

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



42404200420100100

ANNUAL STATEMENT

For the Year Ended December 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

Liberty Insurance Corporation

NAIC Group Code 0111 0111 NAIC Company Code 42404 Employer's ID Number 03-0316876
 (Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated: October 21, 1988 Commenced Business: November 3, 1988

Statutory Home Office: 900 National Parkway Suite 300 Schaumburg, IL 60173

Main Administrative Office: 175 Berkeley Street Boston, MA 02117 617-357-9500

Mail Address: 175 Berkeley Street Boston, MA 02117

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

Internet Website Address: www.LibertyMutual.com

Statutory Statement Contact: Steven Latham 617-357-9500 43660
Steven.Latham@LibertyMutual.com 617-574-5955
 (E-Mail Address) (Fax Number)

Policyowner Relations Contact: 175 Berkeley Street Boston, MA 02117 617-357-9500 41015

OFFICERS

	Name	Title
1.	<u>Edmund Francis Kelly</u>	<u>Chairman of the Board, President & CEO</u>
2.	<u>Dexter Robert Legg</u>	<u>Vice President & Secretary</u>
3.	<u>Laurance Henry Soyer Yahia</u>	<u>Vice President & Treasurer</u>

Vice-Presidents

Name	Title	Name	Title
<u>James Paul Condrin, III</u>	<u>Vice President</u>	<u>Anthony Alexander Fontanes</u>	<u>Vice President & Assistant Treasurer</u>
<u>Gary Richard Gregg</u>	<u>Vice President</u>	<u>Dennis James Langwell</u>	<u>Vice President & Chief Financial Officer</u>
<u>Christopher Charles Mansfield</u>	<u>Vice President & Assistant Secretary</u>	<u>Gary Jay Ostrow</u>	<u>Vice President</u>
<u>John Derek Doyle</u>	<u>Vice President & Comptroller</u>		

DIRECTORS OR TRUSTEES

<u>James Paul Condrin, III</u>	<u>Dennis James Langwell</u>	<u>Dexter Robert Legg</u>	<u>Anthony Alexander Fontanes</u>
<u>Gary Richard Gregg</u>	<u>Edmund Francis Kelly</u>	<u>Christopher Charles Mansfield</u>	<u>Robert James Brautigam</u>
<u>Patrick David Miller</u>	<u>Marie Anne Ward</u>		

State of Massachusetts
 County of Suffolk ss

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

_____ (Signature) <u>Edmund Francis Kelly</u> (Printed Name) 1. Chairman of the Board, President & CEO (Title)	_____ (Signature) <u>Dexter Robert Legg</u> (Printed Name) 2. Vice President & Secretary (Title)	_____ (Signature) <u>Laurance Henry Soyer Yahia</u> (Printed Name) 3. Vice President & Treasurer (Title)
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Subscribed and sworn to before me this _____ day of April, 2005

a. Is this an original filing? YES [] NO [X]
 b. If no: 1. State the amendment number 1
 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)	1,159,666,524		1,159,666,524	1,027,772,749
2. Stocks (Schedule D):				
2.1 Preferred stocks	23,483		23,483	23,483
2.2 Common stocks	64,491,537		64,491,537	59,220,762
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 (\$ 13,107,611, Schedule E-Part 1), cash equivalents (\$ 39,969,264, Schedule E-Part 2) and short-term investments (\$ 48,773,024, Schedule DA)	101,849,899		101,849,899	45,575,366
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	31,545,304		31,545,304	24,598,915
8. Receivable for securities	10,684,737		10,684,737	486,374
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,368,261,484		1,368,261,484	1,157,677,649
11. Investment income due and accrued	11,684,425		11,684,425	11,142,221
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	42,474,928	2,191,550	40,283,378	53,124,118
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	115,066,966	120,267	114,946,699	92,411,931
12.3 Accrued retrospective premiums	51,155,870	5,146,116	46,009,754	47,795,657
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	227,465	227,465		
15.1 Current federal and foreign income tax recoverable and interest thereon	987,329		987,329	
15.2 Net deferred tax asset	71,716,000	47,035,500	24,680,500	23,097,300
16. Guaranty funds receivable or on deposit	3,376,877		3,376,877	2,747,606
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				69,743,084
21. Health care (\$ 0) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	31,475,863	1,928,053	29,547,810	28,395,287
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,696,427,207	56,648,951	1,639,778,256	1,486,134,853
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,696,427,207	56,648,951	1,639,778,256	1,486,134,853

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. Other assets	4,022,743	1,551,020	2,471,723	1,908,717
2302. Cash surrender value-life insurance	11,364,551		11,364,551	9,930,450
2303. Equities and deposits in pools and associations	1,811,442		1,811,442	2,887,721
2398. Summary of remaining write-ins for Line 23 from overflow page	14,277,127	377,033	13,900,094	13,668,399
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	31,475,863	1,928,053	29,547,810	28,395,287

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	803,414,483	791,239,066
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)	153,241,171	156,459,955
4. Commissions payable, contingent commissions and other similar charges	8,162,317	7,359,398
5. Other expenses (excluding taxes, licenses and fees)	29,443,710	23,470,546
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	18,213,512	21,496,523
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		5,942,169
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0	(157)	
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 300,409,303 and including warranty reserves of \$ 0)	242,035,169	230,115,633
10. Advance premium	2,250,107	2,300,127
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	660,688	210,490
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	22,066,246	1,984,935
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	22,084,347	24,411,152
19. Payable to parent, subsidiaries and affiliates	21,574,053	
20. Payable for securities	78,989,043	7,191,262
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	(32,593,555)	(43,834,520)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	1,369,541,134	1,228,346,736
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	1,369,541,134	1,228,346,736
27. Aggregate write-ins for special surplus funds	68,362,213	66,935,800
28. Common capital stock	3,500,000	3,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	156,162,500	156,162,500
33. Unassigned funds (surplus)	42,212,409	31,189,817
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)	270,237,122	257,788,117
36. TOTALS (Page 2, Line 26, Col. 3)	1,639,778,256	1,486,134,853

DETAILS OF WRITE-INS		
2301. Amounts held under uninsured plans	40,387,955	32,576,866
2302. Other liabilities	12,950,839	14,005,839
2303. Retroactive reinsurance reserve ceded	(132,609,941)	(129,405,043)
2398. Summary of remaining write-ins for Line 23 from overflow page	46,677,592	38,987,818
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(32,593,555)	(43,834,520)
2701. Special surplus from retroactive reinsurance	68,362,213	66,935,800
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)	68,362,213	66,935,800
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)	582,010,432	525,531,530
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	386,930,938	349,074,134
3. Loss expenses incurred (Part 3, Line 25, Column 1)	94,964,900	100,495,050
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	144,857,893	128,383,552
5. Aggregate write-ins for underwriting deductions	112,310	40,250
6. Total underwriting deductions (Lines 2 through 5)	626,866,041	577,992,986
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(44,855,609)	(52,461,456)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	60,147,174	60,293,545
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	8,154,425	525,259
11. Net investment gain (loss) (Lines 9 + 10)	68,301,599	60,818,804
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 55,441 amount charged off \$ 2,857,893)	(2,802,452)	(2,777,320)
13. Finance and service charges not included in premiums	3,567,460	3,203,445
14. Aggregate write-ins for miscellaneous income	(11,710,524)	(14,087,327)
15. Total other income (Lines 12 through 14)	(10,945,516)	(13,661,202)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	12,500,474	(5,303,854)
17. Dividends to policyholders	2,365,950	(144,081)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	10,134,524	(5,159,773)
19. Federal and foreign income taxes incurred	(163,716)	(4,057,092)
20. Net income (Line 18 minus Line 19) (to Line 22)	10,298,240	(1,102,681)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	257,788,117	255,837,620
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	10,298,240	(1,102,681)
23. Change in net unrealized capital gains or (losses)	1,701,388	8,086,932
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	1,536,112	(2,763,292)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(1,924,364)	(1,072,708)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
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	837,629	(1,197,754)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	12,449,005	1,950,497
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	270,237,122	257,788,117
DETAILS OF WRITE-INS		
0501. NC private passenger auto escrow	112,310	40,250
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)	112,310	40,250
1401. Other expenses	(13,128,214)	(11,146,047)
1402. Retroactive reinsurance gain(losses)	1,417,690	(2,941,280)
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)	(11,710,524)	(14,087,327)
3601. Change in accumulated translation adjustment	(111,279)	(1,197,754)
3602. Other surplus adjustment	948,908	
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)	837,629	(1,197,754)

CASH FLOW		1	2
Cash from Operations		Current Year	Prior Year
1. Premiums collected net of reinsurance		584,352,489	539,994,459
2. Net investment income		65,188,803	65,447,697
3. Miscellaneous income		17,642,700	(17,021,648)
4. Total (Lines 1 through 3)		667,183,992	588,420,508
5. Benefit and loss related payments		376,982,119	304,496,617
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions		239,657,732	216,010,518
8. Dividends paid to policyholders		1,915,752	3,040,139
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		6,765,782	(3,160,868)
10. Total (Lines 5 through 9)		625,321,385	520,386,406
11. Net cash from operations (Line 4 minus Line 10)		41,862,607	68,034,102
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		876,526,021	888,972,006
12.2 Stocks		1,215,728	2,400,304
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets		8,062,824	20,441,990
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		81,161	14,627
12.7 Miscellaneous proceeds		61,599,418	
12.8 Total investment proceeds (Lines 12.1 to 12.7)		947,485,152	911,828,927
13. Cost of investments acquired (long-term only):			
13.1 Bonds		1,010,033,197	941,838,482
13.2 Stocks		4,642,200	5,525,233
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets		11,049,596	6,399,191
13.6 Miscellaneous applications			5,360,482
13.7 Total investments acquired (Lines 13.1 to 13.6)		1,025,724,993	959,123,388
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)		(78,239,841)	(47,294,461)
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		(157)	
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)		92,651,924	(82,915,543)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		92,651,767	(82,915,543)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)		56,274,533	(62,175,902)
19. Cash and short-term investments:			
19.1 Beginning of year		45,575,366	107,751,268
19.2 End of year (Line 18 plus Line 19.1)		101,849,899	45,575,366

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	10,710,732	4,655,306	5,596,749	9,769,289
2. Allied lines	3,529,859	1,893,585	2,046,658	3,376,786
3. Farmowners multiple peril	(228,107)	228,107		
4. Homeowners multiple peril	67,603,909	38,537,033	41,402,158	64,738,784
5. Commercial multiple peril	9,877,218	8,504,347	5,085,260	13,296,305
6. Mortgage guaranty				
8. Ocean marine	1,613,794	2,786,123	2,520,177	1,879,740
9. Inland marine	3,521,773	2,271,586	2,157,692	3,635,667
10. Financial guaranty				
11.1 Medical malpractice - occurrence	(1,117)	825	58	(350)
11.2 Medical malpractice - claims-made				
12. Earthquake	1,841,701	771,047	846,318	1,766,430
13. Group accident and health	(491,504)	70,102		(421,402)
14. Credit accident and health (group and individual)				
15. Other accident and health	8,458	119	525	8,052
16. Workers' compensation	187,571,703	(19,646,467)	(15,619,526)	183,544,762
17.1 Other liability - occurrence	28,884,394	7,812,166	9,235,430	27,461,130
17.2 Other liability - claims-made	5,615,042	4,146,720	3,943,113	5,818,649
18.1 Products liability - occurrence	2,313,352	(58,512)	528,779	1,726,061
18.2 Products liability - claims-made	141,753	3,228		144,981
19.1, 19.2 Private passenger auto liability	142,262,193	64,460,763	70,013,016	136,709,940
19.3, 19.4 Commercial auto liability	25,612,922	8,143,760	8,218,530	25,538,152
21. Auto physical damage	85,416,487	45,157,220	47,044,659	83,529,048
22. Aircraft (all perils)	3,836,228	662,886	1,121,494	3,377,620
23. Fidelity	224,433	121,838	110,485	235,786
24. Surety	8,460,497	5,751,607	5,957,444	8,254,660
26. Burglary and theft	23,101	18,246	17,590	23,757
27. Boiler and machinery	120,660	75,293	66,276	129,677
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	2,381,233	170,142	156,855	2,394,520
31. Reinsurance-Nonproportional Assumed Liability	4,876,268	745,182	429,559	5,191,891
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	595,726,982	177,282,252	190,879,299	582,129,935

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	5,240,803	355,946			5,596,749
2. Allied lines	1,989,645	57,013			2,046,658
3. Farmowners multiple peril					
4. Homeowners multiple peril	41,401,820	338			41,402,158
5. Commercial multiple peril	5,001,274	83,985			5,085,259
6. Mortgage guaranty	1				1
8. Ocean marine	2,520,166	11			2,520,177
9. Inland marine	2,152,953	4,739			2,157,692
10. Financial guaranty					
11.1 Medical malpractice - occurrence	58				58
11.2 Medical malpractice - claims-made					
12. Earthquake	802,721	43,596			846,317
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	525				525
16. Workers' compensation	26,004,486	3,310,461			29,314,947
17.1 Other liability - occurrence	9,645,761	2,283,729			11,929,490
17.2 Other liability - claims-made	3,943,113				3,943,113
18.1 Products liability - occurrence	509,970	1,124,329			1,634,299
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	70,013,017				70,013,017
19.3, 19.4 Commercial auto liability	10,745,046	80		(44,934,472)	(34,189,346)
21. Auto physical damage	47,027,484	17,317		(2,694,060)	44,350,741
22. Aircraft (all perils)	1,121,494				1,121,494
23. Fidelity	109,799	686		(1,105,520)	(995,035)
24. Surety	3,295,496	2,557,027			5,852,523
26. Burglary and theft	17,379	211			17,590
27. Boiler and machinery	57,255	9,021		(2,526,598)	(2,460,322)
28. Credit				(142)	(142)
29. International					
30. Reinsurance-Nonproportional Assumed Property	156,855				156,855
31. Reinsurance-Nonproportional Assumed Liability	429,559			104,922	534,481
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	232,186,680	9,848,489		(51,155,870)	190,879,299
35. Accrued retrospective premiums based on experience					51,155,870
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					242,035,169

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 [X] No []
- (b) State here basis of computation used in each case Daily pro rata.

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	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	193,059	10,710,732		193,059		10,710,732
2. Allied lines	217,467	3,529,859		217,467		3,529,859
3. Farmowners multiple peril		(228,107)				(228,107)
4. Homeowners multiple peril		67,603,909				67,603,909
5. Commercial multiple peril	9,592,970	9,877,218		9,592,970		9,877,218
6. Mortgage guaranty						
8. Ocean marine		1,613,794				1,613,794
9. Inland marine	2,183	3,521,773		2,183		3,521,773
10. Financial guaranty						
11.1 Medical malpractice - occurrence	4,478	(1,117)		4,478		(1,117)
11.2 Medical malpractice - claims-made						
12. Earthquake	187,534	1,841,701		187,534		1,841,701
13. Group accident and health		(491,504)				(491,504)
14. Credit accident and health (group and individual)						
15. Other accident and health		8,458				8,458
16. Workers' compensation	726,402,698	187,571,702		726,402,698		187,571,702
17.1 Other liability - occurrence	47,388,340	28,884,394		47,388,340		28,884,394
17.2 Other liability - claims-made		5,615,042				5,615,042
18.1 Products liability - occurrence	5,648,784	2,313,352		5,648,784		2,313,352
18.2 Products liability - claims-made		141,753				141,753
19.1, 19.2 Private passenger auto liability	173,068,630	142,262,194		173,068,630		142,262,194
19.3, 19.4 Commercial auto liability	5,407,122	25,612,922		5,407,122		25,612,922
21. Auto physical damage	84,768,649	85,416,487		84,768,649		85,416,487
22. Aircraft (all perils)		3,836,228				3,836,228
23. Fidelity		224,433				224,433
24. Surety	93,480	8,460,497		93,480		8,460,497
26. Burglary and theft		23,101				23,101
27. Boiler and machinery		120,660				120,660
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	2,381,233				2,381,233
31. Reinsurance-Nonproportional Assumed Liability	X X X	4,876,268				4,876,268
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	1,052,975,394	595,726,982		1,052,975,394		595,726,982

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

- (a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes No
- If yes:
1. The amount of such installment premiums \$ 35,803,822
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 116,177,762

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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	29,471	2,868,999	29,471	2,868,999	4,311,294	4,323,942	2,856,351	29.238
2. Allied lines	43,762	2,056,975	43,762	2,056,975	2,454,948	2,109,334	2,402,589	71.150
3. Farmowners multiple peril		175,863		175,863		175,863		
4. Homeowners multiple peril	662,053	39,088,738	662,053	39,088,738	18,552,638	15,982,948	41,658,428	64.348
5. Commercial multiple peril	14,425,602	11,489,885	14,425,602	11,489,885	15,321,224	22,523,426	4,287,683	32.247
6. Mortgage guaranty								
8. Ocean marine		1,251,719		1,251,719	3,840,985	3,402,845	1,689,859	89.899
9. Inland marine		1,523,254		1,523,254	2,572,176	2,517,609	1,577,821	43.398
10. Financial guaranty								
11.1 Medical malpractice - occurrence		4,494		4,494	6,611	9,373	1,732	(494.857)
11.2 Medical malpractice - claims - made								
12. Earthquake		7,065		7,065	77,173	439,396	(355,158)	(20.106)
13. Group accident and health		27,570,734		27,570,734	232,856	30,399,264	(2,595,674)	615.961
14. Credit accident and health (group and individual)								
15. Other accident and health		55,146		55,146	216,761	281,298	(9,391)	(116.629)
16. Workers' compensation	259,212,071	95,658,550	259,212,071	95,658,550	421,413,571	388,195,429	128,876,692	70.215
17.1 Other liability - occurrence	18,446,245	26,822,625	18,446,245	26,822,625	102,926,686	92,088,920	37,660,391	137.141
17.2 Other liability - claims - made		1,008,378		1,008,378	12,729,395	8,310,864	5,426,909	93.268
18.1 Products liability - occurrence	12,062,691	5,348,637	12,062,691	5,348,637	33,546,745	35,588,743	3,306,639	191.571
18.2 Products liability - claims - made		45,151		45,151	324,189	279,597	89,743	61.900
19.1, 19.2 Private passenger auto liability	102,018,392	97,584,798	102,018,392	97,584,798	119,678,689	130,683,179	86,580,308	63.331
19.3, 19.4 Commercial auto liability	8,680,679	17,172,462	8,680,679	17,172,462	36,083,945	37,938,142	15,318,265	59.982
21. Auto physical damage	41,690,862	40,090,783	41,690,862	40,090,783	(2,942,479)	(3,727,159)	40,875,463	48.936
22. Aircraft (all perils)		1,615,720		1,615,720	3,794,914	3,147,115	2,263,519	67.015
23. Fidelity		113,960		113,960	445,242	362,690	196,512	83.343
24. Surety		2,776,463		2,776,463	3,942,561	2,982,468	3,736,556	45.266
26. Burglary and theft		14,409		14,409	115,034	169,893	(40,450)	(170.266)
27. Boiler and machinery		14,249		14,249	6,245	98,784	(78,290)	(60.373)
28. Credit					899	5,344	(4,445)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	(3,169,143)		(3,169,143)	7,124,055	1,079,794	2,875,118	120.071
31. Reinsurance-Nonproportional Assumed Liability	X X X	3,448,653		3,448,653	16,526,102	11,787,846	8,186,909	157.686
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	18,811		18,811	112,024	82,119	48,716	
33. Aggregate write-ins for other lines of business								
34. TOTALS	457,271,828	374,657,378	457,271,828	374,657,378	803,414,483	791,239,066	386,832,795	66.451

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	25,000	2,467,991	25,000	2,467,991	1,274,634	1,843,303	1,274,634	4,311,294	420,235
2. Allied lines		2,278,783		2,278,783	150,323	176,165	150,323	2,454,948	210,101
3. Farmowners multiple peril									5,306
4. Homeowners multiple peril	98,324	11,383,436	98,324	11,383,436	329,757	7,169,202	329,757	18,552,638	5,007,175
5. Commercial multiple peril	23,373,307	11,988,888	23,373,307	11,988,888	(4,823,956)	3,332,336	(4,823,956)	15,321,224	4,988,728
6. Mortgage guaranty									
8. Ocean marine		2,688,486		2,688,486	337	1,152,499	337	3,840,985	579,742
9. Inland marine		1,574,731		1,574,731	18,385	997,445	18,385	2,572,176	524,802
10. Financial guaranty									
11.1 Medical malpractice - occurrence		61,772		61,772		(55,161)		6,611	619
11.2 Medical malpractice - claims - made									
12. Earthquake		32,827		32,827	31,534	44,346	31,534	77,173	37,583
13. Group accident and health		292,781		292,781		(59,925)		(a) 232,856	18,120
14. Credit accident and health (group and individual)									
15. Other accident and health		58,150		58,150		158,611		(a) 216,761	8,243
16. Workers' compensation	694,841,268	303,819,365	694,841,272	303,819,361	476,306,371	117,594,210	476,306,371	421,413,571	51,783,701
17.1 Other liability - occurrence	134,924,462	71,330,076	134,924,462	71,330,076	67,638,100	31,596,610	67,638,100	102,926,686	31,382,216
17.2 Other liability - claims - made		4,063,884		4,063,884		8,665,511		12,729,395	4,363,692
18.1 Products liability - occurrence	13,150,179	23,297,513	13,150,179	23,297,513	(3,163,964)	10,249,232	(3,163,964)	33,546,745	15,159,048
18.2 Products liability - claims - made		142,682		142,682		181,507		324,189	186,731
19.1, 19.2 Private passenger auto liability	97,835,177	81,708,891	97,835,177	81,708,891	31,664,619	37,969,798	31,664,619	119,678,689	27,493,752
19.3, 19.4 Commercial auto liability	13,195,376	20,142,438	13,195,376	20,142,438	1,868,841	15,941,507	1,868,841	36,083,945	5,317,697
21. Auto physical damage		(21,396)		(21,396)	(2,202,557)	(2,921,083)	(2,202,557)	(2,942,479)	3,230,836
22. Aircraft (all perils)		2,752,578		2,752,578		1,042,336		3,794,914	780,511
23. Fidelity		78,848		78,848	429	366,394	429	445,242	116,304
24. Surety		1,053,281		1,053,281	244	2,889,280	244	3,942,561	1,138,498
26. Burglary and theft		17,943		17,943	147	97,091	147	115,034	13,397
27. Boiler and machinery		100,996		100,996	1,823	(94,751)	1,823	6,245	27,062
28. Credit						899		899	47
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	3,105,000		3,105,000	X X X	4,019,054		7,124,054	447,025
31. Reinsurance-Nonproportional Assumed Liability	X X X	11,345,694		11,345,694	X X X	5,180,408		16,526,102	
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	113,784		113,784	X X X	(1,759)		112,025	
33. Aggregate write-ins for other lines of business									
34. TOTALS	977,443,093	555,879,422	977,443,097	555,879,418	569,095,067	247,535,065	569,095,067	803,414,483	153,241,171

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	71,388,500			71,388,500
1.2 Reinsurance assumed	41,411,653			41,411,653
1.3 Reinsurance ceded	71,388,500			71,388,500
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	41,411,653			41,411,653
2. Commission and brokerage:				
2.1 Direct excluding contingent		19,742,407		19,742,407
2.2 Reinsurance assumed excluding contingent		2,884,666		2,884,666
2.3 Reinsurance ceded excluding contingent		19,742,407		19,742,407
2.4 Contingent-direct		9,085		9,085
2.5 Contingent-reinsurance assumed		2,305,704		2,305,704
2.6 Contingent-reinsurance ceded		9,085		9,085
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)		5,190,370		5,190,370
3. Allowances to manager and agents	78	222		300
4. Advertising	524,618	4,634,069	1,049	5,159,736
5. Boards, bureaus and associations	141,522	1,563,289	26	1,704,837
6. Surveys and underwriting reports	1,366	1,815,191		1,816,557
7. Audit of assureds' records	24	66		90
8. Salary and related items:				
8.1 Salaries	32,113,778	63,616,778	300,084	96,030,640
8.2 Payroll taxes	1,831,460	4,951,384	14,938	6,797,782
9. Employee relations and welfare	4,403,314	12,656,074	16,981	17,076,369
10. Insurance	2,858,265	733,506	527	3,592,298
11. Directors' fees	248	16,531		16,779
12. Travel and travel items	1,979,402	4,746,008	5,932	6,731,342
13. Rent and rent items	2,317,145	6,081,987	4,991	8,404,123
14. Equipment	1,988,805	4,511,018	6,985	6,506,808
15. Cost or depreciation of EDP equipment and software	508,844	875,919	4,491	1,389,254
16. Printing and stationery	530,861	1,287,338	1,448	1,819,647
17. Postage, telephone and telegraph, exchange and express	1,605,652	4,316,281	16,655	5,938,588
18. Legal and auditing	231,838	1,159,693	24,112	1,415,643
19. Totals (Lines 3 to 18)	51,037,220	112,965,354	398,219	164,400,793
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 683,628		21,618,576		21,618,576
20.2 Insurance department licenses and fees		550,574		550,574
20.3 Gross guaranty association assessments		366,628		366,628
20.4 All other (excluding federal and foreign income and real estate)		1,059,570		1,059,570
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		23,595,348		23,595,348
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	2,516,027	3,106,821	39,759	5,662,607
25. Total expenses incurred	94,964,900	144,857,893	437,978	(a) 240,260,771
26. Less unpaid expenses-current year	153,241,171	55,819,540		209,060,711
27. Add unpaid expenses-prior year	156,459,955	52,326,467		208,786,422
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)	98,183,684	141,364,820	437,978	239,986,482

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(137,913)			(137,913)
2402. Other expenses	2,653,940	3,106,821	39,759	5,800,520
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	2,516,027	3,106,821	39,759	5,662,607

(a) Includes management fees of \$ 437,978 to affiliates and \$ 53,692 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 5,620,648	6,532,666
1.1 Bonds exempt from U.S. tax	(a) 41,134	56,134
1.2 Other bonds (unaffiliated)	(a) 47,333,456	46,931,358
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	4,752,298	4,752,298
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) 815,006	832,290
7. Derivative instruments	(f)	
8. Other invested assets	526,228	526,228
9. Aggregate write-ins for investment income	954,178	954,178
10. Total gross investment income	60,042,948	60,585,152
11. Investment expenses		(g) 437,978
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)		437,978
17. Net investment income (Line 10 minus Line 16)		60,147,174
DETAILS OF WRITE-INS		
0901. Miscellaneous Income / (Expense)	954,178	954,178
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)	954,178	954,178
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 \$ 308,413 accrual of discount less \$ 5,892,246 amortization of premium and less \$ 4,527,923 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 \$ 589,765 accrual of discount less \$ 0 amortization of premium and less \$ (5,863) paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	(1,968,520)			(1,968,520)
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	6,134,729	(195,776)		5,938,953
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	949,387	(69,059)	963,976	1,844,304
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments	81,161			81,161
7. Derivative instruments				
8. Other invested assets	5,094,965	(1,872,462)	737,112	3,959,615
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	10,291,722	(2,137,297)	1,701,088	9,855,513

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	2,191,550	795,497	(1,396,053)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	120,267		(120,267)
12.3 Accrued retrospective premiums	5,146,116	5,037,726	(108,390)
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	227,465	261,103	33,638
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	47,035,500	47,082,588	47,088
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	1,928,053	1,547,673	(380,380)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	56,648,951	54,724,587	(1,924,364)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	56,648,951	54,724,587	(1,924,364)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	1,551,020	1,091,278	(459,742)
2302. Amounts receivable under high deductible policies	377,033	456,395	79,362
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,928,053	1,547,673	(380,380)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods 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. Expenses 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 value.
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 has no investments in subsidiaries.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. The Company does not own any derivative instruments.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property-Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2004.

Note 2- Accounting Changes and Correction of Errors

- A. There were no material changes in accounting principles or corrections of errors during the year.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Illinois. Effective January 1, 2001, the Illinois Division of Insurance required that insurance companies domiciled in Illinois prepare their statutory-basis financial statements in accordance with the NAIC APP Manual, effective January 1, 2001, subject to any deviations prescribed or permitted by the Illinois Insurance Commissioner.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans

The Company does not hold any mortgage loans as investments.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

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 IDSI, Bloomberg, and Lehman Index data in determining the market value of the vast majority of its 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 agreements during the year.

F. Real Estate

The Company does not own real estate.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships, or limited liability companies. that exceed 10% of its admitted assets.
- B. The Company invests in various limited partnerships that are reported in accordance with SSAP No. 48. The partnerships are valued using traditional private equity valuation metrics. Poor performance within the partnerships may lead to impairment losses being recognized by management. The Company realized impairment losses of \$1,872,461 during the year:

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2004.

Note 8- Derivative Instruments

The Company was not a party to any derivative financial instruments during the year.

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:

NOTES TO FINANCIAL STATEMENTS

	December 31, 2004	December 31, 2003	Change
Total of gross deferred tax assets	88,173,839	82,192,070	5,981,769
Total of deferred tax liabilities	(16,457,839)	(12,012,182)	(4,445,657)
Net deferred tax asset	71,716,000	70,179,888	1,536,112
Net deferred tax asset non-admitted	(47,035,500)	(47,082,588)	47,089
Net admitted deferred tax asset	24,680,500	23,097,300	1,583,201

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

	2004	2003
Federal	5,720,134	(10,218)
Net operating loss benefit	(5,883,850)	(4,046,874)
Foreign	0	0
Federal and foreign income tax incurred	(163,716)	(4,057,092)

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation deductions, reversal of discount accretion on bonds, investment impairments, fixed asset depreciation differences, unrealized gains, minimum tax credits, and statutory non-admitted assets.

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, excludible dividend income, officer's life insurance, 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 \$3,975,000 from the current year and \$827,537 from the preceding year.

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

The Company has minimum tax credit of \$4,802,537 which does not expire.

- 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

NOTES TO FINANCIAL STATEMENTS

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
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 of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company ("The Parent Company"), a Massachusetts company. Liberty Mutual Insurance Company is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. All non-insurance transactions the Company had with its affiliates involved less than ½ of 1% of the total admitted assets of the reporting entity.
- C. There have been no material transactions with the company's affiliates during 2004.
- D. At December 31, 2004, the Company reported \$21,574,053 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 26 for information regarding intercompany pooling arrangement.

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

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

Not applicable

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

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of an intercompany cost-sharing arrangement as described in note 10(f).

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

1. The Company has 30,000 shares authorized, and 25,000 shares issue, and outstanding as of December 31, 2004. All shares have a stated par value of \$140.
2. Preferred Stock
Not applicable
3. Dividend Restrictions
There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The maximum amount of dividends which can be paid by Illinois-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of policyholders' surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2005 is \$27,023,712.
5. As of December 31, 2004, the Company has restricted surplus of \$68,362,213 resulting from retroactive reinsurance contracts.
6. The Company had no advances to surplus.
7. The Company did not hold stock for special purposes.
8. The Company had changes in special surplus funds since December 31, 2001 resulting from retroactive reinsurance contracts.
9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
a. Unrealized gains/(losses)	\$5,240,328	\$1,701,388
b. Nonadmitted asset values	(56,648,951)	(1,924,364)
c. Provision for reinsurance	0	0
Total	(\$51,408,623)	(\$222,976)

10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

A. Contingent Commitments

Not applicable

B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of \$14,905,345 that is offset by future premium tax credits of \$3,376,866. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2005.

During 2004 there were no material insolvencies to report. The company continues to remit payments relating to prior year insolvencies.

On October 3, 2001, the Company received notification of the insolvency of the Reliance Insurance Group. It is expected the insolvency will result in a guaranty fund assessment against the company of \$2,567,822 that has been charged to operations in the prior year, and any remaining unpaid balance is included in the liability above.

C. Gain Contingencies

Not applicable

D. All other Contingencies

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

NOTES TO FINANCIAL STATEMENTS

Note 15- Leases

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2005	\$2,636,434	\$6,424,285
2006	2,569,874	5,217,183
2007	1,446,764	3,743,722
2008	1,324,855	2,467,258
2009	1,044,651	1,643,188
2010& thereafter	6,510,260	10,194,178
Total	<u>\$15,532,838</u>	<u>\$29,689,814</u>

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

Not applicable

Note 16- Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

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

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

- A. Transfers of Receivables reported as sales:

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

- B. Transfers and servicing of financial assets:

The Company participates in Securities lending program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company's portfolio to qualifying third parties, via a lending agent. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Under the terms of the securities lending program, the lending agent indemnifies the Company against borrower defaults. The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of collateral held, representing its obligation to return the collateral related to the loaned securities. At December 31, 2004, the total market value of fixed maturities loaned was \$111,029,560, with corresponding collateral value at \$112,895,297.

- C. Wash Sales

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

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

- A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans was \$33,324. There was no other income or expense, resulting in a net gain of \$33,324. Claim payment volume was \$1,653,929.

- B. Administrative Services Contract (ASC) Plans

Not applicable

- C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

NOTES TO FINANCIAL STATEMENTS

Note 20 – September 11 Events

The Company has material exposure to losses arising from the World Trade Center disaster of September 11, 2001. The exposure arises from the property, workers' compensation, auto, and surety policies and reinsurance contracts written by member companies of the Liberty Mutual Group. The Company shares in the losses via the inter-company pooling agreement. Although uncertainty about the final loss amount still exists, the losses are reasonably estimable and such estimate has been recorded. The Company believes that its reinsurers are financially sound and that reinsurance collectibility is not a significant issue or concern. The amounts recorded by the Company in this annual statement are as follows:

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$15,371,000	\$6,266,000	\$21,637,000	\$19,339,000	\$2,298,000
Loss and ALAE Reserves	\$6,715,000	\$1,538,000	\$8,253,000	\$4,242,000	\$4,011,000
Incurred Loss and ALAE	\$22,086,000	\$7,803,000	\$29,889,000	\$23,581,000	\$6,308,000

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 and \$0, in 2004 and 2003, respectively.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$259,906 and \$323,245, in 2004 and 2003, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$1,658,863 and \$186,764, in 2004 and 2003, respectively.

2) Assets in the amount of \$123,004,148 and \$123,900,182 as of December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

There were no reported losses that exceeded the policy deductible.

Note 22- Events Subsequent

There were no events subsequent to December 31, 2004 which would require disclosure.

Note 23- Reinsurance

A. Excluding amounts arising pursuant to the intercompany pooling agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.

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

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$242,035,169	\$4,537,957	\$300,409,303	\$5,632,423	(\$58,374,134)	\$(1,094,466)
All Other	0	0	0	0	0	0
Total	\$242,035,169	\$4,537,957	\$300,409,303	\$5,632,423	(\$58,374,134)	\$(1,094,466)

Direct Unearned Premium Reserve: \$300,409,303

NOTES TO FINANCIAL STATEMENTS

Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2004 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$2,046,949	\$0	\$2,046,949
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(11,700,000)	0	(11,700,000)
Totals	\$0	\$(9,653,051)	\$0	\$(9,653,051)

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(128,369,582)	\$0
	2. Adjustment – Prior Year(s)	6,367,676	0
	3. Adjustment – Current Year	1,091,966	0
	4. Total	\$(120,909,940)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(55,397,675)	\$0
	2. Adjustment – Prior Year(s)	(2,336,875)	0
	3. Adjustment – Current Year	-	0
	4. Total	\$(57,734,550)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$594,212	\$0
	2. Adjustment – Prior Year(s)	(5,054,816)	0
	3. Adjustment – Current Year	(726,219)	0
	4. Total	\$(5,186,823)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$72,377,695	\$0
	2. Adjustment – Prior Year(s)	(3,649,735)	0
	3. Adjustment – Current Year	(365,747)	0
	4. Total	\$68,362,213	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(120,909,940)	\$0

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

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

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

Total accrued retro premium	\$51,155,870
Less: Non-admitted amount	5,146,116
Admitted amount	<u>\$46,009,754</u>

NOTES TO FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred loss and loss adjustment expenses attributed to insured events of prior years has increased during 2004 as a result of rising loss development trends in commercial lines including workers' compensation, general liability, and environmental exposures. Original estimates are revised as additional information becomes known regarding individual claims.

A portion of the unfavorable prior year loss development relates to retrospectively rated policies. Additional premium accruals of have been made that partially offset this adverse loss development.

Note 26- Intercompany Pooling Arrangements

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

During 2004, the following changes were made to the pool:

Pursuant to the approval of the appropriate State Insurance Departments, effective January 1, 2004, Golden Eagle Insurance Corporation (GEIC) and Montgomery Mutual Insurance Company (MMU), cancelled its participation in the Liberty Mutual Inter-Company Reinsurance Agreement and concurrently became a member of the Liberty Insurance Holdings (LIH) Inter-Company Reinsurance Agreement.

Also effective January 1, 2004, Golden Eagle Insurance Company entered into a Fronting Agreement with Liberty Mutual Insurance Company (LMIC), the lead company in the Liberty Mutual Inter-Company Reinsurance Agreement, whereby it would continue to cede 100% of its workers' compensation activity to LMIC.

Additionally, pursuant to the approval of the appropriate state insurance departments, effective January 1, 2004, Merchants & Business Men's Mutual Insurance Company and Colorado Casualty Insurance Company cancelled its fronting agreements with LMIC and concurrently entered into Fronting Agreements with Peerless Insurance Company (PIC), the lead company in the LIH Inter-Company Reinsurance Agreement. Under the terms of the Fronting Agreements, after external reinsurance, each company would cede 100% of its direct underwriting activity to PIC.

The above transactions resulted in LMIC returning to the companies their in-force business as of January 1, 2004 (except for GEIC's workers' compensation business) and compensated the companies by a like amount. There were no gains or losses to surplus as a result.

Also effective January 1, 2004, LMIC's Pool Participation percentage increased by 3.3% from 63.2% to 66.5%. The pool percentages of remaining pool members did not change.

Note 27- Structured Settlements

- A) As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$109,500,581 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$109,500,581 as of December 31, 2004.
- B) A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

<u>Life Ins. Company and Location</u>	<u>Licensed in Company's State of Domicile Yes/No</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$ 39,575,412
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$ 33,128,767
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$ 10,283,259

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 Dollar Deductible Policies

As of December 31, 2004, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$228,220,195 and the amount billed and recoverable on paid claims was \$14,207,743.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2004, liabilities include \$550,448,875 of liabilities carried at a discounted value of \$472,645,000 representing a discount of \$77,803,875.

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

NOTES TO FINANCIAL STATEMENTS

Note 33 - Asbestos/Environmental Reserves

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

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

Uncertainty Regarding Reserving Methodologies

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

During the fourth quarter of 2004, the Company completed a comprehensive ground-up study of its environmental reserves. The study was performed with the assistance of an independent actuarial firm, and focused on the implications of claim and litigation trends and other significant developments. The study encompassed the Company's liabilities with respect to both National Priority List (NPL) claims and direct site claims involving the presence of hazardous waste at sites owned or operated by the insured. As a result of the ground-up study, the Company increased net loss and ALAE reserves by \$18,959,154.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Asbestos:					
Gross of Reinsurance Basis (all Liberty pooled companies)					
Beginning Reserves	\$1,263,028,000	\$1,394,737,000	\$1,465,333,000	\$1,666,019,000	\$1,840,688,000
Incurred losses and LAE	341,317,000	290,738,629	494,293,434	542,256,000	674,113,842
Calendar year payments	209,608,000	220,142,629	293,607,434	367,587,000	322,748,521
Ending Reserves	<u>\$1,394,737,000</u>	<u>\$1,465,333,000</u>	<u>\$1,666,019,000</u>	<u>\$1,840,688,000</u>	<u>\$2,192,053,321</u>
Net of Reinsurance Basis					
Beginning Reserves	\$42,297,240	\$46,739,400	\$50,577,780	\$57,600,840	\$67,475,340
Incurred losses and LAE	13,120,260	10,671,300	17,419,680	18,780,180	211,916
Calendar year payments	8,678,100	6,832,920	10,396,620	8,905,680	10,599,172
Ending Reserves	<u>\$46,739,400</u>	<u>\$50,577,780</u>	<u>\$57,600,840</u>	<u>\$67,475,340</u>	<u>\$57,088,085</u>
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Gross of Reinsurance Basis					\$1,050,100,011
Net of Reinsurance Basis:					\$20,707,017
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Gross of Reinsurance Basis:					\$501,539,904
Net of Reinsurance Basis:					\$10,197,881
Environmental					
Gross of Reinsurance Basis (all Liberty pooled companies)					
Beginning Reserves	\$1,060,390,000	\$829,472,000	\$681,226,000	\$564,371,000	\$377,622,000
Incurred losses and LAE	(114,622,000)	(89,983)	52,734,816	(111,199,000)	480,461,172
Calendar year payments	116,296,000	148,156,017	169,589,816	75,550,000	77,017,816
Ending Reserves	<u>\$829,472,000</u>	<u>\$681,226,000</u>	<u>\$564,371,000</u>	<u>\$377,622,000</u>	<u>\$781,065,356</u>
Net of Reinsurance Basis					
Beginning Reserves	\$39,918,000	\$26,846,640	\$25,523,580	\$18,387,540	\$15,464,280
Incurred losses and LAE	(7,920,180)	5,372,460	(653,340)	(480,000)	18,959,154
Calendar year payments	5,151,180	6,695,520	6,482,700	2,443,260	2,820,628
Ending Reserves	<u>\$26,846,640</u>	<u>\$25,523,580</u>	<u>\$18,387,540</u>	<u>\$15,464,280</u>	<u>\$31,602,806</u>
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Gross of Reinsurance Basis					\$553,985,554
Net of Reinsurance Basis:					\$22,124,726
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Gross of Reinsurance Basis					\$305,171,037
Net of Reinsurance Basis:					\$13,199,594

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	148,333,671	10.841	148,333,671	10.841
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	13,704,534	1.002	13,704,534	1.002
1.22 Issued by U.S. government sponsored agencies	81,393,759	5.949	81,393,759	5.949
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	12,214,108	0.893	12,214,108	0.893
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	3,019,450	0.221	3,019,450	0.221
1.43 Revenue and assessment obligations	11,276,691	0.824	11,276,691	0.824
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	33,212,617	2.427	33,212,617	2.427
1.512 Issued or guaranteed by FNMA and FHLMC	442,908,094	32.370	442,908,094	32.370
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	60,418,389	4.416	60,418,389	4.416
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)	326,015,125	23.827	326,015,125	23.827
2.2 Unaffiliated foreign securities	27,170,086	1.986	27,170,086	1.986
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	64,491,537	4.713	64,491,537	4.713
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	23,483	0.002	23,483	0.002
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (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	10,684,737	0.781	10,684,737	0.781
8. Cash, cash equivalents and short-term investments	101,849,899	7.444	101,849,899	7.444
9. Other invested assets	31,545,304	2.306	31,545,304	2.306
10. Total invested assets	1,368,261,484	100.000	1,368,261,484	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? Illinois
- 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. 12/31/1999
- 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. 12/31/1999
- 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). 03/08/2002
- 3.4 By what department or departments? Illinois
.....
.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young, LLP
 200 Claredon Street, 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? Robert T. Mulesky, VP & Corporate Actuary
 175 Berkeley Street, Boston, MA 02117
 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?
 N/A
- 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 [X]	Yes [] No [X]
Common	30,000	25,000	140.00	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	1,208,439,548	1,240,521,047	32,081,499
25.2 Preferred stocks	23,483		(23,483)
25.3 Totals	1,208,463,031	1,240,521,047	32,058,016

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? \$ _____

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
	\$
	\$
	\$
	\$
	\$

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

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
	\$
	\$
	\$
	\$
	\$

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

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
	\$
	\$
	\$
	\$
	\$

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	\$ 4,724	\$ 1,915,461
2.2 Premium Denominator	\$ 582,129,934	\$ 525,531,534
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 98,686	\$ 382,324
2.5 Reserve Denominator	\$ 965,445,875	\$ 947,699,021
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 \$ 249,879,578
 3.22 Non-participating policies \$ 803,095,816

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? N/A

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: _____

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: _____

- 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? _____

- 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 _____

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 | \$ | 95,511,207 |
| | 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 11,000,314 |
- 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? \$ 25,392,510
- 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 | | 4.000 % |
| | 11.42 | To | | 10.000 % |
- 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 | \$ | 421,102,123 |
| | 11.62 | Collateral and other funds | \$ | 42,276,546 |
- 12.1 What amount of installment notes is owned and now held by the reporting entity? \$ _____
- 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): \$ 5,820,000
- 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: Not applicable

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	Direct Losses	Direct Written	Direct Premium	Direct Premium
	Incurred	Unpaid	Premium	Unearned	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)	1,350,320,294	866,802,610	850,236,850	771,087,456	748,696,654
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	190,412,545	181,943,110	177,279,055	165,024,781	151,765,402
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	92,416,672	96,410,793	80,602,477	74,570,699	97,929,183
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	8,295,364	10,609,704	32,283,117	32,801,251	36,483,719
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	7,257,501	13,285,164	8,733,208	2,723,644	4,905,019
6. Total (Line 34)	1,648,702,376	1,169,051,381	1,149,134,707	1,046,207,831	1,039,779,977
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)	392,400,242	345,538,794	301,479,030	262,397,241	261,717,012
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	105,043,653	97,844,369	91,798,026	84,618,207	76,724,902
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	82,823,702	86,485,819	70,734,817	61,364,530	60,991,299
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	8,201,884	10,609,604	32,283,017	32,801,251	36,483,719
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	7,257,501	13,285,164	8,733,208	2,723,644	4,905,019
12. Total (Line 34)	595,726,982	553,763,750	505,028,098	443,904,873	440,821,951
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(44,855,609)	(52,461,456)	(41,578,006)	(140,989,634)	(73,977,124)
14. Net investment gain (loss) (Line 11)	68,301,599	60,818,804	71,309,609	89,212,431	96,044,161
15. Total other income (Line 15)	(10,945,516)	(13,661,202)	(8,727,279)	40,577,155	21,640,320
16. Dividends to policyholders (Line 17)	2,365,950	(144,081)	3,892,541	4,635,617	5,627,610
17. Federal and foreign income taxes incurred (Line 19)	(163,716)	(4,057,092)	5,820,511	(5,987,196)	12,139,823
18. Net income (Line 20)	10,298,240	(1,102,681)	11,291,272	(9,848,469)	25,939,924
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	1,639,778,256	1,486,134,853	1,418,988,703	1,486,456,760	1,447,578,421
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	40,283,378	53,124,118	52,550,770	46,909,399	50,666,573
20.2 Deferred and not yet due (Line 12.2)	114,946,699	92,411,931	77,725,499	62,588,225	62,099,324
20.3 Accrued retrospective premiums (Line 12.3)	46,009,754	47,795,657	41,968,237	43,263,054	37,392,546
21. Total liabilities excluding protected cell business (Page 3, Line 24)	1,369,541,134	1,228,346,736	1,163,151,083	1,238,824,504	1,170,425,648
22. Losses (Page 3, Lines 1 and 2)	803,414,483	791,239,066	747,041,357	774,529,756	740,942,191
23. Loss adjustment expenses (Page 3, Line 3)	153,241,171	156,459,955	142,375,470	150,354,360	154,872,632
24. Unearned premiums (Page 3, Line 9)	242,035,169	230,115,633	193,540,338	165,372,345	153,536,247
25. Capital paid up (Page 3, Lines 28 & 29)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	270,237,122	257,788,117	255,837,620	247,632,256	277,152,773
Risk-Based Capital Analysis					
27. Total adjusted capital	270,237,122	257,788,117	255,837,620	247,632,256	277,152,773
28. Authorized control level risk-based capital	82,031,736	76,173,036	70,529,370	63,829,930	59,224,173
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)	84.8	88.8	83.1	88.4	87.9
30. Stocks (Lines 2.1 & 2.2)	4.7	5.1	4.4	0.1	0.1
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)	7.4	3.9	9.2	7.7	6.7
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)	2.3	2.1	3.3	3.5	4.4
36. Receivable for securities (Line 8)	0.8			0.4	0.8
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)					15,000,000
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					15,000,000
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)					5.4

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)	1,701,388	8,086,932	(3,266,400)	(14,713,693)	1,806,173
48. Dividends to stockholders (Line 34)					
49. Change in surplus as regards policyholders for the year (Line 37)	12,449,005	1,950,497	8,205,364	(29,520,517)	26,201,624
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)	644,065,173	617,065,297	676,710,037	708,403,923	712,311,774
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	88,325,580	88,614,354	92,183,003	106,448,603	102,128,448
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	68,723,829	51,383,979	63,077,581	97,776,952	100,289,044
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	30,516,303	17,728,037	26,038,264	22,397,292	22,739,167
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	298,321	6,108,103	6,336,997	4,322,346	5,152,566
55. Total (Line 34)	831,929,206	780,899,770	864,345,882	939,349,116	942,620,999
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)	243,645,095	204,213,717	235,582,843	231,820,771	238,032,839
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	46,561,485	45,737,902	45,856,139	52,576,199	49,343,617
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	53,636,174	35,653,573	40,076,141	47,011,012	38,565,473
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	30,516,303	17,728,037	26,038,264	22,397,292	22,750,550
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	298,321	6,108,103	6,336,997	4,322,346	5,152,566
61. Total (Line 34)	374,657,378	309,441,332	353,890,384	358,127,620	353,845,045
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)	66.5	66.4	68.6	89.1	76.6
64. Loss expenses incurred (Line 3)	16.3	19.1	16.4	17.0	16.1
65. Other underwriting expenses incurred (Line 4)	24.9	24.4	100.2	25.9	24.6
66. Net underwriting gain (loss) (Line 8)	(7.7)	(10.0)	(8.8)	(32.0)	(17.3)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.2	25.7	24.0	16.6	19.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.8	85.5	85.1	106.1	92.7
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	220.4	214.8	197.4	179.3	159.1
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)	20,648	44,030	36,686	72,526	20,013
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)	8.0	17.2	14.8	26.1	8.0
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)	98,952	92,439	138,884	95,250	(425)
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)	38.7	37.3	50.0	38.0	(0.2)

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	215,411,112	219,289,599	216,150,374	207,418,113
	2. Canada				
	3. Other Countries				
	4. Totals	215,411,112	219,289,599	216,150,374	207,418,113
States, Territories and Possessions (Direct and guaranteed)	5. United States	12,214,108	15,460,610	12,182,360	13,000,000
	6. Canada				
	7. Other Countries				
	8. Totals	12,214,108	15,460,610	12,182,360	13,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	3,019,450	3,319,343	2,991,995	3,050,000
	10. Canada				
	11. Other Countries				
	12. Totals	3,019,450	3,319,343	2,991,995	3,050,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	521,154,171	525,928,601	521,860,823	516,207,716
	14. Canada				
	15. Other Countries				
	16. Totals	521,154,171	525,928,601	521,860,823	516,207,716
Public Utilities (unaffiliated)	17. United States	27,502,999	27,702,029	27,647,717	26,990,000
	18. Canada				
	19. Other Countries				
	20. Totals	27,502,999	27,702,029	27,647,717	26,990,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	353,194,598	368,033,546	355,979,850	350,698,829
	22. Canada				
	23. Other Countries	27,170,086	29,576,620	27,087,550	27,000,000
	24. Totals	380,364,684	397,610,166	383,067,400	377,698,829
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	1,159,666,524	1,189,310,348	1,163,900,669	1,144,364,658
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	23,483	23,483	23,483	
	36. Canada				
	37. Other Countries				
	38. Totals	23,483	23,483	23,483	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	23,483	23,483	23,483	
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	64,491,537	64,491,537	60,487,764	
	50. Canada				
	51. Other Countries				
	52. Totals	64,491,537	64,491,537	60,487,764	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	64,491,537	64,491,537	60,487,764	
	55. Total Stocks	64,515,020	64,515,020	60,511,247	
	56. Total Bonds and Stocks	1,224,181,544	1,253,825,368	1,224,411,916	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,087,016,993	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,014,675,397	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	(3,660,600)	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	963,976	7. Book/adjusted carrying value at end of current period	1,224,181,544
3.4 Column 14, Part 4	(2,188,068)	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	5,115,595	9. Subtotal (Lines 7 plus 8)	1,224,181,544
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	877,741,749	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	1,224,181,544

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	44,573	17,271	13,477	5,203	2,386	1,478	844	36,484	X X X
2. 1995	552,456	95,961	456,495	370,032	59,522	25,495	2,338	40,854	245	10,821	374,276	X X X
3. 1996	520,484	77,249	443,235	371,796	53,058	28,229	2,268	39,614	125	12,117	384,188	X X X
4. 1997	507,528	63,194	444,334	375,215	50,094	32,941	3,303	40,933	244	11,961	395,448	X X X
5. 1998	535,132	64,472	470,660	422,983	53,219	32,823	3,462	45,506	410	14,141	444,221	X X X
6. 1999	531,245	76,421	454,824	418,955	57,723	33,293	3,868	45,773	671	13,274	435,759	X X X
7. 2000	560,249	90,545	469,704	406,100	65,650	30,146	3,828	43,433	511	9,508	409,690	X X X
8. 2001	581,852	93,690	488,162	379,222	73,111	23,480	3,074	40,884	287	11,078	367,114	X X X
9. 2002	664,339	125,505	538,834	322,084	40,817	16,722	1,747	45,734	251	17,609	341,725	X X X
10. 2003	739,816	168,040	571,776	264,677	48,562	10,967	407	46,673	122	16,666	273,226	X X X
11. 2004	769,601	187,575	582,026	170,843	38,577	3,914	435	39,996	1,478	9,771	174,263	X X X
12. Totals	X X X	X X X	X X X	3,546,480	557,604	251,487	29,933	431,786	5,822	127,790	3,636,394	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	313,309	88,304	92,993	59,519	18,685	16,191	39,584	18,133	7,114		3,791	289,538	X X X
2. 1995	16,124	4,479	3,833	3,023	431	135	2,439	1,316	301		278	14,175	X X X
3. 1996	16,947	3,259	4,121	2,546	274	19	1,462	436	430		385	16,974	X X X
4. 1997	23,469	3,873	5,981	4,506	701	74	2,039	586	627		428	23,778	X X X
5. 1998	32,455	5,137	8,257	6,234	937	192	2,688	530	861		531	33,105	X X X
6. 1999	39,218	10,645	9,545	7,134	964	185	4,288	1,097	918		701	35,872	X X X
7. 2000	44,973	12,925	16,680	12,665	1,120	288	5,007	1,202	1,202		945	41,902	X X X
8. 2001	58,412	30,320	21,228	14,619	1,355	323	7,980	2,390	1,663		1,439	42,986	X X X
9. 2002	70,828	34,571	42,451	34,234	1,615	522	13,598	1,904	2,653		2,300	59,914	X X X
10. 2003	80,197	22,914	96,317	50,476	2,285	729	22,286	2,844	3,986		4,866	128,108	X X X
11. 2004	103,298	26,923	210,739	69,654	2,224	506	38,622	4,132	16,639		13,379	270,307	X X X
12. Totals	799,230	243,350	512,145	264,610	30,591	19,164	139,993	34,570	36,394		29,043	956,659	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	258,479	31,059
2. 1995	459,509	71,058	388,451	83.176	74.049	85.094			6.000	12,455	1,720
3. 1996	462,873	61,711	401,162	88.931	79.886	90.508			6.000	15,263	1,711
4. 1997	481,906	62,680	419,226	94.952	99.187	94.349			6.000	21,071	2,707
5. 1998	546,510	69,184	477,326	102.126	107.309	101.416			6.000	29,341	3,764
6. 1999	552,954	81,323	471,631	104.086	106.414	103.695			6.000	30,984	4,888
7. 2000	548,661	97,069	451,592	97.932	107.205	96.144			6.000	36,063	5,839
8. 2001	534,224	124,124	410,100	91.814	132.484	84.009			6.000	34,701	8,285
9. 2002	515,685	114,046	401,639	77.624	90.870	74.539			6.000	44,474	15,440
10. 2003	527,388	126,054	401,334	71.286	75.014	70.191			6.000	103,124	24,984
11. 2004	586,275	141,705	444,570	76.179	75.546	76.383			6.000	217,460	52,847
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	803,415	153,244

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	831,150	806,011	819,721	803,779	772,318	757,495	794,243	823,750	853,847	889,098	35,251	65,348
2. 1995	375,428	364,966	355,586	352,559	349,723	349,180	350,986	349,540	348,735	350,653	1,918	1,113
3. 1996	X X X	370,506	354,125	355,237	357,447	361,629	360,745	360,646	360,599	364,600	4,001	3,954
4. 1997	X X X	X X X	352,607	350,914	363,957	369,860	376,884	377,256	377,883	382,335	4,452	5,079
5. 1998	X X X	X X X	X X X	387,829	401,328	411,132	424,047	428,479	431,770	436,700	4,930	8,221
6. 1999	X X X	X X X	X X X	X X X	381,706	393,647	408,539	419,058	426,641	430,021	3,380	10,963
7. 2000	X X X	X X X	X X X	X X X	X X X	367,146	384,097	386,584	399,607	410,309	10,702	23,725
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	378,250	368,516	375,051	369,644	(5,407)	1,128
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	375,181	354,147	354,602	455	(20,579)
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	392,197	353,163	(39,034)	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	393,775	X X X	X X X
12. Totals											20,648	98,952

SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1. Prior	000	142,057	250,894	334,194	381,541	422,659	446,253	490,681	526,404	561,980	X X X	X X X
2. 1995	145,703	220,137	259,378	284,977	303,039	314,626	321,693	326,643	329,938	333,667	X X X	X X X
3. 1996	X X X	154,606	225,071	264,392	294,258	314,191	327,204	335,214	339,388	344,699	X X X	X X X
4. 1997	X X X	X X X	142,209	214,727	263,331	298,329	321,546	336,534	345,712	354,759	X X X	X X X
5. 1998	X X X	X X X	X X X	155,670	249,824	305,564	346,771	370,477	386,647	399,125	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	154,664	245,838	303,105	343,821	371,263	390,657	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	162,214	254,661	302,993	336,385	366,768	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	170,819	257,664	300,742	326,517	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	160,755	246,333	296,242	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	148,330	226,675	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	135,745	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	368,152	273,040	231,958	179,633	121,275	107,391	86,158	66,825	68,522	57,287
2. 1995	136,672	74,390	45,854	28,785	17,602	12,777	10,466	5,609	3,084	2,654
3. 1996	X X X	123,811	64,138	36,398	22,098	16,524	11,105	5,531	2,332	3,668
4. 1997	X X X	X X X	116,348	56,931	33,629	22,372	18,089	10,234	5,011	4,651
5. 1998	X X X	X X X	X X X	125,619	56,352	32,253	19,182	14,092	6,532	6,685
6. 1999	X X X	X X X	X X X	X X X	124,035	58,882	29,400	17,932	10,396	8,126
7. 2000	X X X	X X X	X X X	X X X	X X X	101,638	38,923	17,156	11,748	9,419
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	105,859	43,283	25,899	13,271
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	113,240	44,721	20,179
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	162,442	66,774
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	179,286

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

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	YES	10,950,970	9,983,980	(16,410)	3,935,324	5,315,917	16,279,995	13,805
2. Alaska	AK	YES	3,646,166	3,338,060	107	707,774	1,494,069	3,191,538	
3. Arizona	AZ	YES	7,426,620	6,678,673	7,935	2,899,292	2,750,380	8,697,708	1,940
4. Arkansas	AR	YES	5,111,254	11,813,594	12,082	3,832,765	10,753,411	24,680,822	2,632
5. California	CA	YES	105,861,155	97,065,795	119,691	41,375,544	81,862,104	173,649,666	3
6. Colorado	CO	YES	13,765,802	12,049,185	33,571	6,491,159	10,027,801	26,745,812	14,992
7. Connecticut	CT	YES	23,529,001	27,828,779	43,243	13,998,233	24,091,115	60,559,602	58,313
8. Delaware	DE	YES	7,147,122	6,162,631	294	4,420,982	6,040,528	9,832,596	28,547
9. Dist. Columbia	DC	YES	1,540,403	5,976,894	50,587	2,646,404	4,639,717	16,301,692	8,118
10. Florida	FL	YES	60,425,101	53,924,354	(27,298)	24,649,533	39,533,360	95,346,933	239,574
11. Georgia	GA	YES	29,314,285	22,566,379	(20,249)	12,379,922	12,256,597	39,044,578	135,167
12. Hawaii	HI	YES	4,160,801	3,326,961	180	1,254,322	2,176,945	2,836,950	14,234
13. Idaho	ID	YES	3,812,874	3,535,567	(897)	1,173,482	2,257,923	2,694,588	7,692
14. Illinois	IL	YES	26,103,989	23,985,184	(42,304)	8,091,750	16,361,377	33,502,160	18,730
15. Indiana	IN	YES	46,774,178	42,824,673	20,059	20,485,728	35,603,135	65,756,282	13,624
16. Iowa	IA	YES	4,051,776	4,869,470	(765)	2,181,107	4,876,477	10,315,273	4,938
17. Kansas	KS	YES	46,040,903	40,706,874	39,016	23,541,549	36,088,203	54,904,664	5,999
18. Kentucky	KY	YES	29,163,880	28,037,951	3,275	7,458,005	20,400,507	24,687,110	14,519
19. Louisiana	LA	YES	11,405,163	10,408,869	(5,217)	5,205,418	6,848,709	22,410,270	20,836
20. Maine	ME	YES	6,577,476	6,101,161	2,688	4,021,507	7,526,240	10,123,335	41,623
21. Maryland	MD	YES	15,348,793	12,783,128	28,323	6,408,972	11,705,967	25,392,495	40,246
22. Massachusetts	MA	YES	20,683,820	18,013,731	161,498	16,920,127	23,204,431	74,074,091	
23. Michigan	MI	YES	17,365,597	17,187,648	29,764	6,432,953	1,260,533	15,501,780	98
24. Minnesota	MN	YES	10,544,326	9,286,503	12,192	4,221,350	6,890,329	16,754,492	6,901
25. Mississippi	MS	YES	4,981,546	3,912,026	(628)	1,265,382	4,710,065	9,901,056	2,938
26. Missouri	MO	YES	16,297,260	13,986,439	(17,129)	4,749,431	10,441,292	24,144,690	9,539
27. Montana	MT	YES	1,885,755	1,651,116	(10,056)	641,600	979,112	1,061,808	6,621
28. Nebraska	NE	YES	5,591,299	5,245,786	23,420	2,851,031	4,661,500	8,471,440	3,206
29. Nevada	NV	YES	8,875,046	7,143,294	42,218	3,761,978	5,091,025	6,466,840	22,426
30. New Hampshire	NH	YES	11,086,654	31,057,824	13,496	17,771,104	21,083,703	62,415,216	26,850
31. New Jersey	NJ	YES	96,891,018	108,781,146	313,403	65,661,901	65,284,958	97,487,270	911,812
32. New Mexico	NM	YES	3,001,838	2,253,833	4,105	1,082,138	4,050,343	8,035,206	3,851
33. New York	NY	YES	138,738,272	127,459,982	232,716	45,071,647	102,444,667	166,811,775	358,680
34. No. Carolina	NC	YES	15,791,047	14,180,970	28,696	4,714,936	13,123,322	16,140,875	211
35. No. Dakota	ND	YES	71,186	61,975	8,496	21,927	(3,757)	16,551	350
36. Ohio	OH	YES	13,702,720	12,944,930	2,268	4,250,724	10,846,780	29,298,641	55,700
37. Oklahoma	OK	YES	4,623,842	4,241,619	(4,673)	1,742,318	2,665,743	9,188,922	11,859
38. Oregon	OR	YES	24,819,158	21,397,549	4,495	4,610,904	14,527,492	12,869,164	12,895
39. Pennsylvania	PA	YES	49,575,771	43,453,690	144,597	21,850,304	40,795,555	72,019,948	126,638
40. Rhode Island	RI	YES	4,076,072	3,623,956	331	2,001,120	2,537,536	7,990,082	17,278
41. So. Carolina	SC	YES	11,783,784	10,869,000	(12,963)	3,993,669	9,657,178	12,712,438	41,382
42. So. Dakota	SD	YES	921,174	760,154	109	435,785	853,999	1,357,101	176
43. Tennessee	TN	YES	9,730,213	8,843,199	5,013	3,539,243	6,833,600	11,149,831	20,185
44. Texas	TX	YES	43,715,482	38,039,511	113,637	17,983,437	25,611,206	94,924,103	(67,391)
45. Utah	UT	YES	3,339,937	2,695,430	(66,670)	1,570,707	2,452,762	3,797,505	7,973
46. Vermont	VT	YES	2,546,148	2,591,832	2,944	940,712	1,763,853	4,357,824	8,627
47. Virginia	VA	YES	16,915,010	14,944,769	12,740	6,385,539	3,088,206	13,453,897	63,351
48. Washington	WA	YES	7,387,496	6,933,752	(18)	3,454,772	3,984,570	6,497,016	42,403
49. West Virginia	WV	YES	2,166,454	1,696,586	(2)	873,932	1,473,724	1,657,263	8,265
50. Wisconsin	WI	YES	41,023,602	35,151,747	182,367	10,926,195	27,123,907	28,637,762	9,821
51. Wyoming	WY	YES	236,367	195,517		35,151	60,792	52,836	574
52. American Samoa	AS	NO							
53. Guam	GU	YES	8,496	10,498			560	1,166	
54. Puerto Rico	PR	NO	25,630	24,054			220	20,417	
55. U.S. Virgin Islands	VI	NO	3,820	3,458			1,575	1,632	
56. Canada	CN	NO							
57. Aggregate other alien	OT	X X X	2,411,842	2,077,125	(16,520)	351,033	494,349	2,313,453	
58. Totals	(a)	52	1,052,975,394	1,004,688,811	1,457,757	457,271,822	760,605,612	1,546,538,160	2,398,751

DETAILS OF WRITE-INS									
5701. Other Alien	X X X		2,411,842	2,077,125	(16,520)	351,033	494,349	2,313,453	
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		2,411,842	2,077,125	(16,520)	351,033	494,349	2,313,453	

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

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

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

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

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

REMAINING WRITE-INS AGGREGATED AT LINE 9 FOR INVESTED ASSETS

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

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

2304. Amounts receivable under high deductible policies	14,277,127	377,033	13,900,094	13,668,399
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	14,277,127	377,033	13,900,094	13,668,399

OVERFLOW PAGE FOR WRITE-INS

**Page 3 - Continuation
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
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REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES

2304. Collateral held for securities loaned	46,677,592	38,947,568
2305. NC Private Passenger Auto Escrow		40,250
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	46,677,592	38,987,818

REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR SPECIAL SURPLUS FUNDS

2704.		
2705.		
2706.		
2707.		
2708.		
2709.		
2710.		
2711.		
2712.		
2713.		
2714.		
2715.		
2716.		
2717.		
2718.		
2719.		
2720.		
2721.		
2722.		
2723.		
2724.		
2725.		
2797. Totals (Lines 2704 through 2725) (Page 3, Line 2798)		

REMAINING WRITE-INS AGGREGATED AT LINE 30 FOR OTHER THAN SPECIAL SURPLUS FUNDS

3004.		
3005.		
3006.		
3007.		
3008.		
3009.		
3010.		
3011.		
3012.		
3013.		
3014.		
3015.		
3016.		
3017.		
3018.		
3019.		
3020.		
3021.		
3022.		
3023.		
3024.		
3025.		
3097. Totals (Lines 3004 through 3025) (Page 3, Line 3098)		