214)	(736,966)	(902,694)	(503,048)
16. Dividends to policyholders (Line 17)	204,110	144,432	157,730	(9,605)	259,503
17. Federal and foreign income taxes incurred (Line 19)	1,471,110	726,183	261,470	1,104,280	818,106
18. Net income (Line 20)	3,060,418	1,924,026	2,731,956	1,166,242	3,011,820
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	128,100,368	145,410,243	141,579,915	133,146,729	137,111,781
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	3,292,424	2,797,366	2,685,559	3,541,675	3,503,385
20.2 Deferred and not yet due (Line 13.2)	11,011,264	8,279,130	7,663,113	6,160,795	5,181,700
20.3 Accrued retrospective premiums (Line 13.3)	2,783,262	2,816,403	3,067,317	3,186,377	2,797,882
21. Total liabilities excluding protected cell business (Page 3, Line 24)	101,606,386	91,604,407	90,190,872	84,298,391	89,307,860
22. Losses (Page 3, Line 1)	61,169,697	56,828,547	53,560,966	52,749,271	49,802,757
23. Loss adjustment expenses (Page 3, Line 3)	12,538,892	11,638,987	10,216,078	10,430,663	9,491,698
24. Unearned premiums (Page 3, Line 9)	18,735,073	16,797,204	16,135,678	15,341,077	12,902,689
25. Capital paid up (Page 3, Lines 28 & 29)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	26,493,982	53,805,836	51,389,043	48,848,338	47,803,921
Risk-Based Capital Analysis					
27. Total adjusted capital	26,493,982	53,805,837	51,389,043	48,848,338	47,803,921
28. Authorized control level risk-based capital	5,940,337	5,300,485	5,438,536	5,020,457	4,548,173
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)	89.0	94.3	91.4	92.9	84.6
30. Stocks (Lines 2.1 & 2.2)					
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	9.1	5.7	7.8	5.9	15.4
34. Contract loans (Line 6)					XXX
35. Other invested assets (Line 7)			0.9	1.0	
36. Receivables for securities (Line 8)	1.9			0.3	
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2006	2 2005	3 2004	4 2003	5 2002
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	35,514	(35,514)		169,310	(72,334)
48. Dividends to stockholders (Line 35)	(12,352,843)				
49. Change in surplus as regards policyholders for the year (Line 38)	(27,311,855)	2,416,794	2,540,705	1,044,417	3,942,596
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)	26,816,940	24,020,621	23,021,571	19,645,553	23,539,510
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,517,241	3,678,338	3,104,219	3,049,194	3,057,076
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,333,881	3,858,590	3,575,828	2,400,849	6,262,594
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	65,536	212,640	2,034,420	1,181,869	1,735,885
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	608,520	437,119	19,888	407,207	422,466
55. Total (Line 34)	35,342,118	32,207,308	31,755,926	26,684,672	35,017,531
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)	14,969,097	14,948,241	16,243,989	13,614,246	15,705,522
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,517,241	3,678,338	3,104,219	3,049,194	3,057,076
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,333,881	3,858,590	3,575,828	2,376,906	2,671,744
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	65,536	212,640	2,034,420	1,181,869	1,735,885
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	608,520	437,119	19,888	407,207	422,466
61. Total (Line 34)	23,494,275	23,134,928	24,978,344	20,629,422	23,592,693
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	61.1	63.8	66.5	66.4	68.6
64. Loss expenses incurred (Line 3)	15.3	18.8	16.3	19.1	16.4
65. Other underwriting expenses incurred (Line 4)	26.8	24.9	25.0	24.5	23.7
66. Net underwriting gain (loss) (Line 8)	(3.2)	(7.6)	(7.8)	(10.0)	(8.8)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.4	25.4	26.2	25.7	23.8
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.4	82.6	82.8	85.5	85.1
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	179.1	78.8	77.3	75.6	70.4
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)	1,974	2,045	1,376	2,934	2,441
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)	3.7	4.0	2.8	6.1	5.6
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)	5,381	5,348	6,597	6,163	9,257
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)	10.5	10.9	13.8	14.1	21.7

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	24,909,213	24,626,246	25,033,776	24,332,498
	2. Canada				
	3. Other Countries				
	4. Totals	24,909,213	24,626,246	25,033,776	24,332,498
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	28,302,077	27,735,779	28,293,056	28,435,625
	14. Canada				
	15. Other Countries				
	16. Totals	28,302,077	27,735,779	28,293,056	28,435,625
Public Utilities (unaffiliated)	17. United States	3,566,918	3,403,850	3,587,006	3,500,000
	18. Canada				
	19. Other Countries				
	20. Totals	3,566,918	3,403,850	3,587,006	3,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	33,581,354	33,122,928	33,774,197	32,985,560
	22. Canada	2,004,619	1,926,599	2,009,060	2,000,001
	23. Other Countries				
	24. Totals	35,585,973	35,049,527	35,783,257	34,985,561
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	92,364,181	90,815,402	92,697,095	91,253,684
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	92,364,181	90,815,402	92,697,095	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		114,962,286
2. Cost of bonds and stocks acquired, Column 7, Part 3		18,904,222
3. Accrual of discount		85,365
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1		
4.2 Column 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2		
4.4 Column 11 - 13, Part 4	54,637	54,637
5. Total gain (loss), Column 19, Part 4		376,165
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4		41,800,725
7. Amortization of premium		217,769
8. Foreign Exchange Adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2 Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		
9. Book/adjusted carrying value at end of current period		92,364,181
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		92,364,181
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current period		92,364,181

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	2,794	1,069	1,122	449	119	56	29	2,461	X X X
2. 1997	33,835	4,213	29,622	25,485	3,424	2,332	251	2,756	16	863	26,882	X X X
3. 1998	35,675	4,298	31,377	29,094	3,674	2,375	223	3,080	30	991	30,622	X X X
4. 1999	35,416	5,095	30,321	29,262	4,083	2,476	315	3,128	50	958	30,418	X X X
5. 2000	37,350	6,036	31,314	28,873	4,991	2,323	320	3,019	40	746	28,864	X X X
6. 2001	38,790	6,246	32,544	27,842	5,919	2,057	294	2,866	32	883	26,520	X X X
7. 2002	44,289	8,367	35,922	25,910	4,694	1,802	239	3,231	27	1,374	25,983	X X X
8. 2003	49,321	11,203	38,118	22,740	4,649	1,585	133	3,389	26	1,376	22,906	X X X
9. 2004	51,307	12,505	38,802	20,582	5,253	1,142	225	3,304	162	1,278	19,388	X X X
10. 2005	52,840	11,401	41,439	21,439	5,919	748	169	3,142	180	1,162	19,061	X X X
11. 2006	57,505	12,020	45,485	11,813	1,971	294	40	2,686	246	713	12,536	X X X
12. Totals	X X X	X X X	X X X	245,834	45,646	18,256	2,658	30,720	865	10,373	245,641	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	19,666	5,992	8,458	5,650	1,087	896	4,527	1,905	265		159	19,560	X X X
2. 1997	1,241	179	282	88	82	42	108	30	36		11	1,410	X X X
3. 1998	1,749	273	679	385	35	5	135	31	76		18	1,980	X X X
4. 1999	1,872	454	535	389	40	6	155	68	65		36	1,750	X X X
5. 2000	1,904	581	747	569	56	26	162	46	69		44	1,716	X X X
6. 2001	2,659	1,322	1,051	670	83	39	303	118	83	3	72	2,027	X X X
7. 2002	2,458	1,264	1,823	1,395	125	66	359	17	105		64	2,128	X X X
8. 2003	3,075	939	3,260	1,539	101	19	740	141	164		104	4,702	X X X
9. 2004	3,719	950	4,958	1,663	146	31	1,134	171	272	3	168	7,411	X X X
10. 2005	5,717	1,831	8,315	3,024	156	21	1,767	271	704	86	288	11,426	X X X
11. 2006	6,639	1,242	14,322	3,561	158	26	2,647	313	976	4	855	19,596	X X X
12. Totals	50,699	15,027	44,430	18,933	2,069	1,177	12,037	3,111	2,815	96	1,819	73,706	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	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	16,482	3,078
2. 1997	32,322	4,030	28,292	95.528	95.656	95.510			0.400	1,256	154
3. 1998	37,223	4,621	32,602	104.339	107.515	103.904			0.400	1,770	210
4. 1999	37,533	5,365	32,168	105.978	105.299	106.091			0.400	1,564	186
5. 2000	37,153	6,573	30,580	99.473	108.897	97.656			0.400	1,501	215
6. 2001	36,944	8,397	28,547	95.241	134.438	87.718			0.400	1,718	309
7. 2002	35,813	7,702	28,111	80.862	92.052	78.256			0.400	1,622	506
8. 2003	35,054	7,446	27,608	71.073	66.464	72.428			0.400	3,857	845
9. 2004	35,257	8,458	26,799	68.718	67.637	69.066			0.400	6,064	1,347
10. 2005	41,988	11,501	30,487	79.463	100.877	73.571			0.400	9,177	2,249
11. 2006	39,535	7,403	32,132	68.751	61.589	70.643			0.400	16,158	3,438
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	61,169	12,537

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	52,939	51,748	49,610	48,865	51,375	53,240	55,189	57,934	59,889	60,998	1,109	3,064
2. 1997	23,507	23,394	24,264	24,657	25,126	25,150	25,192	25,489	25,637	25,776	139	287
3. 1998	X X X	25,855	26,755	27,409	28,270	28,565	28,785	29,113	29,414	29,817	403	704
4. 1999	X X X	X X X	25,447	26,243	27,236	27,937	28,443	28,668	29,151	29,295	144	627
5. 2000	X X X	X X X	X X X	24,476	25,606	25,772	26,640	27,354	27,571	27,720	149	366
6. 2001	X X X	X X X	X X X	X X X	25,217	24,568	25,003	24,643	25,440	25,721	281	1,078
7. 2002	X X X	X X X	X X X	X X X	X X X	25,012	23,610	23,640	24,414	24,880	466	1,240
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	26,146	23,544	22,842	24,171	1,329	627
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	26,252	24,326	23,641	(685)	(2,611)
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	28,621	27,261	(1,360)	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	29,177	X X X	X X X
								12. Totals			1,974	5,381

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	9,881	16,233	21,076	23,987	27,813	30,692	33,667	36,333	38,731	X X X	X X X
2. 1997	9,481	14,315	17,555	19,889	21,436	22,436	23,047	23,651	23,924	24,142	X X X	X X X
3. 1998	X X X	10,378	16,655	20,371	23,118	24,698	25,776	26,608	27,170	27,572	X X X	X X X
4. 1999	X X X	X X X	10,311	16,389	20,207	22,921	24,751	26,044	26,829	27,340	X X X	X X X
5. 2000	X X X	X X X	X X X	10,814	16,977	20,200	22,426	24,451	25,287	25,885	X X X	X X X
6. 2001	X X X	X X X	X X X	X X X	11,388	17,178	20,049	21,768	23,023	23,686	X X X	X X X
7. 2002	X X X	X X X	X X X	X X X	X X X	10,717	16,422	19,749	21,400	22,779	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	9,889	15,112	17,682	19,543	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	9,050	13,914	16,246	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	10,522	16,099	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	10,096	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	22,797	16,321	10,732	9,113	7,182	5,198	4,929	4,241	5,484	5,652
2. 1997	7,757	3,795	2,242	1,491	1,206	682	334	310	319	364
3. 1998	X X X	8,375	3,757	2,150	1,279	939	435	446	370	532
4. 1999	X X X	X X X	8,269	3,925	1,960	1,195	693	542	490	364
5. 2000	X X X	X X X	X X X	6,776	2,595	1,144	783	628	451	370
6. 2001	X X X	X X X	X X X	X X X	7,057	2,886	1,727	885	715	575
7. 2002	X X X	X X X	X X X	X X X	X X X	7,549	2,981	1,345	1,015	783
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X	10,829	4,452	2,036	2,344
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	11,952	6,669	4,446
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	13,005	7,083
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	13,497

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.		1 Is Insurer Licen-sed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken: 2 Direct Premiums Written	3 Direct Premiums Earned	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)
1. Alabama	AL	NO					9,000	9,000		
2. Alaska	AK	NO								
3. Arizona	AZ	NO								
4. Arkansas	AR	NO								
5. California	CA	NO								
6. Colorado	CO	NO								
7. Connecticut	CT	NO								
8. Delaware	DE	NO								
9. Dist. Columbia	DC	NO								
10. Florida	FL	NO				209	209			
11. Georgia	GA	YES	855,319	837,640		64,254	460,454	479,882		
12. Hawaii	HI	NO								
13. Idaho	ID	NO								
14. Illinois	IL	YES	3,621,915	4,148,352		4,265,420	2,990,396	12,331,387		
15. Indiana	IN	NO								
16. Iowa	IA	NO								
17. Kansas	KS	YES	420,769	418,546		95,880	240,322	365,676		
18. Kentucky	KY	NO								
19. Louisiana	LA	NO		7,621				7,501		
20. Maine	ME	NO								
21. Maryland	MD	NO								
22. Massachusetts	MA	YES	249,095	179,980		3,045	101,679	134,059		
23. Michigan	MI	NO								
24. Minnesota	MN	NO								
25. Mississippi	MS	NO								
26. Missouri	MO	NO								
27. Montana	MT	NO								
28. Nebraska	NE	NO								
29. Nevada	NV	NO								
30. New Hampshire	NH	NO								
31. New Jersey	NJ	NO				16,363		252,878		
32. New Mexico	NM	NO								
33. New York	NY	YES	1,435,606	1,415,139		593,767	1,063,056	3,847,219		
34. No. Carolina	NC	NO								
35. No. Dakota	ND	NO								
36. Ohio	OH	YES	163	163			70	80		
37. Oklahoma	OK	NO								
38. Oregon	OR	YES	1,274	1,144			519	521		
39. Pennsylvania	PA	NO								
40. Rhode Island	RI	NO								
41. So. Carolina	SC	NO								
42. So. Dakota	SD	NO								
43. Tennessee	TN	YES	121,707	187,995	44,538	238,172	88,038	719,362		
44. Texas	TX	NO		(58)		177,144	(332,914)	1,628,895		
45. Utah	UT	NO								
46. Vermont	VT	NO								
47. Virginia	VA	NO				(8,936)	(8,937)	(30)		
48. Washington	WA	NO								
49. West Virginia	WV	NO								
50. Wisconsin	WI	YES	22,349,829	20,628,014	2,948,505	6,402,527	15,942,936	23,114,155		
51. Wyoming	WY	NO								
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		4			492	707		
59. Totals		(a) 9	29,055,677	27,824,540	2,993,043	11,847,845	20,555,320	42,891,292		

DETAILS OF WRITE-INS	1	2	3	4	5	6	7	8	9
5801.	X X X		4			492	707		
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		4			492	707		

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

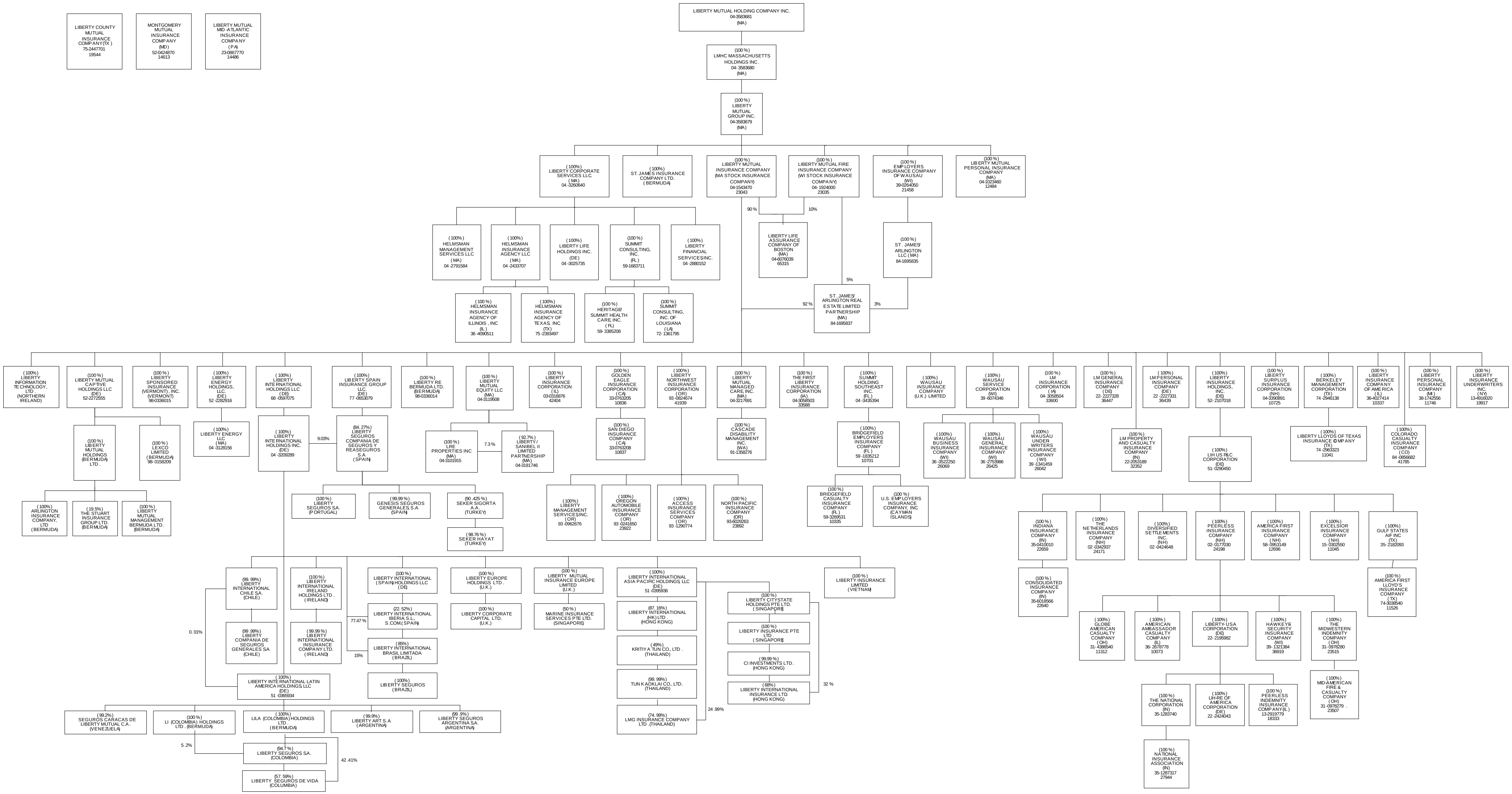
*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation
*Location of Principal place of garaging of each individual car - Auto 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.

Annual Statement for the year 2006 of the **Wausau General Insurance Company**

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation
ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS				
0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS				
2304. Amounts billed and receivable under high deductible	1,044,138	53,514	990,624	1,000,816
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	1,044,138	53,514	990,624	1,000,816

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES		
2304. Pooled retroactive reinsurance	(9,183,730)	(9,029,307)
2305.		
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	(9,183,730)	(9,029,307)
REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR SPECIAL SURPLUS FUNDS		
2704.		
2705.		
2706.		
2707.		
2708.		
2709.		
2710.		
2711.		
2712.		
2713.		
2714.		
2715.		
2716.		
2717.		
2718.		
2719.		
2720.		
2721.		
2722.		
2723.		
2724.		
2725.		
2797. Totals (Lines 2704 through 2725) (Page 3, Line 2798)		
REMAINING WRITE-INS AGGREGATED AT LINE 30 FOR OTHER THAN SPECIAL SURPLUS FUNDS		
3004.		
3005.		
3006.		
3007.		
3008.		
3009.		
3010.		
3011.		
3012.		
3013.		
3014.		
3015.		
3016.		
3017.		
3018.		
3019.		
3020.		
3021.		
3022.		
3023.		
3024.		
3025.		
3097. Totals (Lines 3004 through 3025) (Page 3, Line 3098)		