

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2004**

PROPERTY AND CASUALTY

2004



10701200420100100

ANNUAL STATEMENT

For the Year Ended December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Bridgefield Employers Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 10701 Employer's ID Number 59-1835212

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

Country of Domicile

Incorporated: May 28, 1997 Commenced Business: April 1, 1978

Statutory Home Office: 2310 A - Z PARK ROAD LAKELAND, FL 33801

Main Administrative Office: 2310 A - Z PARK ROAD LAKELAND, FL 33801 863-665-6060

Mail Address: P. O. BOX 988 LAKELAND, FL 33802

Primary Location of Books and Records: 2310 A - Z PARK ROAD LAKELAND, FL 33801 863-665-6060

Internet Website Address: N/A

Statutory Statement Contact: DAVID JOHN CONWAY 863-665-6060
dconway@summitholdings.com 863-667-2738
(E-Mail Address) (Fax Number)

Policyowner Relations Contact: 2310 A - Z PARK ROAD LAKELAND, FL 33801 863-665-6060

OFFICERS

Table with 2 columns: Name, Title. Rows include RICKY TARVER HODGES (President & CEO), MICHAEL THOMAS JALOVEC # (Secretary), DAVID JOHN CONWAY (Vice President & Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Lists names of vice-presidents such as MICHAEL RAY CHRISTIANSEN, JAMES FRANCIS DORE, etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists names of directors or trustees such as MICHAEL RAY CHRISTIANSEN, JAMES FRANCIS DORE, etc.

State of
County of 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) Ricky Tarver Hodges (Printed Name) 1. President & CEO (Title)
(Signature) David John Conway (Printed Name) 3. Treasurer (Title)

Subscribed and sworn to before me this 23rd day of FEBRUARY, 2005

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	132,910,761		132,910,761	136,211,088
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	19,900,799		19,900,799	19,053,985
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 (\$ (8,529,372), Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 11,255,672, Schedule DA)	2,726,300		2,726,300	(5,032,338)
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivable for securities	4,831		4,831	20,291
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	155,542,691		155,542,691	150,253,026
11. Investment income due and accrued	1,347,712		1,347,712	1,372,213
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	870,453	4,164,818	(3,294,365)	1,975,959
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 3,155,035 earned but unbilled premiums)	12,812,967	728,012	12,084,955	20,419,856
12.3 Accrued retrospective premiums	21,551,563	1,098,433	20,453,130	10,525,480
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	779,272		779,272	1,694,416
13.2 Funds held by or deposited with reinsured companies				
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans				
15.1 Current federal and foreign income tax recoverable and interest thereon	118,041		118,041	
15.2 Net deferred tax asset	661,000	661,000		1,376,194
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software				
18. Furniture and equipment, including health care delivery assets (\$ 0)				
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates				
21. Health care (\$ 0) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	193,683,699	6,652,263	187,031,436	187,617,144
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	193,683,699	6,652,263	187,031,436	187,617,144

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 + 0998) (Line 9 above)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges	7,308,517	5,229,503
5. Other expenses (excluding taxes, licenses and fees)	761,535	69,092
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	44,671,442	29,214,607
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		208,201
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 \$ 0 and including warranty reserves of \$ 0)		
10. Advance premium	2,199,279	1,753,256
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	5,200,500	5,341,671
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		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	1,093,000	934,000
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	38,020,149	64,390,174
20. Payable for securities	2,971,250	40,142
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	5,006,390	4,858,459
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	107,232,062	112,039,105
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	107,232,062	112,039,105
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	1,500,000	1,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	41,824,490	41,824,490
33. Unassigned funds (surplus)	36,474,884	32,253,550
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 38)	79,799,374	75,578,040
36. TOTALS (Page 2, Line 26, Col. 3)	187,031,436	187,617,145

DETAILS OF WRITE-INS		
2301. MEMBER DEPOSITS	5,006,390	4,858,459
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	5,006,390	4,858,459
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME	1	2
UNDERWRITING INCOME	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,221,227	7,389,635
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	426,336	1,041,318
11. Net investment gain (loss) (Lines 9 + 10)	7,647,563	8,430,953
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Lines 12 through 14)		
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	7,647,563	8,430,953
17. Dividends to policyholders		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	7,647,563	8,430,953
19. Federal and foreign income taxes incurred	2,503,617	3,303,509
20. Net income (Line 18 minus Line 19) (to Line 22)	5,143,946	5,127,444
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	75,578,040	66,007,575
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	5,143,946	5,127,444
23. Change in net unrealized capital gains or (losses)	846,814	2,147,373
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	(1,107,083)	(454,666)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(503,343)	3,414,314
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(159,000)	(664,000)
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus		
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	4,221,334	9,570,465
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	79,799,374	75,578,040
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.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)		
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Lines 3601 through 3603 plus Line 3698) (Line 36 above)		

CASH FLOW	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	3,748,196	94,816,007
2. Net investment income	7,336,638	7,568,593
3. Miscellaneous income		
4. Total (Lines 1 through 3)	11,084,834	102,384,600
5. Benefit and loss related payments	(915,144)	105,689
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(18,228,292)	20,777,377
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	2,829,859	3,226,707
10. Total (Lines 5 through 9)	(16,313,577)	24,109,773
11. Net cash from operations (Line 4 minus Line 10)	27,398,411	78,274,827
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	25,067,778	91,236,290
12.2 Stocks		1,768,512
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	2,946,568	(24,846,839)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	28,014,346	68,157,963
13. Cost of investments acquired (long-term only):		
13.1 Bonds	21,432,024	99,827,154
13.2 Stocks		4,025,201
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	21,432,024	103,852,355
14. Net increase (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	6,582,322	(35,694,392)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(26,222,093)	(74,634,499)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(26,222,093)	(74,634,499)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	7,758,640	(32,054,064)
19. Cash and short-term investments:		
19.1 Beginning of year	(5,032,332)	27,021,732
19.2 End of year (Line 18 plus Line 19.1)	2,726,308	(5,032,332)

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability				
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS				

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

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	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					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability					
19.3, 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property					
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS					
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					

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) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.
 Are they so returned in this statement? Yes [] No [X]
- (b) State here basis of computation used in each case

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees
Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	402,139,042			402,129,536	9,506	
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability						
19.3, 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	402,139,042			402,129,536	9,506	

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]
 If yes: 1. The amount of such installment premiums \$ 0
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation	145,520,626	267,646	145,788,272		279,819,599	617,153	280,436,752		
17.1 Other liability - occurrence									
17.2 Other liability - claims - made									
18.1 Products liability - occurrence									
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability									
19.3, 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	145,520,626	267,646	145,788,272		279,819,599	617,153	280,436,752		

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	24,061,924			24,061,924
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	24,061,924			24,061,924
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct excluding contingent		41,703,132		41,703,132
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent		128,075,334		128,075,334
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
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)		(86,372,202)		(86,372,202)
3. Allowances to manager and agents				
4. Advertising		416,371		416,371
5. Boards, bureaus and associations		909,936		909,936
6. Surveys and underwriting reports				
7. Audit of assureds' records		159,408		159,408
8. Salary and related items:				
8.1 Salaries		31,172,922		31,172,922
8.2 Payroll taxes		2,438,932		2,438,932
9. Employee relations and welfare		6,555,064		6,555,064
10. Insurance		292,284		292,284
11. Directors' fees				
12. Travel and travel items		2,813,941		2,813,941
13. Rent and rent items		2,922,517		2,922,517
14. Equipment		464,278		464,278
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		1,198,785		1,198,785
17. Postage, telephone and telegraph, exchange and express		2,349,663		2,349,663
18. Legal and auditing		1,214,833		1,214,833
19. Totals (Lines 3 to 18)		52,908,934		52,908,934
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		23,900,341		23,900,341
20.2 Insurance department licenses and fees		187,177		187,177
20.3 Gross guaranty association assessments		9,168,105		9,168,105
20.4 All other (excluding federal and foreign income and real estate)		28,882		28,882
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		33,284,505		33,284,505
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses		178,763	25,899	204,662
25. Total expenses incurred			25,899 (a)	25,899
26. Less unpaid expenses-current year		52,741,494		52,741,494
27. Add unpaid expenses-prior year		34,513,202		34,513,202
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		(18,228,292)	25,899	(18,202,393)

DETAILS OF WRITE-INS				
2401. SUNDRY AND GENERAL		178,763	25,899	204,662
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		178,763	25,899	204,662

(a) Includes management fees of \$ 25,899 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) 1,395,262	1,435,099
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 5,675,439	5,594,739
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		(469)
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) 146,232	163,062
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	75,717	75,717
10. Total gross investment income	7,292,650	7,268,148
11. Investment expenses		(g) 46,921
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)		46,921
17. Net investment income (Line 10 minus Line 16)		7,221,227
DETAILS OF WRITE-INS		
0901. Miscellaneous Income/(Expense)	75,717	75,717
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)	75,717	75,717
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 \$ 81,616 accrual of discount less \$ 172,526 amortization of premium and less \$ 115,076 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 \$ 46,921 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 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	426,336			426,336
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			846,814	846,814
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)	426,336		846,814	1,273,150

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	4,164,818	3,931,981	(232,837)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	728,012	763,702	35,690
12.3 Accrued retrospective premiums	1,098,433	1,061,348	(37,085)
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers			
13.2 Funds held by or deposited with reinsured companies			
13.3 Other amounts receivable under reinsurance contracts			
14. Amounts receivable relating to uninsured plans			
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	661,000	391,889	(269,111)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software			
18. Furniture and equipment, including health care delivery assets			
19. Net adjustment in assets and liabilities due to foreign exchange rates			
20. Receivable from parent, subsidiaries and affiliates			
21. Health care and other amounts receivable			
22. Other assets nonadmitted			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	6,652,263	6,148,920	(503,343)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	6,652,263	6,148,920	(503,343)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Bridgefield Employers Insurance Company (the "Company") have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual and on the basis of accounting practices prescribed or permitted by the State of Florida Department of Financial Services ("Florida DFS").

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 Policy

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

In addition, the Company uses the following accounting policies:

1. Investment grade 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. Investment grade bonds are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market except investments in stocks of the subsidiaries which are carried at equity – (see Item 7 below).
4. Preferred stocks are carried at cost or market in accordance with the SVO Manual.
5. The Company does not own mortgage loans.
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
7. The Company owns 100% of two subsidiaries. The subsidiaries are reported on the equity method.
8. The Company has no investments in joint ventures, partnerships and limited liability companies.
9. The Company has no derivative instruments.
10. The Company anticipates investment income as a factor in the premium deficiency calculation.
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.

Note 2- Accounting Changes and Corrections of Errors

- A. There were no material changes in accounting principles or corrections of errors except for the implementation of the installment method of recording direct written premiums in 2003.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Florida DFS. Effective January 1, 2001, the Florida DFS required that insurance companies domiciled in Florida prepare their statutory-basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual - Version effective March 2004, subject to any deviations prescribed or permitted by the Florida DFS.

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual- Version effective January 1, 2001, are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been

applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds (surplus) of \$1,550,588 as of January 1, 2001. Included in this

NOTES TO FINANCIAL STATEMENTS

total adjustment:

Net deferred tax asset	Total	\$1,550,588
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Note 3- Business Combinations and Goodwill

- A. Statutory Purchase Method – None
- B. Statutory Merger - None
- C. Impairment Loss - None

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

- A. Mortgage Loans - Not Applicable
- B. Troubled Debt Restructuring for Creditors - Not Applicable
- C. Reverse Mortgages - Not Applicable
- D. Loan-Backed Securities
 - 1. The Company has 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 assumptions for single class and multi-class mortgages-backed/asset-backed securities were based upon 1-month historical constant prepayment rates.
 - 3. The Company used Merrill Lynch pricing service. Bloomberg and Lehman Index data is used in determining the market value of its vast majority of loan-backed securities. A small number of securities are priced in other ways, such as contacting brokers.
 - 4. 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 agreement during 2004.
- F. Real Estate – Not Applicable

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.
- B. Write-downs for Impairments – Not Applicable

Note 7- Investment Income

- A. All investment income due and accrued over 90 days past due are excluded from Surplus.
- B. No amounts were excluded as of December 31, 2004.

Note 8- Derivative Instruments

The Company has no derivative instruments.

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:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>Change</u>
Total of gross deferred tax assets	\$ 2,097,456	\$ 3,228,609	\$(1,131,153)
Total of deferred tax liabilities	(1,436,456)	(1,460,526)	24,070

NOTES TO FINANCIAL STATEMENTS

Net deferred tax asset	661,000	1,768,083	(1,107,083)
Net deferred tax asset non-admitted	(661,000)	(391,889)	(269,111)
Net admitted deferred tax asset	\$ 0	\$ 1,376,194	\$ (1,376,194)

- 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:

	<u>2004</u>	<u>2003</u>
Federal	\$ 2,503,617	\$ 3,303,509
Net operating loss benefit	0	0
Foreign	0	0
Federal and foreign income tax incurred	<u>\$ 2,503,617</u>	<u>\$ 3,303,509</u>

The Company's deferred tax assets and liabilities result primarily from differences in investment income recognition, deferred intercompany gain on securities, and statutory non-admitted assets.

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of revisions to prior year estimates and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and none from the preceding year.

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

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

Access Insurance Services, Co.	Liberty International Holdings, Inc.
ALM Services, Inc.	Liberty Life Assurance Company of Boston
Ambco Capital Corporation	Liberty Life Holdings, Inc.
America First Insurance Company	Liberty Lloyds of Texas Insurance Company
America First Lloyds Insurance Company	Liberty Management Services, Inc.
American Ambassador Casualty Company	Liberty Mexico Holdings, Inc.
Berkeley Management Corporation	Liberty Mutual Capital Corporation (Boston)
Bridgefield Casualty Insurance Company	Liberty Mutual Fire Insurance Company
Bridgefield Employers Insurance Company	Liberty Mutual Group Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Tennessee corporation)	Liberty Mutual Managed Care, Inc.
Cascade Disability Management, Inc.	Liberty Northwest Insurance Corporation
Colorado Casualty Insurance Company	Liberty Personal Insurance Company
Companies Agency Insurance Services of California	* Liberty RE (Bermuda) Limited
Companies Agency of Alabama, Inc.	Liberty Real Estate Corporation
Companies Agency of Georgia, Inc.	Liberty Surplus Insurance Corporation
Companies Agency of Kentucky, Inc.	Liberty-USA Corporation
Companies Agency of Massachusetts, Inc.	LIH-Re of America Corporation
Companies Agency of Michigan, Inc.	LIH U.S. P&C Corporation
Companies Agency of New York, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of Pennsylvania, Inc.	LIU Specialty Agency, Inc.
Companies Agency of Phoenix, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency, Inc.	LM Insurance Corporation
Companies Annuity Agency of Texas, Inc.	LMHC Massachusetts Holding, Inc.
Consolidated Insurance Company	LRE Properties, Inc.
Copley Venture Capital, Inc.	Mid-American Agency, Inc.
Countrywide Services Corporation	Mid-American Fire and Casualty Company
Diversified Settlements, Inc.	Missouri Agency, Inc.
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Oregon Automobile Insurance Company
First State Agency, Inc.	Peerless Indemnity Insurance Company
Florida State Agency, Inc.	Peerless Insurance Company
Globe American Casualty Company	LM Personal Insurance Company
Golden Eagle Insurance Corporation	LM General Insurance Company
Gulf States AIF, Inc.	LM Property and Casualty Insurance Company
Hawkeye-Security Insurance Company	San Diego Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	State Agency, Inc. (Indiana corporation)
Helmsman Insurance Agency of Texas, Inc.	State Agency, Inc. (Wisconsin corporation)
Heritage-Summit Healthcare of Florida, Inc.	St. James Insurance Company
Indiana Insurance Company	Summit Consulting, Inc.
LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty Assignment Corporation	Summit Holding Southeast, Inc.
Liberty Corporate Services, Inc.	The First Liberty Insurance Corporation
Liberty Energy Corporation	The Midwestern Indemnity Company
Liberty Financial Services, Inc.	The National Corporation
Liberty Hospitality Group, Inc.	The Netherlands Insurance Company

NOTES TO FINANCIAL STATEMENTS

Liberty Insurance Company of America	Wausau (Bermuda) Ltd.
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Holdings, Inc.
Liberty International Aberdeen, Inc.	Wausau Service Corporation
Liberty International Asia Pacific Holdings, Inc.	Wausau Underwriters Insurance Company

* This company joined the consolidated group in 2004 and its activity from the date it joined the group is included in the consolidated return.

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 the outstanding shares of common stock of the Company are held by Summit Holding Southeast, Inc. which is owned by Liberty Mutual Insurance Company.
- B. All non-insurance transactions which the Company had with its affiliates involved less than ½ of 1% of the total assets of the largest affiliate.
- C. The Company owns 100% of the outstanding shares of Bridgefield Casualty Insurance Company and U.S. Employers Insurance Company, Inc.
- D. At December 31, 2004, the Company reported \$38,020,149 due to parent, subsidiaries and affiliates. In general, the terms of the inter-company arrangement require settlement at least quarterly.
- E. The Company has made no guarantees or initiated undertakings for the benefit of affiliates which results in a material contingent exposure of the Company's or affiliates assets or liabilities.
- F. There is an investment services agreement with Liberty Mutual Insurance Company. The Company has a 100% reinsurance agreement with the ultimate parent company to which all of its insurance operations are 100% reinsured.

The Company has a service agreement with the ultimate parent company in which it cedes 100% of its operating expenses to the parent.

- G. The Company is part of an insurance 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 individual subsidiary, controlled or affiliated companies greater than 10% of admitted assets.
- J. The Company did not recognize any impairment write down for its subsidiary, controlled or affiliated companies during the statement period.

Note 11- Debt

The Company has no debt obligations.

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 retirement plans, deferred compensation arrangements or other post retirement benefit plans. Services for the operation of the Company are provided under provision of a cost-sharing agreement as described in Note 10(F).

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

1. The Company has 15,000 shares authorized, issued, and outstanding.
2. The Company has no preferred stock outstanding.
3. Not Applicable
- 4.
5. The maximum amount of dividends which can be paid by State of Florida insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus. Statutory surplus at December 31, 2004 was \$79,799,374. The maximum dividend payout which may be made without prior approval in 2005 is \$3,647,488. Dividends are determined by the Board of Directors and is non-cumulative. No dividends were paid in 2004.
6. Other than the dividend limitations described above in (4), there are no other restrictions on unassigned surplus.

NOTES TO FINANCIAL STATEMENTS

7. Not Applicable
8. None
9. None
10. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
Unrealized gains/(losses)	\$ 2,454,437	\$ 846,814
Non-admitted asset values	(5,991,263)	(503,343)
Provision for reinsurance	(1,093,000)	(159,000)
Total	\$ (4,629,826)	\$ 184,471

10. Not Applicable
11. Not Applicable
12. Not Applicable

Note 14- Contingencies

- A. The Company has no material contingency liabilities.
- B. The Company is subject to guaranty funds and other assessments by the states in which it writes business. Guaranty funds assessments should be accrued at the time of insolvencies. Other assessments should be 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 funds and other assessments of \$24,307,548 and a related premium tax benefit asset of \$0. These represent management's best estimates 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, including the insolvency of Reliance Insurance Group.

- C. None
- D. Various lawsuits against the Company may have arisen in the course of the Company's business. The Company is not aware of any contingent liabilities arising from litigation, income taxes and other matters which would have a material effect on the financial position of the Company.

Note 15- Leases

The Company has no material lease obligations.

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.

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

- A. Not Applicable
- B. The Company did not have any transfers and servicing of financial assets during the year.
- C. The Company did not engage in any wash sales this year.

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

- A. Administrative Services Only (ASO) Plans - Not Applicable
- B. Administrative Services Contract (ASC) Plans - Not Applicable
- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts - Not Applicable

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

All of the Company's premiums are written through an affiliated managing general agent or third party.

- A. Name and Address of managing general agent:

NOTES TO FINANCIAL STATEMENTS

Summit Consulting, Inc.
2310 A-Z Park Road
Lakeland, Florida 33801

- B. FEI Number 59-1683711
- C. Exclusive Contract: Yes
- D. Types of business written: Workers Compensation
- E. Types of Authority Granted:
Underwriting, claims payments, claims adjustments, reinsurance ceding, binding authority, premium collections.
- F. Total Direct premiums written in 2004 were \$402,139,042.

Note 20- September 11 Events

The Company is not aware of any events occurring subsequent to September 11, 2001, which would have a material effect on the financial position of the Company.

Note 21- Other Items

- A. None
- B. Troubled Debt Restructuring for Debtors - Not Applicable
- C. Other Disclosures
- 1) Pursuant to Florida Statutes 624.424 the following pertains to the Special Disability Trust Fund
- a. The amount of credit taken by the Company in determination of its loss reserves was \$10,745,913 for the prior calendar year and \$11,636,509 in the current reporting period.
 - b. The Company received payments from the SDTF of \$4,285,879 in the prior calendar year and \$2,820,165 in the current reporting period.
 - c. The Company was assessed by the SDTF for \$9,294,508 in the prior calendar year and \$16,700,245 in the current reporting period.
- 2) Pursuant to Florida Statutes 625.012 the following pertains to the Agents Balances at December 31, 2004.
- | | |
|--|--------------------|
| a. Agents' Balances or Uncollected Premiums per Statement | \$ (3,294,365) (1) |
| b. Premiums collected by "Controlled or Controlling" Persons | \$ 0 (2) |
| c. Premiums collected by "Controlled or Controlling" Persons w/i 15 days | \$ 0 (3) |
| d. Amount of Applicable Trust Fund | \$ 0 (4) |
| e. Amount of Applicable Letter of Credit | \$ 0 (5) |
| f. Amount of Applicable Financial Guaranty Bond | <u>\$ 0 (6)</u> |
| g. Totals of (4), (5), & (6) | \$ 0 (7) |
| h. (2) minus (3) minus (7) | \$ 0 (8) |
- 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.

Note 22- Events Subsequent

The Company is not aware of any events occurring subsequent to December 31, 2004, which would have a material effect on the financial position of the Company.

Note 23- Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has the following unsecured reinsurance recoverable for losses and loss adjustment expense, paid and unpaid, including IBNR which exceed 3% of the policyholders' surplus (\$000 omitted):

<u>FEIN</u>	<u>NAIC #</u>		<u>AMOUNT</u>
36-2114545	20443	Continental Casualty Co.	\$11,133
48-0921045	39845	Employers Reinsurance Corp.	\$4,577
23-0723970	22713	Insurance Co of North America	\$2,796
25-0687550	19445	National Union Fire Insurance Co.	\$3,137
25-0410420	24147	Old Republic Insurance Co.	\$2,640
94-1517098	25534	TIG Insurance Co.	\$4,599

NOTES TO FINANCIAL STATEMENTS

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed and Ceded

- a. The following table sets forth the maximum return premium and commission due the reinsurer or the Company if all of the company's assumed and ceded reinsurance were canceled as of December 31, 2004.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	Commission		Commission		Commission	
	<u>UEP</u>	<u>Equity</u>	<u>UEP</u>	<u>Equity</u>	<u>UEP</u>	<u>Equity</u>
Affiliates	\$0	\$0	\$0	\$0	\$0	\$0
All Others	0	0	0	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Direct Unearned Premium Reserve \$0

- b. There are no accrued contingent commissions, sliding scale, or other profit sharing commissions for direct, assumed or ceded business.
- c. 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 NAIC instructions.
- D. Uncollectable Reinsurance**

The Company has not written off balances in the current year.

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with Gerling Global Reinsurance Corporation amounts which are reflected as:

Losses incurred	\$0
Loss adjustment expenses incurred	\$0
Premiums earned	\$0
Other	\$0

F. Retroactive Reinsurance

The Company did not have any retroactive reinsurance contracts that transferred liabilities for losses that had already occurred and that would have generated special surplus transactions.

Note 24- Retrospectively Rated Contracts and Contracts Subject to Redetermination

Accrued retrospective premiums reported in Line 12.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated non-admitted and charged to surplus.

Total accrued retro premium	\$21,551,563
Unsecured amount	3,251,500
Less: Non-admitted amount (10%)	(325,150)
Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	(773,283)
Admitted amount	<u>\$20,453,130</u>

Note 25- Change in Incurred Losses and Loss Adjustment Expenses

No changes in incurred losses and loss adjustment expense attributable to insured events of prior years are shown because the Company cedes all reserves 100% to its ultimate parent company.

Note 26- Intercompany Pooling Arrangements

The Company is part of a group of affiliated insurers which utilizes a pooling arrangement, however, the Company does not participate.

Note 27- Structured Settlements

- A. As a result of the inter-company reinsurance arrangement with Liberty Mutual Insurance Company (refer to Note 26) the Company has no exposure to contingent liabilities from the purchase of annuities.
- B. Not Applicable.

NOTES TO FINANCIAL STATEMENTS

Note 28- Health Care Receivables

Not Applicable

Note 29- Participating Policies

Not Applicable

Note 30- Premium Deficiency Reserves

As of December 31, 2004, 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 Deductibles

The Company does not write contracts with high deductibles.

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

The direct liabilities for unpaid losses have been reduced by \$4,115,243. The net liabilities including the \$4,115,243 discount have been ceded 100% to the Company's ultimate parent, therefore resulting in no impact on the Annual Statement.

Note 33- Asbestos/Environmental Reserves

The Company does not have exposure to asbestos and environmental claims.

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35- Multiple Peril Crop Insurance

Not Applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	16,657,895	10.710	16,657,895	10.710
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	18,081,828	11.625	18,081,828	11.625
1.22 Issued by U.S. government sponsored agencies	5,045,367	3.244	5,045,367	3.244
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	1,000,000	0.643	1,000,000	0.643
1.43 Revenue and assessment obligations				
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				
1.512 Issued or guaranteed by FNMA and FHLMC	35,476,755	22.808	35,476,755	22.808
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	7,960,974	5.118	7,960,974	5.118
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	46,655,221	29.995	46,655,221	29.995
2.2 Unaffiliated foreign securities	2,032,721	1.307	2,032,721	1.307
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	19,900,800	12.794	19,900,800	12.794
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 (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	4,831	0.003	4,831	0.003
8. Cash, cash equivalents and short-term investments	2,726,300	1.753	2,726,300	1.753
9. Other invested assets				
10. Total invested assets	155,542,692	100.000	155,542,692	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? FLORIDA
- 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:
If not previously filed, furnish herewith a certified copy of the instrument as amended. _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 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. 12/31/2000
- 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). 07/31/2002
- 3.4 By what department or departments? FLORIDA DEPARTMENT OF FINANCIAL SERVICES
- 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 [X] No []
- 4.12 renewals? Yes [X] No []
- 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 [X] No []
- 4.22 renewals? Yes [X] No []
- 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? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.) 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

GENERAL INTERROGATORIES

- 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.

- 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 location (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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO

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 ST., BOSTON, MA 02116
 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? ROY Y. MORRELL, FCAS, MAAA
 135 BERKELEY ST., BOSTON, MA 02116
 ASST. VICE PRESIDENT & SENIOR ACTUARY, LIBERTY MUTUAL INSURANCE COMPANY

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

- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

12. 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 [X] No []
 13. 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 []
 14. 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 which is in or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 15.11 To directors or other officers \$ _____
 15.12 To stockholders not officers \$ _____
 15.13 Trustees, supreme or grand (Fraternal only) \$ _____
 15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 15.21 To directors or other officers \$ _____
 15.22 To stockholders not officers \$ _____
 15.23 Trustees, supreme or grand (Fraternal only) \$ _____
 16.1 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]
 16.2 If yes, state the amount thereof at December 31 of the current year:
 16.21 Rented from others \$ _____
 16.22 Borrowed from others \$ _____
 16.23 Leased from others \$ _____
 16.24 Other \$ _____
 Disclose in Notes to Financial the nature of each obligation.
 17.1 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]
 17.2 If answer is yes:
 17.21 Amount paid as losses or risk adjustment \$ _____
 17.22 Amount paid as expenses \$ _____
 17.23 Other amounts paid \$ _____

GENERAL INTERROGATORIES

INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [] No []	Yes [] No []
Common	15,000	15,000	100	X X X	X X X X X X	X X X X X X

19.1 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 []

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

20.1 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 16.1). Yes [] No [X]

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

20.21 Loaned to others	\$ _____
20.22 Subject to repurchase agreements	\$ _____
20.23 Subject to reverse repurchase agreements	\$ _____
20.24 Subject to dollar repurchase agreements	\$ _____
20.25 Subject to reverse dollar repurchase agreements	\$ _____
20.26 Pledged as collateral	\$ _____
20.27 Placed under option agreements	\$ _____
20.28 Letter stock or securities restricted as to sale	\$ _____
20.29 Other	\$ _____

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 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.

22.1 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]

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

GENERAL INTERROGATORIES

INVESTMENT

23. 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 []

23.01 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

23.02 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)

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No [X]

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

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

23.05 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

24.1 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]

24.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
9999999	Total	

24.3 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

GENERAL INTERROGATORIES

INVESTMENT

25. 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 (+)
25.1 Bonds	144,166,433	146,537,702	2,371,269
25.2 Preferred stocks			
25.3 Totals	144,166,433	146,537,702	2,371,269

25.4 Describe the sources or methods utilized in determining the fair values: FAIR VALUES ARE BASED ON QUOTED MARKET PRICES WHEN AVAILABLE. IF QUOTED MARKET PRICES ARE NOT AVAILABLE, FAIR VALUES ARE BASED ON QUOTED MARKET PRICES OF COMPARABLE INSTRUMENTS OR VALUES OBTAINED FROM INDEPENDENT PRICING SERVICES.

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

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 798,385

27.2 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
NCCI	\$ 283,330
ALLIANCE	\$ 515,055
	\$
	\$
	\$

28.1 Amount of payments for legal expenses, if any? \$ 95,970

28.2 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
DALE GARDNER JACOBS	\$ 81,142
	\$
	\$
	\$
	\$

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 45,573

29.2 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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
FOLEY & LARDNER	\$ 27,500
FOWLER WHITE BOGGS	\$ 18,073
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ _____	\$ _____
2.3 Premium Ratio (2.1/2.2)	_____	_____
2.4 Reserve Numerator	\$ _____	\$ _____
2.5 Reserve Denominator	\$ _____	\$ _____
2.6 Reserve Ratio (2.4/2.5)	_____	_____

3.1 Does the reporting entity issue both participating and non-participating policies? YES [X] NO []
 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: QUOTA SHARE AND EXCESS OF LOSS INSURANCE CONTRACTS
- 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 or 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 HAS EVALUATED ITS PROBABLE MAXIMUM LOSS USING A COMBINATION OF INTERNAL AND EXTERNAL ACTUARIAL LOSS DEVELOPMENT TECHNIQUES AND COMPUTER MODELING
- 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 CARRIES CATASTROPHIC INSURANCE
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES NO
- 8.2 If yes, give full information THE COMPANY HAS COMMUTED 20% OF THE 75% QUOTA SHARE CONTRACTS FOR THE 1997-98 POLICY YEAR
9. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES NO N/A
- 10.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? YES NO
- 10.2 If yes, give full information
- 11.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | | |
|--|-------|---|----|--|
| | 11.11 | Unpaid losses | \$ | |
| | 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | |
- 11.2 Of the amount on Line 12.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds? \$ 18,300,067
- 11.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES NO N/A
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | | |
|--|-------|------|--|----------------|
| | 11.41 | From | | <u>2.500 %</u> |
| | 11.42 | To | | <u>5.000 %</u> |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES NO
- 11.6 If yes, state the amount thereof at December 31 of current year:
- | | | | | |
|--|-------|----------------------------|----|-------------------|
| | 11.61 | Letters of Credit | \$ | <u>32,838,260</u> |
| | 11.62 | Collateral and other funds | \$ | <u>27,777,784</u> |
| | | | \$ | <u>433,640</u> |
- 12.1 What amount of installment notes is owned and now held by the reporting entity? \$ 433,640
- 12.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? YES NO
- 12.3 If yes, what amount? \$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES 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. _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? YES [] NO [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

.....

.....

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 [] NO [X]

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 own any securities of a real estate holding company or otherwise hold real estate indirectly? YES [] NO [X]

16.11 Name of real estate holding company _____

16.12 Number of parcels involved _____

16.13 Total book/adjusted carrying value \$ _____

16.2 If yes, provide explanation

.....

.....

17.1 Does the reporting entity write any warranty business? YES [] NO [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$	\$	\$	\$	\$
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage: _____

FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
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)	402,139,042	226,728,998	283,005,590	197,901,402	179,982,805
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)	402,139,042	226,728,998	283,005,590	197,901,402	179,982,805
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)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	7,647,563	8,430,953	6,306,314	1,440,384	13,410,244
15. Total other income (Line 15)					
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	2,503,617	3,303,509	7,222,809	(3,656,355)	(876,999)
18. Net income (Line 20)	5,143,946	5,127,444	(916,495)	5,096,739	14,287,243
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	187,031,436	187,617,144	294,409,616	157,259,668	97,421,124
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	(3,294,365)	1,975,959	1,565,295	1,678,738	1,899,030
20.2 Deferred and not yet due (Line 12.2)	12,084,955	20,419,856	90,737,012	103,052,470	65,483,622
20.3 Accrued retrospective premiums (Line 12.3)	20,453,130	10,525,480	30,716,082		
21. Total liabilities excluding protected cell business (Page 3, Line 24)	107,232,062	112,039,105	228,402,040	84,414,718	30,626,985
22. Losses (Page 3, Lines 1 and 2)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	79,799,374	75,578,040	66,007,575	72,844,951	66,794,139
Risk-Based Capital Analysis					
27. Total adjusted capital	79,799,374	75,578,040	66,007,575	72,844,951	66,794,139
28. Authorized control level risk-based capital	2,232,553	2,691,290	2,986,700	5,391,940	7,506,340
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	85.5	90.7	75.3	78.2	32.7
30. Stocks (Lines 2.1 & 2.2)	12.8	12.7	8.7	36.7	65.8
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash and short-term investments (Line 5)	1.8	(3.3)	16.0	(14.9)	1.5
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)					
36. Receivable for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash 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)	19,900,800	19,053,985	12,906,745	16,326,764	15,675,654
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	19,900,800	19,053,985	12,906,745	16,326,764	15,675,654
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)	26.3	25.2	19.6	22.4	23.5

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)	846,814	2,147,323	(3,420,153)	651,109	(9,099,191)
48. Dividends to stockholders (Line 34)					(6,000,000)
49. Change in surplus as regards policyholders for the year (Line 37)	4,221,334	9,570,465	(6,837,375)	6,050,811	2,078,174
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)	150,566,705	136,167,684	116,348,498	93,628,590	88,971,753
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	150,566,705	136,167,684	116,348,498	93,628,590	88,971,753
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)					
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)					
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)					
64. Loss expenses incurred (Line 3)					
65. Other underwriting expenses incurred (Line 4)					
66. Net underwriting gain (loss) (Line 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)					
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
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)					
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)					
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)					
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)					
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)					

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	34,739,723	34,969,094	34,768,902	34,731,831
	2. Canada				
	3. Other Countries				
	4. Totals	34,739,723	34,969,094	34,768,902	34,731,831
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	1,000,000	1,004,510	1,000,000	1,000,000
	10. Canada				
	11. Other Countries				
	12. Totals	1,000,000	1,004,510	1,000,000	1,000,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	48,483,096	48,883,093	48,496,778	48,675,299
	14. Canada				
	15. Other Countries				
	16. Totals	48,483,096	48,883,093	48,496,778	48,675,299
Public Utilities (unaffiliated)	17. United States	6,243,526	6,476,910	6,258,066	6,200,000
	18. Canada				
	19. Other Countries				
	20. Totals	6,243,526	6,476,910	6,258,066	6,200,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	40,411,695	41,915,032	40,488,779	40,210,000
	22. Canada	1,040,901	1,091,990	1,049,890	1,000,000
	23. Other Countries	991,820	941,400	991,150	1,000,000
	24. Totals	42,444,416	43,948,422	42,529,819	42,210,000
Parent, Subsidiaries and Affiliates	25. Totals				
26. Total Bonds		132,910,761	135,282,029	133,053,565	132,817,130
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	19,900,800	19,900,800	17,446,362	
54. Total Common Stocks		19,900,800	19,900,800	17,446,362	
55. Total Stocks		19,900,800	19,900,800	17,446,362	
56. Total Bonds and Stocks		152,811,561	155,182,829	150,499,927	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	155,265,074	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	21,432,024	6.1 Column 15, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1	
3.1 Columns 12 + 13 - 14, Part 1	(36,914)	6.3 Column 16, Part 2, Section 2	
3.2 Column 18, Part 2, Section 1		6.4 Column 15, Part 4	
3.3 Column 15, Part 2, Section 2	846,815	7. Book/adjusted carrying value at end of current period	152,811,561
3.4 Column 14, Part 4	(53,996)	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	426,336	9. Subtotal (Lines 7 plus 8)	152,811,561
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	25,067,778	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	152,811,561

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	350,544	350,544	3,981	3,981	743	743			X X X
2. 1995	118,440	118,440		63,267	63,267	3,495	3,495	482	482			X X X
3. 1996	96,751	96,751		52,386	52,386	5,346	5,346	1,629	1,629			X X X
4. 1997	73,332	73,332		51,259	51,259	5,099	5,099	3,776	3,776			X X X
5. 1998	130,848	130,848		72,487	72,487	7,108	7,108	3,928	3,928			X X X
6. 1999	146,734	146,734		75,900	75,900	7,853	7,853	4,275	4,275			X X X
7. 2000	173,006	173,006		83,561	83,561	8,849	8,849	4,748	4,748			X X X
8. 2001	194,987	194,987		107,672	107,672	10,712	10,712	6,786	6,786			X X X
9. 2002	266,167	266,167		101,676	101,676	10,486	10,486	8,014	8,014			X X X
10. 2003	309,738	309,738		93,166	93,166	12,786	12,786	3,464	3,464			X X X
11. 2004	402,139	402,139		58,660	58,660	2,230	2,230	9,999	9,999			X X X
12. Totals	X X X	X X X	X X X	1,110,578	1,110,578	77,945	77,945	47,844	47,844			X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	23,812	23,812	18,078	18,078	723	723	5,652	5,652	335	335			X X X
2. 1995	1,548	1,548	3,961	3,961	40	40	917	917	69	69			X X X
3. 1996	1,130	1,130	6,772	6,772	62	62	904	904	69	69			X X X
4. 1997	1,396	1,396	(109)	(109)	69	69	617	617	81	81			X X X
5. 1998	3,385	3,385	3,815	3,815	158	158	214	214	115	115			X X X
6. 1999	3,174	3,174	14,725	14,725	138	138	1,811	1,811	161	161			X X X
7. 2000	7,211	7,211	16,078	16,078	504	504	627	627	231	231			X X X
8. 2001	11,780	11,780	14,241	14,241	760	760	3,011	3,011	415	415			X X X
9. 2002	20,435	20,435	31,826	31,826	1,490	1,490	4,838	4,838	795	795			X X X
10. 2003	30,456	30,456	50,654	50,654	3,195	3,195	6,455	6,455	1,533	1,533			X X X
11. 2004	41,461	41,461	120,397	120,397	4,418	4,418	18,830	18,830	7,723	7,723			X X X
12. Totals	145,788	145,788	280,438	280,438	11,557	11,557	43,876	43,876	11,527	11,527			X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 1995	73,779	73,779		62,292	62,292						
3. 1996	68,298	68,298		70,592	70,592						
4. 1997	62,188	62,188		84,803	84,803						
5. 1998	91,210	91,210		69,707	69,707						
6. 1999	108,037	108,037		73,628	73,628						
7. 2000	121,809	121,809		70,407	70,407						
8. 2001	155,377	155,377		79,686	79,686						
9. 2002	179,560	179,560		67,461	67,461						
10. 2003	201,709	201,709		65,122	65,122						
11. 2004	263,718	263,718		65,579	65,579						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

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
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	One Year	Two Year
1. Prior												
2. 1995												
3. 1996	X X X											
4. 1997	X X X	X X X										
5. 1998	X X X	X X X	X X X									
6. 1999	X X X	X X X	X X X	X X X								
7. 2000	X X X	X X X	X X X	X X X	X X X							
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X						
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X					
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X				X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X			X X X
12. Totals												

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment	
	1	2	3	4	5	6	7	8	9	10			
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004			
1. Prior	000											X X X	X X X
2. 1995												X X X	X X X
3. 1996	X X X											X X X	X X X
4. 1997	X X X	X X X										X X X	X X X
5. 1998	X X X	X X X	X X X									X X X	X X X
6. 1999	X X X	X X X	X X X	X X X								X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X							X X X	X X X
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X						X X X	X X X
9. 2002	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. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X				X X X	X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X			X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior										
2. 1995										
3. 1996	X X X									
4. 1997	X X X	X X X								
5. 1998	X X X	X X X	X X X							
6. 1999	X X X	X X X	X X X	X X X						
7. 2000	X X X	X X X	X X X	X X X	X X X					
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X				
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	

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

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	NO							
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	YES	402,139,042	402,139,042	32,972,017	150,654,836	211,812,285	425,340,225	
11. Georgia	GA	NO							
12. Hawaii	HI	NO							
13. Idaho	ID	NO							
14. Illinois	IL	NO							
15. Indiana	IN	NO							
16. Iowa	IA	NO							
17. Kansas	KS	NO							
18. Kentucky	KY	NO							
19. Louisiana	LA	NO							
20. Maine	ME	NO							
21. Maryland	MD	NO							
22. Massachusetts	MA	NO							
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							
32. New Mexico	NM	NO							
33. New York	NY	NO							
34. No. Carolina	NC	NO							
35. No. Dakota	ND	NO							
36. Ohio	OH	NO							
37. Oklahoma	OK	NO							
38. Oregon	OR	NO							
39. Pennsylvania	PA	NO							
40. Rhode Island	RI	NO							
41. So. Carolina	SC	NO							
42. So. Dakota	SD	NO							
43. Tennessee	TN	NO							
44. Texas	TX	NO							
45. Utah	UT	NO							
46. Vermont	VT	NO							
47. Virginia	VA	NO							
48. Washington	WA	NO							
49. West Virginia	WV	NO							
50. Wisconsin	WI	NO							
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. Canada	CN	NO							
57. Aggregate other alien	OT	X X X							
58. Totals	(a) 1		402,139,042	402,139,042	32,972,017	150,654,836	211,812,285	425,340,225	

DETAILS OF WRITE-INS									
5701.	X X X								
5702.	X X X								
5703.	X X X								
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X								
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X								

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

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

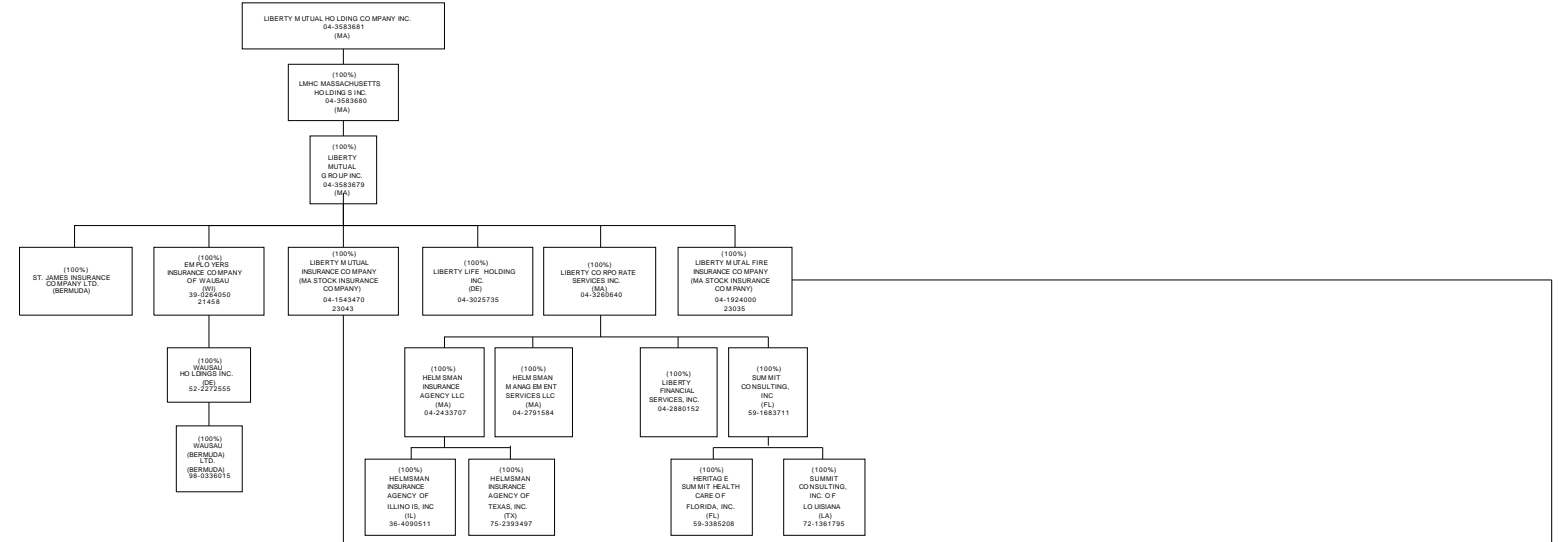
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

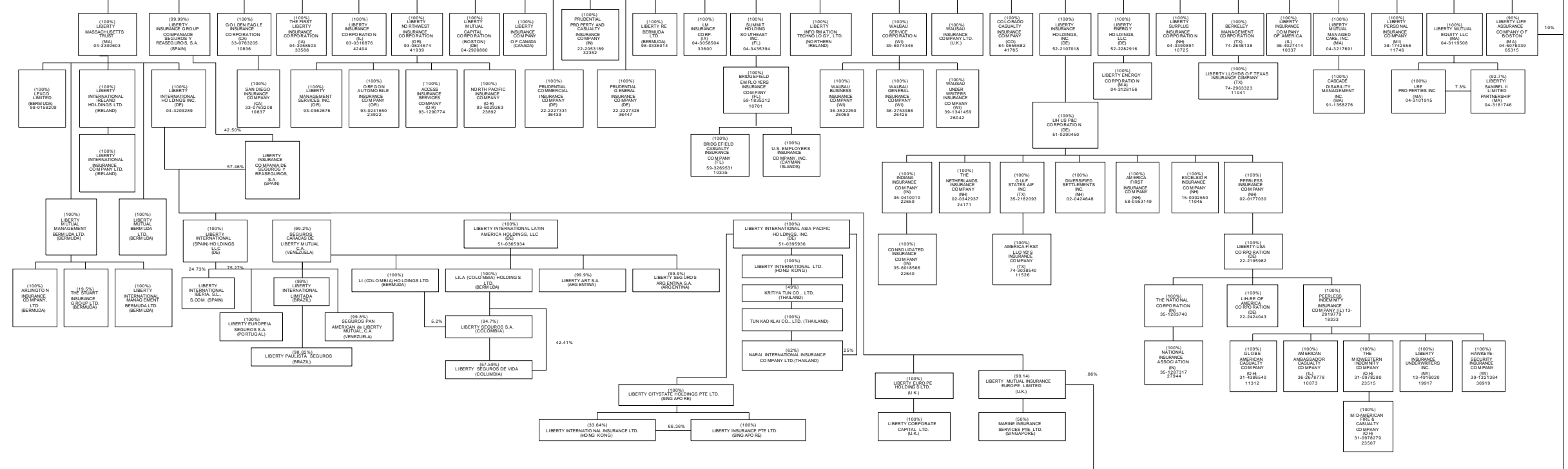
LIBERTY COUNTY MUTUAL INSURANCE COMPANY (TX) 75-2447751 19544

MONTGOMERY MUTUAL INSURANCE COMPANY (MD) 52-0424870 14613

MERCHANTS AND BUSINESS MEN'S MUTUAL INSURANCE COMPANY (PA) 23-0887770 14488



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OVERFLOW PAGE FOR WRITE-INS
