



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
LIBERTY INSURANCE UNDERWRITERS INC.

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 19917 Employer's ID Number 13-4916020
Organized under the Laws of New York, State of Domicile or Port of Entry New York
Country of Domicile United States of America
Incorporated 03/08/1811 Commenced Business 03/08/1811
Statutory Home Office 55 Water Street, 18th Floor, New York, NY 10041
Main Administrative Office 55 Water Street, 18th Floor, New York, NY 10041
Mail Address 55 Water Street, 18th Floor, New York, NY 10041
Primary Location of Books and Records 55 Water Street, 18th Floor, New York, NY 10041
Internet Website Address www.libertyiu.com
Statutory Statement Contact Israel Abraham Silverman, 212-208-9522
Policymaker Relations Contact 55 Water Street, 18th Floor, New York, NY 10041

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Nick Creatura (President), Laurance Henry Soyer Yahia (Treasurer), Dexter Robert Legg (Secretary).

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Michael Joseph Abdallah (EVP & Director), Gary Norman Dubois (SVP), Gordon James McBurney (CEO & Director), Michael John Pilla (VP), Anthony Scott Carroll (SVP & Director), David Alan Cohen (SVP), Anthony Alexander Fontanes (EVP & CIO), Gary Jay Ostrow (VP), George John Perrotta (SVP, CFO & DIR).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes Michael Joseph Abdallah, Dennis James Langwell, Thomas Crawford Ramey, Anthony Scott Carroll, Nick Creatura, Christopher Charles Mansfield, George John Perrotta, Daniel Terence Niall Forsythe, Gordon James McBurney, Israel Abraham Silverman, James Francis Kelleher, Frank Harrison O'Connor, Christopher Locke Peirce.

State of New York
County of New York

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.

Nick Creatura
President

Dexter Robert Legg
Secretary

Laurance Henry Soyer Yahia
Treasurer

Subscribed and sworn to before me this
14th day of February, 2005

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

Kristen A. Doscher Notary Public
January 19, 2007

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Liberty Insurance Underwriters Inc.**

**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).....	101,242,860		101,242,860	61,151,467
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....(21,582,700) , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....16,582,990 , Schedule DA).....	(4,999,710)		(4,999,710)	28,474,196
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	1,040,088	0	1,040,088	1,040,658
8. Receivable for securities .....	39,467		39,467	228,129
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	97,322,705	0	97,322,705	90,894,450
11. Investment income due and accrued .....	1,059,829		1,059,829	608,324
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....	17,352,378		17,352,378	0
13.2 Funds held by or deposited with reinsured companies .....			0	0
13.3 Other amounts receivable under reinsurance contracts .....			0	0
14. Amounts receivable relating to uninsured plans .....			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
15.2 Net deferred tax asset.....	622,000	622,000	0	7,090
16. Guaranty funds receivable or on deposit .....	257,800		257,800	0
17. Electronic data processing equipment and software.....	1,604,725	1,604,725	0	0
18. Furniture and equipment, including health care delivery assets (\$ .....)	151,945	151,945	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
20. Receivables from parent, subsidiaries and affiliates .....			0	0
21. Health care (\$ .....) and other amounts receivable.....			0	0
22. Other assets nonadmitted .....			0	0
23. Aggregate write-ins for other than invested assets .....	1,170,114	1,174,072	(3,958)	5,737
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	119,541,496	3,552,742	115,988,754	91,515,601
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	119,541,496	3,552,742	115,988,754	91,515,601
<b>DETAILS OF WRITE-INS</b>				
0901. ....			0	0
0902. ....			0	0
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Leasehold Improvements.....	1,174,072	1,174,072	0	0
2302. Other Assets.....	(3,958)		(3,958)	5,737
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	1,170,114	1,174,072	(3,958)	5,737

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	0	0
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....	0	0
4. Commissions payable, contingent commissions and other similar charges .....	0	0
5. Other expenses (excluding taxes, licenses and fees) .....	8,254,507	6,464,043
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	1,021,841	0
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)).....	98,821	620,044
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ .....137,116,415 and including warranty reserves of \$ .....)	0	0
10. Advance premiums .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	23,383,369	13,696,769
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	0	0
14. Amounts withheld or retained by company for account of others .....	0	0
15. Remittances and items not allocated.....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	10,682,499	7,371,041
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	10,329,645	2,603,415
20. Payable for securities .....	325,001	0
21. Liability for amounts held under uninsured accident and health plans .....	0	0
22. Capital Notes \$ ..... and interest thereon \$ .....	0	0
23. Aggregate write-ins for liabilities .....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	54,095,683	30,755,312
25. Protected cell liabilities .....	0	0
26. Total liabilities (Lines 24 and 25) .....	54,095,683	30,755,312
27. Aggregate write-ins for special surplus funds .....	0	0
28. Common capital stock .....	3,500,000	3,500,000
29. Preferred capital stock .....	0	0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....	0	0
32. Gross paid in and contributed surplus .....	60,029,767	60,029,767
33. Unassigned funds (surplus) .....	(1,636,696)	(2,769,478)
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ .....)	0	0
34.2 ..... shares preferred (value included in Line 29 \$ .....)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38) .....	61,893,071	60,760,289
36. TOTALS (Page 2, Line 26, Col. 3)	115,988,754	91,515,601
<b>DETAILS OF WRITE-INS</b>		
2301. ....	0	0
2302. ....	0	0
2303. ....	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0
2701. ....	0	0
2702. ....	0	0
2703. ....	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001. OTHER SURPLUS ITEM.....	0	0
3002. ....	0	0
3003. ....	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4) .....	0	0
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 34, Column 7) .....	0	0
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....	0	0
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	0	0
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	0	0
7. Net income of protected cells .....	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	0	0
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	6,214,537	1,198,218
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)) .....	1,889,794	2,357
11. Net investment gain or (loss) (Lines 9 + 10) .....	8,104,331	1,200,575
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....	0	0
13. Finance and service charges not included in premiums .....	0	0
14. Aggregate write-ins for miscellaneous income .....	0	0
15. Total other income (Lines 12 through 14) .....	0	0
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15) .....	8,104,331	1,200,575
17. Dividends to policyholders .....	0	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	8,104,331	1,200,575
19. Federal and foreign income taxes incurred .....	4,290,263	264,127
20. Net income (Line 18 minus Line 19) (to Line 22) .....	3,814,068	936,448
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....	60,760,289	6,491,637
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20) .....	3,814,068	936,448
23. Change in net unrealized capital gains or (losses) .....	0	0
24. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
25. Change in net deferred income tax .....	622,000	0
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3) .....	8,172	(2,552,040)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	(3,311,458)	5,884,244
28. Change in surplus notes .....	0	0
29. Surplus (contributed to) withdrawn from protected cells .....	0	0
30. Cumulative effect of changes in accounting principles .....	0	0
31. Capital changes:		
31.1. Paid in .....	0	0
31.2. Transferred from surplus (Stock Dividend) .....	0	0
31.3. Transferred to surplus .....	0	0
32. Surplus adjustments:		
32.1. Paid in .....	0	50,000,000
32.2. Transferred to capital (Stock Dividend) .....	0	0
32.3. Transferred from capital .....	0	0
33. Net remittances from or (to) Home Office .....	0	0
34. Dividends to stockholders .....	0	0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....	0	0
36. Aggregate write-ins for gains and losses in surplus .....	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36) .....	1,132,782	54,268,652
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....	61,893,071	60,760,289
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0
1401. ....		
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	0	0
3601. ....		
3602. CORRECTION TO PRIOR YEAR .....		
3603. ....		
3698. Summary of remaining write-ins for Line 36 from overflow page .....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above) .....	0	0

## CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	9,686,600	(34,574,324)
2. Net investment income.....	5,848,267	828,378
3. Miscellaneous income.....	0	0
4. Total (Lines 1 to 3).....	15,534,867	(33,745,946)
5. Benefits and loss related payments.....	17,352,378	(41,703,750)
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(2,554,505)	(5,300,399)
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses)	4,804,396	0
10. Total (Lines 5 through 9).....	19,602,269	(47,004,149)
11. Net cash from operations (Line 4 minus Line 10).....	(4,067,402)	13,258,203
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	174,252,089	6,972,447
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	49,941	1,850
12.7 Miscellaneous proceeds.....	513,663	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	174,815,693	6,974,297
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	212,533,454	59,354,754
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	1,040,890
13.6 Miscellaneous applications.....	54,841	232,336
13.7 Total investments acquired (Lines 13.1 to 13.6).....	212,588,295	60,627,980
14. Net increase (or decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(37,772,602)	(53,653,683)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	50,000,000
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	8,366,097	24,264,534
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	8,366,097	74,264,534
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	(33,473,907)	33,869,054
19. Cash and short-term investments:		
19.1 Beginning of year.....	28,474,196	(5,394,858)
19.2 End of period (Line 18 plus Line 19.1).....	(4,999,711)	28,474,196

Part 1  
**NONE**

Part 1A  
**NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1B - PREMIUMS WRITTEN**

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines	5,268			2,634	2,634	0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril	39,851,723		386,296	20,673,817	19,564,202	0
6. Mortgage guaranty						0
8. Ocean marine	4,927,484			1,798,859	3,128,625	0
9. Inland marine	3,999,791			2,220,940	1,778,851	0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability - occurrence	125,462,941			20,874,782	104,588,159	0
17.2 Other liability - claims-made	104,326,009			61,940,841	42,385,168	0
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity	9,697,172			0	9,697,172	0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	288,270,388	0	386,296	107,511,873	181,144,811	0
<b>DETAILS OF WRITE-INS</b>						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

If yes: 1. The amount of such installment premiums \$ .....

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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Liberty Insurance Underwriters Inc.

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 Previous 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				.0	.0	.0	.0	.0
2. Allied lines	740,298		740,298	.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril	27,990,836	1,526,166	29,517,002	.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine	19,737,704		19,737,704	.0	.0	.0	.0	.0
9. Inland marine	16,641,024		16,641,024	.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence	.0		.0	.0	.0	.0	.0	.0
17.2 Other liability - claims-made	7,831,048		7,831,048	.0	.0	.0	.0	.0
18.1 Products liability - occurrence				.0	.0	.0	.0	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity	.0		.0	.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	72,940,910	1,526,166	74,467,076	0	0	0	0	0.0
<b>DETAILS OF WRITE-INS</b>								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Liberty Insurance Underwriters Inc.

**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				.0				.0	
2. Allied lines	.0		.0	.0	(70,594)		(70,594)	.0	.0
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril	24,596,966	2,118,022	26,714,988	.0	19,156,357	23,780	19,180,137	.0	.0
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0	15,526,059		15,526,059	.0	.0
9. Inland marine	21,761,900		21,761,900	.0	2,131,717		2,131,717	.0	.0
10. Financial guaranty	1,503,331		1,503,331	.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a)	.0
14. Credit accident and health (group and individual)				.0				(a)	.0
15. Other accident and health				.0				(a)	.0
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence	336,500		336,500	.0	107,431,836		107,431,836	.0	.0
17.2 Other liability - claims-made	6,399,712		6,399,712	.0	71,306,813		71,306,813	.0	.0
18.1 Products liability - occurrence				.0				.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity	.0		.0	.0	6,058,515		6,058,515	.0	.0
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	54,598,409	2,118,022	56,716,431	0	221,540,703	23,780	221,564,483	0	0
<b>DETAILS OF WRITE-INS</b>									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ ..... 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 .....	15,034,609			15,034,609
1.2 Reinsurance assumed .....	99,230			99,230
1.3 Reinsurance ceded .....	15,133,839			15,133,839
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	0	0	0	0
2. Commission and brokerage:				
2.1 Direct excluding contingent .....		42,644,527		42,644,527
2.2 Reinsurance assumed excluding contingent .....		35,296		35,296
2.3 Reinsurance ceded excluding contingent .....		42,679,823		42,679,823
2.4 Contingent-direct .....		3,608,651		3,608,651
2.5 Contingent-reinsurance assumed .....				0
2.6 Contingent-reinsurance ceded .....		3,608,651		3,608,651
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	0	0	0
3. Allowances to managers and agents .....				0
4. Advertising .....				0
5. Boards, bureaus and associations .....				0
6. Surveys and underwriting reports .....				0
7. Audit of assureds' records .....				0
8. Salary and related items:				
8.1 Salaries .....				0
8.2 Payroll taxes .....				0
9. Employee relations and welfare .....				0
10. Insurance .....				0
11. Directors' fees .....				0
12. Travel and travel items .....				0
13. Rent and rent items .....				0
14. Equipment .....				0
15. Cost or depreciation of EDP equipment and software .....				0
16. Printing and stationery .....				0
17. Postage, telephone and telegraph, exchange and express .....				0
18. Legal and auditing .....				0
19. Totals (Lines 3 to 18) .....	0	0	0	0
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....				0
20.2 Insurance department licenses and fees .....				0
20.3 Gross guaranty association assessments .....				0
20.4 All other (excluding federal and foreign income and real estate) .....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	0	0	0
21. Real estate expenses .....				0
22. Real estate taxes .....				0
23. Reimbursements by uninsured accident and health plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	0	0	0	0
25. Total expenses incurred .....	0	0	0	0 (a)
26. Less unpaid expenses - current year .....	0			0
27. Add unpaid expenses - prior year .....	0			0
28. Amounts receivable relating to uninsured accident and health plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year .....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	0	0	0	0
<b>DETAILS OF WRITE-INS</b>				
2401. ....				
2402. ....				
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	0	0	0

(a) Includes management fees of \$ ..... paid to affiliates and \$ ..... paid to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,943,573	2,073,688
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 3,680,984	3,971,260
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 325,225	363,845
7. Derivative instruments	(f)	
8. Other invested assets	54,180	50,673
9. Aggregate write-ins for investment income	(244,929)	(244,929)
10. Total gross investment income	5,759,033	6,214,537
11. Investment expenses		(g)
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		0
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		6,214,537
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income/(Expense)	(244,929)	(244,929)
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	(244,929)	(244,929)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ ..... accrual of discount less \$ ..... 84,665 amortization of premium and less \$ ..... 785,911 paid for accrued interest on purchases.
- (b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.
- (c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.
- (e) Includes \$ ..... 54,842 accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.
- (f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.
- (g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.
- (i) Includes \$ ..... depreciation on real estate and \$ ..... 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	229,184			229,184
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)	1,665,510			1,665,510
1.3 Bonds of affiliates				0
2.1 Preferred stocks (unaffiliated)				0
2.11 Preferred stocks of affiliates				0
2.2 Common stocks (unaffiliated)				0
2.21 Common stocks of affiliates				0
3. Mortgage loans				0
4. Real estate				0
5. Contract loans				0
6. Cash, cash equivalents and short-term investments	(4,900)			(4,900)
7. Derivative instruments				0
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	1,889,794	0	0	1,889,794
<b>DETAILS OF WRITE-INS</b>				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short-term investments (Schedule DA) .....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivable for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	0	0	0
11. Investment income due and accrued .....	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers .....	0	0	0
13.2 Funds held by or deposited with reinsured companies .....	0	0	0
13.3 Other amounts receivable under reinsurance contracts .....	0	0	0
14. Amounts receivable relating to uninsured plans .....	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
15.2 Net deferred tax asset.....	622,000	0	(622,000)
16. Guaranty funds receivable or on deposit .....	0	0	0
17. Electronic data processing equipment and software.....	1,604,725	1,376,254	(228,471)
18. Furniture and equipment, including health care delivery assets.....	151,945	140,741	(11,204)
19. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
20. Receivables from parent, subsidiaries and affiliates .....	0	0	0
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted .....	0	0	0
23. Aggregate write-ins for other than invested assets .....	1,174,072	2,043,919	869,847
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	3,552,742	3,560,914	8,172
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	3,552,742	3,560,914	8,172
<b>DETAILS OF WRITE-INS</b>			
0901. ....	0	0	0
0902. ....	0	0	0
0903. ....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Leasehold Improvement.....	1,174,072	2,043,919	869,847
2302. Other Assets.....	0	0	0
2303. ....	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	1,174,072	2,043,919	869,847

## NOTES TO FINANCIAL STATEMENTS

### 2004 NOTES TO FINANCIAL STATEMENT

#### Note 1- Summary of Significant Accounting Policies

##### A. Accounting Practices

The accompanying financial statements of Liberty Insurance Underwriter, Inc. (the "Company") have been prepared on the basis of accounting practices prescribed or permitted by the Division of Insurance of the Department of Regulatory Agencies of the State of New York ("New York Division of Insurance).

The company utilizes accounting practices that are prescribed or permitted by the New York Insurance Department and differ from those promulgated by NAIC SAP. The impact of these different practices would have no impact on net income but would reduce statutory surplus by \$5.3 million if the New York Insurance Department policy had not been used, a reconciliation of Capital and Surplus follows.

##### Reconciliation between NY Surplus and NAIC Surplus:

Surplus as regards to policyholders, NYDOI basis	\$ 61,893,076
Credit for Reinsurance from Unauthorized Insurers	<u>6,213,000</u>
Surplus as regards to policyholders, NAIC basis	<u>\$ 55,680,076</u>

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

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

##### C. Accounting Policy

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

Losses are recorded in the period paid and reserves are set to ultimate. Reinsurance premiums are paid timely and recoveries set-up when gross loss is incurred. Company has a 100% Quota Share with parent Liberty Mutual, Boston, Massachusetts.

In addition, the Company exercises 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 for 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) The Company does not own common stocks.
- 4) The Company does not own preferred stocks.
- 5) The Company does not own mortgage loans on real estate.
- 6) The Company does not own loan-backed securities.
- 7) The Company does not have investments in subsidiary and affiliate companies.
- 8) The Company does not have investments in joint ventures and partnerships.
- 9) The Company does not own derivatives 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.

#### Note 2- Accounting Changes and Correction of Errors

- A. In preparing the financials for the current year, the Company does not have any Accounting Changes and/or errors to report.
- B. Not Applicable

#### Note 3- Business Combinations and Goodwill

Not Applicable

#### Note 4- Discontinued Operations

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

**Note 5- Investments**

Not Applicable

**Note 6- Joint Ventures, Partnerships & Limited Liability Companies**

Not Applicable

**Note 7- Investment Income**

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

**Note 8- Derivative Instruments**

Not Applicable

**Note 9 - Income Taxes**

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

	December 31, 2004	December 31, 2003	Change
Total of gross deferred tax assets	622,000	130,639	491,361
Total of deferred tax liabilities	0	(5,000)	5,000
Net deferred tax asset	622,000	125,639	496,361
Net deferred tax asset non-admitted	(622,000)	(118,549)	(503,451)
Net admitted deferred tax asset	0	7,090	(7,090)

- B. The Company does not have any Deferred Tax Liabilities requiring any additional disclosure under 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	4,290,263	264,127
Net operating loss benefit	0	0
Foreign	0	0
Federal and foreign income tax incurred	4,290,263	264,127

The Company's deferred tax assets and liabilities result primarily from the reversal of discount accretion on bonds 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, dividend-received deductions, discounting of reserves for unpaid losses and loss adjustment expenses, and unearned premium adjustment, investment impairments, and non-admitted deferred tax assets.

- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and none from the preceding year.

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

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

Access Insurance Services, Co.	Liberty Life Assurance Company of Boston
ALM Services, Inc.	Liberty Life Holdings, Inc.
Ambco Capital Corporation	Liberty Lloyds of Texas Insurance Company
America First Insurance Company	Liberty Management Services, Inc.
America First Lloyds Insurance Company	Liberty Massachusetts Trust
American Ambassador Casualty Company	Liberty Mexico Holdings, Inc.
Berkeley Holding Company Associates, Inc.	Liberty Mutual Capital Corporation (Boston)
Berkeley Management Corporation	Liberty Mutual Equity Corporation
Bridgefield Casualty Insurance Company	Liberty Mutual Fire Insurance Company
Bridgefield Employers Insurance Company	Liberty Mutual Group Inc.
C.E. Schools, Inc.	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Managed Care, Inc.
Capitol Agency, Inc. (Tennessee corporation)	Liberty Northwest Insurance Corporation
Cascade Disability Management, Inc.	Liberty Personal Insurance Company
Colorado Casualty Insurance Company	Liberty Real Estate Corporation
Commercial Insurance of Central Florida, Inc.	Liberty Surplus Insurance Corporation
Companies Agency Insurance Services of California	Liberty-USA Corporation
Companies Agency of Alabama, Inc.	LIH-Re of America Corporation
Companies Agency of Georgia, Inc.	LIH U.S. P&C Corporation
Companies Agency of Kentucky, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of Massachusetts, Inc.	LIU Specialty Agency, Inc.
Companies Agency of Michigan, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency of New York, Inc.	LM Insurance Corporation
Companies Agency of Pennsylvania, Inc.	LMHC Massachusetts Holding, Inc.

## NOTES TO FINANCIAL STATEMENTS

Companies Agency of Phoenix, Inc.	LRE Properties, Inc.
Companies Agency, Inc.	Mid-American Agency, Inc.
Companies Annuity Agency of Texas, Inc.	Mid-American Fire and Casualty Company
Consolidated Insurance Company	Missouri Agency, Inc.
Copley Venture Capital, Inc.	North Pacific Insurance Company
Countrywide Services Corporation	Oregon Automobile Insurance Company
Diversified Settlements, Inc.	Peerless Indemnity Insurance Company
Employers Insurance Company of Wausau	Peerless Insurance Company
Excelsior Insurance Company	* Prudential Commercial Insurance Company
First State Agency, Inc.	* Prudential General Insurance Company
Florida State Agency, Inc.	* Prudential Property and Casualty Insurance Company
Globe American Casualty Company	San Diego Insurance Company
Golden Eagle Insurance Corporation	State Agency, Inc. (Indiana corporation)
Gulf States AIF, Inc.	State Agency, Inc. (Wisconsin corporation)
Hawkeye-Security Insurance Company	* St. James Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	Summit Claims Management, Inc.
Helmsman Insurance Agency of Texas, Inc.	Summit Consulting, Inc.
Helmsman Insurance Agency, Inc.	Summit Consulting, Inc. of Louisiana
Helmsman Management Services, Inc.	Summit Healthcare Holdings, Inc.
Heritage-Summit Healthcare of Florida, Inc.	Summit Holding Corporation
Indiana Insurance Company	Summit Holding Southeast, Inc.
LEXCO Limited	Summit Loss Control Services, Inc.
LFC Management Corporation	The First Liberty Insurance Corporation
Liberty Assignment Corporation	The Midwestern Indemnity Company
Liberty Corporate Services, Inc.	The National Corporation
Liberty Energy Corporation	The Netherlands Insurance Company
Liberty Financial Services, Inc.	Turnkey Insurance Services, Inc.
Liberty Hospitality Group, Inc.	Turnkey Resources, Inc.
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
Liberty International Holdings, Inc.	

\* These companies joined the consolidated group in 2003 and their activity from the date they 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. Nature of relationships

The Company is a wholly owned subsidiary of Peerless Indemnity Insurance Company (PIC), an insurance company incorporated and domiciled in the state of Illinois. PIC is owned by LIH US P&C Corporation (DE). Liberty-USA Corporation, an insurance holding company, also incorporated in the state of Delaware owns all outstanding shares of LIH US P&C Corp. All of the outstanding shares of Liberty USA Corporation are owned by Peerless Insurance Company, an insurance company incorporated and domiciled in the state of New Hampshire. Liberty Insurance Holdings, Inc., a non-insurance holding company, incorporated in the state of Delaware owns all the outstanding shares of Peerless Insurance Company. All of the outstanding shares of Liberty Insurance Holdings, Inc. are owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts domiciled insurance company.

B. All non-insurance transactions which the Company had with its affiliates involved less than 1/2 of 1% of the total assets of the largest affiliate. See Note 25 for information regarding the inter-company pooling agreements.

C. There have been no material changes in the terms of any inter-company arrangements.

D. At December 31, 2004, the Company reported \$ 10,329,645 net due affiliates. In general, the terms of the inter-company arrangements require settlement at least quarterly.

E. Guarantees or Contingencies for Related parties

Not Applicable

F. Management, Service Contracts, Cost Sharing Arrangements

The ultimate parent, LMIC, has agreed to provide certain management services to the Company.

G. Nature of Relationships that Could Affect Operations

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

H. Amount Deducted for Investment in Upstream Company

Not Applicable

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

J. Write down for Impairments of Investments in SCAs

## NOTES TO FINANCIAL STATEMENTS

Not Applicable

### Note 11- Debt

- A. The Company has no capital notes
  - B. All Other Debt
- Not Applicable

### Note 12- Retirement Plans, Deferred Compensation, Post employment 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, deferred compensation, or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of an inter-company cost-sharing arrangement as described in note 10 (F).

### Note 13- Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations.

1. The Company has 50,000 shares authorized, issued and outstanding as of December 31, 2004. All shares have a stated par value of \$70. The Company has no preferred stock authorized, issued or outstanding.
2. The Company has no preferred stock outstanding.
- 3., 4. Dividend Restrictions

Dividends on common stock are paid as declared by the Board of Directors of the Company. Under the insurance regulations of the state of New York, the maximum amount of dividends, which the company may pay to shareholders, is limited to lesser of 10% of the most recent year-end policyholders surplus or the net investment income earned for the year. Statutory surplus as of December 31, 2004 was \$61,893,076. Accordingly, the maximum dividend payout to shareholders that may be made without prior approval is \$ 6,189,307. There were no shareholder dividends for the year ended December 31,2004.

5. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
  6. The total amount of advances to surplus not repaid is \$ NONE.
  7. The Company does not hold any Stocks for special purposes.
  8. There are no changes in balances to Special Surplus Funds from prior year.
  9. Changes in Unassigned Funds
- Not Applicable
10. The Company issued no surplus debentures or similar obligations.
  11. and 12. There were no restatements due to prior Quasi Reorganizations.

### Note 14- Contingencies

- A. Contingent Commitments

The Company has no commitments or contingent liabilities to affiliates or other entities. Company has made no guarantees on behalf of affiliates.

- B. Assessments
- Not Applicable

- 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. The Company has no asset that it considers to be impaired.

### Note 15- Leases

The Company leases office space under a non-cancelable operating lease agreement that expires on September 30th, 2013. the following is a schedule of the company's minimum lease obligations under this arrangement.

2005	\$ 2,893,247
2006	\$ 2,587,667
2007	\$ 2,542,705
2008	\$ 2,627,534



**NOTES TO FINANCIAL STATEMENTS**

2009	\$ 2,453,256
Thereafter	\$ 9,253,002
Total	\$ 22,357,411

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

- A. Financial Instruments With Off-Balance Sheet Risk  
Not Applicable
- B. Financial Instruments With Concentrations of Credit Risk  
Not Applicable

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

- A. The Company did not have any transfers of receivables reported as sales during the year.
- B. The Company did not have any transfers and servicing of financial asset changes during the year.
- C. The Company did not engage in any Wash Sales during the year.

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

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

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

Name or Address of Managing General Agent	FEIN Number	Exclusive Contract	Types of Business Written	Type of Authority Granted *	Total Direct Written Premiums
Arrowhead Design Insur	33-0108914	Yes	Design Prof.	U, B, C	\$29,306,876
JLT Services	13-2629399	Yes	Lawyers Prof.	U, B, C	17,917,490
Lee & Mason Finc'l Svc	14-1722170	Yes	Insurance Agnts	U, B, C	12,207,557
Professional Indemnity Agy	13-2918811	Yes	Kidnap & Ransom	U, B, C	7,913,612
Aon Lawyers Program	36-3642411	Yes	Lawyers Prof.	U, B, C	13,497,077
Marsh Lawyers Program	13-3109248	Yes	Lawyers Prof.	U, B, C	9,103,905
Liability Insur. Admin.	23-2102703	Yes	Real Estate Apprs.	U, B, C	6,027,153

\* U = Underwrite  
B = Bind  
C = Collect

**Note 20- September 11 Events**

Catastrophe Loss of September 11 Events:

WTC Losses	Direct	Ceded	Net
Paid Loss and ALAE	5,656,885	5,656,885	0
Reserves	0	0	0

**Note 21- Other Items**

- A. Extraordinary Items  
Not Applicable
- B. Troubled Debt Restructuring for Debtors  
Not Applicable
- C. Other Disclosures

## NOTES TO FINANCIAL STATEMENTS

Assets in the amount of \$ 5,725,761 and \$ 5,851,216 at December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable

Not Applicable.

E. Business Interruption Insurance Recoveries

Not Applicable.

**Note 22- Events Subsequent**

Not Applicable.

**Note 23- Reinsurance**

A. Unsecured Reinsurance Recoverables

The Company's unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsures in excess of 3% of surplus, are displayed below.

NAIC code	Federal ID #	Name of Reinsurer	Amount
23043	04-1543470	Liberty Mutual Insurance Company	208,968,926
25364	13-1675535	Swiss Re America Corp	48,948,655
26921	22-2005057	Everest Reinsurance Company	32,680,983
39845	48-0921045	Employers Reinsurance Corporation	20,977,078
10227	13-4924125	America Re-Insurance Company	16,879,745
22969	36-2667627	GE Reinsurance Corporation	13,756,717
32603	47-0574325	Berkeley Insurance Company	11,753,189
39136	06-1325038	Converium Reinsurance (NA) Inc.	10,558,474
20087	47-0355979	National Indemnity Company	8,482,189
20583	13-1290712	XL Reinsurance America Inc.	8,329,383
19453	13-5616275	Transatlantic Reinsurance	4,542,245
42439	13-2918573	Toa Re Insurance Company of America	3,705,453
	AA-1126003	Lloyds Syndicate #5000	3,424,595
	AA-1126570	Lloyds Syndicate #0570	2,965,237
22039	13-2673100	General Reinsurance Corp.	2,862,319
	AA-1128003	Lloyds Syndicate #2003	2,268,939

B. Reinsurance Recoverable in Dispute

Not Applicable.

C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2004.

	Assumed		Ceded		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	0	0	54,249,614	5,419,015	( 54,249,614)	( 5,419,015 )
All others	197,765	0	82,866,801	26,416,432	( 82,866,801)	( 26,416,432 )
Total	197,765	0	137,116,415	31,835,447	(137,542,314)	( 31,835,447 )

Direct Unearned Premium Reserve: 137,542,313

2. Certain agency agreements and ceded reinsurance 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:

	Direct	Assumed	Ceded	Net
Contingent Commission	(4,117,427)	0	4,117,427	0
Sliding Scale Adjustments	0	0	0	0
Other Profit Comm. Arrangements	0	0	0	0
Total	(4,117,427)	0	4,117,427	0

3. Not Applicable.

D. Uncollectible Reinsurance

Not Applicable.

E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of the commutations was an increase in the losses and loss adjustment expenses of \$260,535. This amount is shown below by Income Statement classification and by reinsurer.

## NOTES TO FINANCIAL STATEMENTS

Income Statement Classification	Amount
Losses Incurred	\$ 337,627
Loss Adjustment Expenses Incurred	39,845
Premiums Earned	0
Other	(116,937)
Total	\$ 260,535

Classification by Reinsurer	Amount
Trenwick America Reinsurance Corp.	\$ 260,535

F. Retroactive reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

### Note 24- Retrospectively Rated Contracts and Contracts Subject to Predetermination

Not Applicable.

### Note 25- Changes in Incurred Losses and Loss Adjustment Expenses

Not Applicable

### Note 26- Inter-company Pooling Arrangements

	NAIC Co. #	Pooling %	Line of Business
Lead Company: Liberty Mutual Insurance Company	23043	63.00%	All Lines
Affiliated Companies:			
Employers Insurance Company of Wausau	21458	16.00%	All Lines
Liberty Mutual Fire Insurance Company	23035	10.00%	All Lines
Liberty Insurance Corporation	42404	6.00%	All Lines
Golden Eagle Insurance Corporation	10836	2.50%	All Lines
Montgomery Mutual Insurance Company	14613	0.70%	All Lines
Wausau Business Insurance Company	26069	0.40%	All Lines
LWausau General Insurance Company	26425	0.40%	All Lines
Wausau Underwriters Insurance Company	26042	0.40%	All Lines
Merchants and Business Men's Mutual Insurance Co.	14486	0.20%	All Lines
LM Insurance Corporation	33600	0.20%	All Lines
Montgomery Indemnity Company	16900	0.10%	All Lines
The First Liberty Insurance Corporation	33588	0.10%	All Lines
100% Quota Share Affiliated Companies:			
Liberty Lloyds of Texas Insurance Company	11041	0.00%	All Lines
Liberty Insurance Company of America	10337	0.00%	All Lines
Liberty Personal Insurance Company	11746	0.00%	All Lines
Liberty Surplus Insurance Corporation	10725	0.00%	All Lines
Liberty County Mutual Insurance Company	19544	0.00%	All Lines
Liberty Insurance Underwriters, Inc.	19917	0.00%	All Lines
Colorado Casualty Insurance Company	41785	0.00%	All Lines
Bridgefield Employers Insurance Company	10701	0.00%	All Lines
Bridgefield Casualty Insurance Company	10335	0.00%	All Lines

- (a) All cessions to non-affiliated reinsurers reported and ceded on an individual company basis are done prior to the cession of pooled business from the affiliated pool members to the lead company.
- (b) Liberty Mutual Insurance Company (LMIC) reports cessions to unaffiliated reinsurers on behalf of Liberty Mutual Fire Insurance Company, Liberty Insurance Corporation, LM Insurance Corporation, The First Liberty Insurance Corporation; and Employers Insurance Company of Wausau (EICOW) reports cessions to unaffiliated reinsurers on behalf of Wausau Business Insurance Company (WBIC), Wausau General Insurance Company (WGIC) and Wausau underwriters Insurance Company (WUIC) pursuant to the Inter-Company Reinsurance Agreement.
- (c) With the exception of WBIC, WGIC, and WUIC, all affiliated companies in the pool cede their net results to the Lead Company, LMIC; WBIC, WGIC and WUIC cede their net results to EICOW prior to its cession to the lead company.
- (d) 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

### Note 27- Structured Settlements

Not Applicable.

### Note 28- Health Care Receivables

Not Applicable.

### Note 29- Participating Policies

Not Applicable

### Note 30- Premium Deficiency Reserves

Not Applicable

### Note 31- High Deductibles

Not Applicable.

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

A. Tabular Discounts

Not Applicable.

B. Non Tabular Discounts

Not Applicable.

### Note 33- Asbestos/Environmental Reserves

A. Asbestos Reserves

The Company's exposure to asbestos claims arose from the sale of marine liability policies (both primary and excess). The claimants' exposure to asbestos arose from the use of asbestos products by ship workers and others and from exposure to asbestos in place on barges, seafaring vessels, etc.

The Company establishes full case reserves for all reported and validated asbestos claims. The Company's IBNR reserves are established based on a review of prior experience. The asbestos claims do not constitute a material portion of the total gross claim reserves and there is no net retention by the company. The company holds reserves for incurred but not reported claims for all mass tort liabilities together as reported below under Environmental. The company does not segregate an amount for loss expense reserves for mass tort claims.

1. Asbestos, Gross of Reinsurance	Calendar Year Ending				
	2000	2001	2002	2003	2004
Beginning reserves	\$52,000	\$52,000	\$284,000	\$284,000	\$278,792
Incurred Losses and LAE	0	232,000	0	5,208	0
Calendar year payments for losses and LAE	0	0	0	0	0
Ending Reserves	\$52,000	\$284,000	\$284,000	\$278,792	\$278,792

2. Asbestos, Net of Reinsurance	Calendar Year Ending				
	2000	2001	2002	2003	2004
Beginning reserves	\$0	\$0	\$0	\$0	\$0
Incurred Losses and LAE	0	0	0	0	0
Calendar year payments for losses and LAE	0	0	0	0	0
Ending Reserves	\$0	\$0	\$0	\$0	\$0

B. Ending reserves for asbestos claims for bulk and IBNR losses and LAE included in (A) above:

Gross of reinsurance	\$0
Net of reinsurance	\$0

C. Ending reserves for Loss Adjustment expenses included in A above (case, bulk and IBNR):

Gross of reinsurance	\$0
Net of reinsurance	\$0

D. Environmental Reserves

The Company's exposure to environmental claims arose from the sale of marine liability policies (both primary and excess). The exposure to environmental claims, which may also be referred to as "pollution", "hazardous waste" or "environmental impairment liability" claims, arose from marine and energy facilities where hazardous substances have been deposited, stored, treated, disposed or otherwise placed. Liability may arise from owners and operators of such facilities and from generators and transporters of hazardous

## NOTES TO FINANCIAL STATEMENTS

substances. A small number of other mass tort claims, such as lead paint, benzene, etc. are included in this category, without any significant impact.

The Company establishes full case reserves for all reported and validated pollution claims. The Company's IBNR reserves are established based on a review of prior experience. The pollution claims do not constitute a material portion of the total gross claim reserves and there is no net retention by the company. The company holds reserves for incurred but not reported claims for all mass tort liabilities together as reported below. The company does not segregate an amount for loss expense reserves for mass tort claims.

1. Environmental, Gross of Reinsurance	Calendar Year Ending				
	2000	2001	2002	2003	2004
Beginning reserves	\$706,000	\$706,000	\$474,000	\$474,000	\$474,000
Incurring Losses and LAE	97,000	(232,000)	0	0	0
Calendar year payments for losses and LAE	97,000	0	0	0	0
Ending Reserves	\$706,000	\$474,000	\$474,000	\$474,000	\$474,000

2. Environmental, Net of Reinsurance.	Calendar Year Ending				
	2000	2001	2002	2003	2004
Beginning reserves	\$0	\$0	\$0	\$0	\$0
Incurring Losses and LAE	0	0	0	0	0
Calendar year payments for losses and LAE	0	0	0	0	0
Ending Reserves	\$0	\$0	\$0	\$0	\$0

E. Ending reserves for environmental claims for bulk IBNR losses and LAE included in D above:

Gross of reinsurance	\$416,104
Net of reinsurance	\$0

F. Ending reserves for environmental claims for loss adjustment expenses included in D above (case, bulk and IBNR):

Gross of reinsurance	\$0
Net of reinsurance	\$0

**Note 34- Subscriber Savings Accounts**

Not Applicable

**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 .....	27,651,574	28.412	27,651,574	28.412
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	13,636,040	14.011	13,636,040	14.011
1.22 Issued by U.S. government sponsored agencies .....	4,231,535	4.348	4,231,535	4.348
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....	1,974,640	2.029	1,974,640	2.029
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....	16,364,927	16.815	16,364,927	16.815
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....	6,466,805	6.645	6,466,805	6.645
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 .....		0.000		0.000
1.523 All other .....	6,682,045	6.866	6,682,045	6.866
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	22,692,451	23.317	22,692,451	23.317
2.2 Unaffiliated foreign securities .....	1,542,843	1.585	1,542,843	1.585
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Policy loans .....		0.000		0.000
7. Receivables for securities .....	39,467	0.041	39,467	0.041
8. Cash, cash equivalents and short-term investments .....	(4,999,710)	(5.137)	(4,999,710)	(5.137)
9. Other invested assets .....	1,040,088	1.069	1,040,088	1.069
10. Total invested assets	97,322,705	100.000	97,322,705	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 [ ] NA [ ]
- 1.3 State Regulating? ..... New York
- 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. ....12/31/2001
- 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. ....12/31/1996
- 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). ....02/19/1999
- 3.4 By what department or departments? Property & Casualty Bureau of the New York State Insurance Department .....
- 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 N/A .....
- 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; .....
- 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 or 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.  
N/A
- 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 Clarendon 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?  
Mark Yunque, Liberty Mutual Insurance Group, 55 Water Street, New York, NY 10041
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 [ X ] No [ ]
- 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 [ ] NA [ 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 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 .. \$ .....0
  - 15.12 To stockholders not officers ... \$ .....0
  - 15.13 Trustees, supreme or grand (Fraternal only) ..... \$ .....0
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers ... \$ .....0
  - 15.22 To stockholders not officers ... \$ .....0
  - 15.23 Trustees, supreme or grand (Fraternal only) ..... \$ .....0
- 16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others ..... \$ .....0
  - 16.22 Borrowed from others ..... \$ .....0
  - 16.23 Leased from others ..... \$ .....0
  - 16.24 Other ..... \$ .....0
- 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 ..... \$ .....0
  - 17.22 Amount paid as expenses ..... \$ .....0
  - 17.23 Other amounts paid ..... \$ .....0



# GENERAL INTERROGATORIES

## INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[ ]	[ X ]	[ ]	[ X ]
Common	50,000	50,000	70.000	XXX	XXX	XXX	XXX	XXX

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:  
N/A

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 the 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 .....	\$ .....	0
20.22	Subject to repurchase agreements .....	\$ .....	0
20.23	Subject to reverse repurchase agreements .....	\$ .....	0
20.24	Subject to dollar repurchase agreements .....	\$ .....	0
20.25	Subject to reverse dollar repurchase agreements .....	\$ .....	0
20.26	Pledged as collateral .....	\$ .....	0
20.27	Placed under option agreements .....	\$ .....	0
20.28	Letter stock or other securities restricted as to sale ...	\$ .....	0
20.29	Other .....	\$ .....	0

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	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 [ ] NA [ 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. .... \$ .....0

## 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.....

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)	2 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 broker/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	2 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		0

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.....	101,404,496	100,280,250	(1,124,246)
25.2 Preferred stocks.....	0	0	0
25.3 Totals	101,404,496	100,280,250	(1,124,246)

25.4 Describe the sources or methods utilized in determining fair values:

Company utilized the NAIC recommended SVO stated values.....

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 the exceptions:

### OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$ .....406,475

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
Insurance Services Office.....	308,532

28.1 Amount of payments for legal expenses, if any?.....\$ .....0

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 departments of government, if any?.....\$ .....0

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

1 Name	2 Amount Paid
.....	
.....	

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0
- 1.31 Reason for excluding  
N/A.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....0
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ .....0

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

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

2. Health Test:

		1		2	
		Current Year		Prior Year	
2.1 Premium Numerator	\$	.....0	\$	.....0	
2.2 Premium Denominator	\$	.....0	\$	.....0	
2.3 Premium Ratio (2.1/2.2)		.....0.000		.....0.000	
2.4 Reserve Numerator	\$	.....0	\$	.....0	
2.5 Reserve Denominator	\$	.....0	\$	.....0	
2.6 Reserve Ratio (2.4/2.5)		.....0.000		.....0.000	

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

4. For Mutual Reporting Entities and Reciprocal Exchanges 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?..... \$ .....0

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

**GENERAL INTERROGATORIES**  
**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? .....  
 N/A.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process. ....  
 The probable maximum loss is "0". The Company participates in a 100% Quota Share Treaty with its ultimate Parent, Liberty Mutual company, Boston on its net Pre-Quota Share Retention.....
- 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?.....  
 Please see above.....
- 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 this 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 ratio cap, an aggregate limit or any similar provision)?..... 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 the risk, or portion thereof, reinsured?..... Yes  No
- 8.2 If yes, give full information  
 Please refer to Note # 23 - Reinsurance.....
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  NA
- 10.1 Has this 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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 11.11 Unpaid losses..... \$ .....  
 11.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 11.2 Of the amount on Line 12.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$ .....
- 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  NA
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 11.41 From..... %  
 11.42 To..... %
- 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 the 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 the current year:  
 11.61 Letters of Credit..... \$ .....  
 11.62 Collateral and other funds..... \$ .....
- 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): ..... \$ .....0
- 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 this amount. ....

**GENERAL INTERROGATORIES**  
**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 [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in writer agreements?..... Yes [ ] No [ ]

14.5 If answer to 14.4 is no, please explain:  
 .....

15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]

15.2 If yes, give full information  
 .....

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

16.11 Name of real estate holding company .....

16.12 Number of parcels involved .....

16.13 Total book/adjusted carrying value ..... \$.....

16.2 If yes, provide explanation:

17.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
17.11 Home .....	\$ .....0	\$ .....0	\$ .....0	\$ .....0	\$ .....0
17.12 Products .....	\$ .....0	\$ .....0	\$ .....0	\$ .....0	\$ .....0
17.13 Automobile .....	\$ .....0	\$ .....0	\$ .....0	\$ .....0	\$ .....0
17.14 Other* .....	\$ .....0	\$ .....0	\$ .....0	\$ .....0	\$ .....0

\* 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
<b>Gross Premiums Written</b> (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)	229,788,950	184,245,479	61,498,094	5,289,633	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,005,059	13,742,509	12,159,860	14,043,443	15,553,486
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	45,165,503	72,719,580	90,340,528	80,397,650	55,282,257
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	9,697,172	11,157,355	11,600,215	10,658,619	0
5. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	288,656,684	281,864,923	175,598,697	110,389,345	70,835,743
<b>Net Premiums Written</b> (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)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	0	0	0	0	0
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (Loss) (Line 8)	0	0	0	0	0
14. Net investment gain (Loss) (Line 11)	8,104,331	1,200,575	1,016,901	1,320,139	1,175,462
15. Total other income (Line 15)	0	0	0	0	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	4,290,263	264,127	355,915	338,236	361,064
18. Net income (Line 20)	3,814,068	936,448	660,986	981,903	814,398
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	115,988,754	91,515,601	69,537,555	82,546,687	24,638,848
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 12.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 12.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	54,095,683	30,755,312	63,045,917	66,705,627	6,894,945
22. Losses (Page 3, Lines 1 and 2)	0	0	0	0	0
23. Loss adjustment expenses (Page 3, Line 3)	0	0	0	0	0
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
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)	61,893,071	60,760,289	6,491,638	15,841,059	17,743,902
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital	61,893,071	60,760,289	6,491,638	15,841,059	17,743,902
28. Authorized control level risk-based capital	14,165,123	9,277,477	4,324,868	3,134,526	1,525,953
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	104.0	67.3	257.0	13.9	39.4
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and short-term investments (Line 5)	(5.1)	31.3	(157.0)	86.1	55.3
34. Contract loans (Line 6)	0.0		XXX	XXX	XXX
35. Other invested assets (Line 7)	1.1	1.1	0.0	0.0	0.0
36. Receivable for securities (Line 8)	0.0	0.3	0.0	0.0	0.0
37. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	5.2
38. Cash and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
40. Affiliated preferred stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
41. Affiliated common stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
43. Affiliated mortgage loans on real estate	0	0	0	0	0
44. All other affiliated	0	0	0	0	0
45. Total of above Lines 39 to 44	0	0	0	0	0
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)	0.0	0.0	0.0	0.0	0.0

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>Capital and Surplus Accounts (Page 4)</b>					
47. Net unrealized capital gains (Losses) (Line 23) .....	0	0	0	0	0
48. Dividends to stockholders (Line 34) .....	0	0	0	0	0
49. Change in surplus as regards policyholders for the year (Line 37) .....	1,132,782	54,268,652	(9,349,422)	(1,902,845)	1,583,806
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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) .....	7,831,048	733,619	1,467,631	0	0
51. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	17,381,322	4,137,554	7,737,007	6,756,265	16,841,168
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	49,254,706	35,814,719	32,360,462	59,438,013	52,613,469
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
54. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....	0	0	0	0	0
55. Total (Line 34) .....	74,467,076	40,685,892	41,565,100	66,194,278	69,454,637
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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) .....	0	0	0	0	0
57. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
60. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....	0	0	0	0	0
61. Total (Line 34) .....	0	0	0	0	0
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
62. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2) .....	0.0	0.0	0.0	0.0	0.0
64. Loss expenses incurred (Line 3) .....	0.0	0.0	0.0	0.0	0.0
65. Other underwriting expenses incurred (Line 4) .....	0.0	0.0	0.0	0.0	0.0
66. Net underwriting gain (loss) (Line 8) .....	0.0	0.0	0.0	0.0	0.0
<b>Other Percentages</b>					
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) .....	0.0	0.0	0.0	0.0	0.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	0	0	0	0	0
71. Percent of development of loss and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
<b>Two Year Loss Development (000 omitted)</b>					
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) .....	0	0	0	0	0
73. Percent of development of loss and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	0.0	0.0	0.0	0.0	0.0



## SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	39,498,212	39,017,733	39,634,320	38,846,638
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	39,498,212	39,017,733	39,634,320	38,846,638
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	1,974,640	1,962,990	1,973,300	2,000,000
	6. Canada .....				
	7. Other Countries .....				
	8. Totals	1,974,640	1,962,990	1,973,300	2,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	29,084,419	28,819,084	29,110,440	28,957,921
	14. Canada .....				
	15. Other Countries .....				
	16. Totals	29,084,419	28,819,084	29,110,440	28,957,921
Public Utilities (unaffiliated)	17. United States .....	4,076,485	4,045,550	4,082,390	4,000,000
	18. Canada .....				
	19. Other Countries .....				
	20. Totals	4,076,485	4,045,550	4,082,390	4,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	25,066,261	24,944,543	25,117,718	24,389,402
	22. Canada .....				
	23. Other Countries .....	1,542,843	1,490,350	1,543,970	1,500,000
	24. Totals	26,609,104	26,434,893	26,661,688	25,889,402
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. <b>Total Bonds</b>	101,242,860	100,280,250	101,462,138	99,693,961
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals	0	0	0	0
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	0
	40. <b>Total Preferred Stocks</b>	0	0	0	0
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals	0	0	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	0
	54. <b>Total Common Stocks</b>	0	0	0	0
	55. <b>Total Stocks</b>	0	0	0	0
	56. <b>Total Bonds and Stocks</b>	101,242,860	100,280,250	101,462,138	

## SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....	61,151,467	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	212,533,454	6.1 Column 15, Part 1 .....	0
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Sec. 1 .....	0
3.1 Columns 12 + 13 - 14, Part 1 .....	(157,495)	6.3 Column 16, Part 2, Sec. 2 .....	0
3.2 Column 18, Part 2, Sec. 1 .....	0	6.4 Column 15, Part 4 .....	0
3.3 Column 15, Part 2, Sec. 2 .....	0		
3.4 Column 14, Part 4 .....	(146,810)	7. Book/adjusted carrying value at end of current period .....	101,242,859
4. Total gain (loss), Col. 19, Part 4 .....	1,894,693	8. Total valuation allowance .....	0
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	174,032,450	9. Subtotal (Lines 7 plus 8) .....	101,242,859
		10. Total nonadmitted amounts .....	0
		11. Statement value of bonds and stocks, current period .....	101,242,859

**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	XXX	XXX	XXX	84	84	476	476	19	19	83	0	XXX
2. 1995	93,333	93,333	0	57,793	57,793	6,738	6,738	2,438	2,438	(13)	0	XXX
3. 1996	78,050	78,050	0	59,071	59,071	5,261	5,261	1,652	1,652	501	0	XXX
4. 1997	82,773	82,773	0	47,926	47,926	4,965	4,965	2,795	2,795	1,527	0	XXX
5. 1998	84,509	84,509	0	53,088	53,088	5,012	5,012	2,476	2,476	1,740	0	XXX
6. 1999	83,453	83,453	0	99,705	99,705	4,685	4,685	771	771	3,437	0	XXX
7. 2000	74,836	74,836	0	55,119	55,119	3,122	3,122	516	516	2,648	0	XXX
8. 2001	87,343	87,343	0	72,815	72,815	5,068	5,068	1,336	1,336	7,629	0	XXX
9. 2002	128,917	128,917	0	40,822	40,822	5,706	5,706	1,597	1,597	11,925	0	XXX
10. 2003	236,881	236,881	0	39,040	39,040	5,192	5,192	748	748	9,059	0	XXX
11. 2004	289,247	289,247	0	9,362	9,362	1,888	1,888	97	97	576	0	XXX
12. Totals	XXX	XXX	XXX	534,825	534,825	48,113	48,113	14,444	14,444	39,112	0	XXX

	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. ....	294	294	0	0	31	31	0	0	327	327	0	0	XXX
2. ....	175	175	0	0	5	5	0	0	50	50	0	0	XXX
3. ....	157	157	0	0	2	2	0	0	44	44	0	0	XXX
4. ....	286	286	0	0	15	15	0	0	99	99	0	0	XXX
5. ....	752	752	0	0	5	5	0	0	124	124	0	0	XXX
6. ....	1,734	1,734	308	308	261	261	137	137	183	183	0	0	XXX
7. ....	1,581	1,581	905	905	10	10	337	337	270	270	0	0	XXX
8. ....	12,284	12,284	3,125	3,125	1,068	1,068	1,177	1,177	424	424	0	0	XXX
9. ....	6,338	6,338	17,719	17,719	1,593	1,593	4,395	4,395	1,036	1,036	0	0	XXX
10. ....	12,721	12,721	59,729	59,729	4,101	4,101	9,375	9,375	2,423	2,423	0	0	XXX
11. ....	20,394	20,394	139,767	139,767	4,001	4,001	20,694	20,694	4,242	4,242	0	0	XXX
12. Totals	56,716	56,716	221,553	221,553	11,092	11,092	36,115	36,115	9,223	9,223	0	0	XXX

	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. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2. ....	67,200	67,200	0	72.0	72.0	0.0	0	0	0	0	0
3. ....	66,187	66,187	0	84.8	84.8	0.0	0	0	0	0	0
4. ....	56,086	56,086	0	67.8	67.8	0.0	0	0	0	0	0
5. ....	61,456	61,456	0	72.7	72.7	0.0	0	0	0	0	0
6. ....	107,785	107,785	0	129.2	129.2	0.0	0	0	0	0	0
7. ....	61,859	61,859	0	82.7	82.7	0.0	0	0	0	0	0
8. ....	97,297	97,297	0	111.4	111.4	0.0	0	0	0	0	0
9. ....	79,205	79,205	0	61.4	61.4	0.0	0	0	0	0	0
10. ....	133,329	133,329	0	56.3	56.3	0.0	0	0	0	0	0
11. ....	200,445	200,445	0	69.3	69.3	0.0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

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

**NONE**

Schedule P - Part 3 - Summary

**NONE**

Schedule P - Part 4 - Summary

**NONE**

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

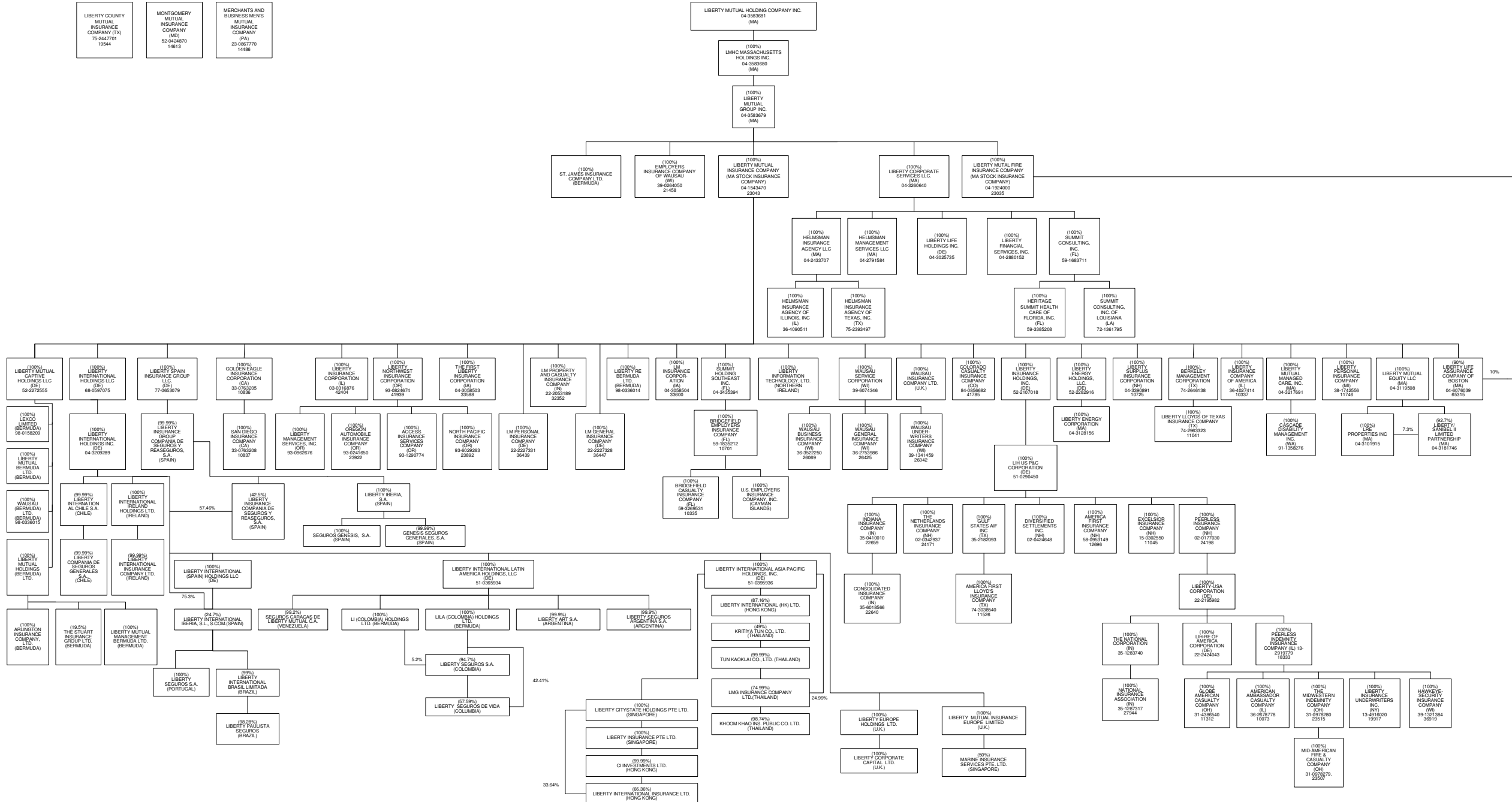
States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses 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	1,749,108	2,170,690	0	1,950,311	2,249,767	3,261,659	0	
2. Alaska	AK	Yes	2,883,166	2,702,096	0	742,894	1,357,317	2,766,607	0	
3. Arizona	AZ	Yes	3,140,242	2,945,083	0	2,793,973	4,717,834	3,523,995	0	
4. Arkansas	AR	Yes	2,788,704	2,530,136	0	258,155	1,888,908	2,532,302	0	
5. California	CA	Yes	39,580,285	37,912,589	0	3,916,625	21,030,934	36,568,425	0	
6. Colorado	CO	Yes	2,838,944	3,239,556	0	9,513,795	10,714,418	2,576,903	0	
7. Connecticut	CT	Yes	4,517,458	4,402,171	0	28,334	1,885,565	3,551,216	0	
8. Delaware	DE	Yes	193,297	189,807	0	(7,301)	73,243	189,986	0	
9. District of Columbia	DC	Yes	605,866	538,591	0	0	233,397	452,384	0	
10. Florida	FL	Yes	6,359,111	6,893,720	0	3,541,892	5,224,342	5,621,642	0	
11. Georgia	GA	Yes	5,399,423	5,389,461	0	40,442	3,995,451	6,064,133	0	
12. Hawaii	HI	Yes	2,169,279	2,187,418	0	6,826	1,192,543	2,029,538	0	
13. Idaho	ID	Yes	881,368	1,017,452	0	31,081	402,819	713,683	0	
14. Illinois	IL	Yes	22,342,454	20,886,500	0	417,096	9,369,049	17,404,766	0	
15. Indiana	IN	Yes	3,695,333	3,576,157	0	0	1,804,526	3,024,764	0	
16. Iowa	IA	Yes	1,416,515	1,543,897	0	58,952	763,958	1,171,909	0	
17. Kansas	KS	Yes	3,235,718	3,426,186	0	1,000,000	2,664,002	2,445,849	0	
18. Kentucky	KY	Yes	1,874,450	1,824,163	0	(41,479)	784,294	1,424,194	0	
19. Louisiana	LA	Yes	2,467,016	4,000,255	0	11,389,177	1,405,179	8,344,911	0	
20. Maine	ME	Yes	772,227	615,168	0	0	309,479	526,871	0	
21. Maryland	MD	Yes	2,237,339	1,860,565	0	0	(2,528,105)	1,756,080	0	
22. Massachusetts	MA	Yes	7,501,252	7,247,118	0	216,572	3,837,935	5,069,904	0	
23. Michigan	MI	Yes	3,033,365	3,851,725	0	966,467	2,301,593	3,966,091	0	
24. Minnesota	MN	Yes	3,896,710	4,327,944	0	52,885	1,999,290	4,550,767	0	
25. Mississippi	MS	Yes	1,611,267	1,725,150	0	165,500	785,405	1,450,504	0	
26. Missouri	MO	Yes	4,916,648	5,239,881	0	615,433	2,800,865	4,509,079	0	
27. Montana	MT	Yes	812,590	827,260	0	7,000	91,628	245,969	0	
28. Nebraska	NE	Yes	1,389,648	1,410,301	0	0	1,515,969	1,917,875	0	
29. Nevada	NV	Yes	2,232,843	2,350,366	0	7,000	1,385,710	2,186,574	0	
30. New Hampshire	NH	Yes	1,140,174	1,023,247	0	60,637	502,985	689,658	0	
31. New Jersey	NJ	Yes	13,374,382	14,353,157	0	1,187,691	6,070,270	13,325,768	0	
32. New Mexico	NM	Yes	765,728	1,082,084	0	450,000	1,425,088	1,822,356	0	
33. New York	NY	Yes	58,747,844	53,506,776	0	7,161,014	16,618,530	44,731,646	0	
34. North Carolina	NC	Yes	3,566,921	3,544,499	0	130,497	1,376,915	2,892,594	0	
35. North Dakota	ND	Yes	338,327	292,831	0	0	90,794	221,421	0	
36. Ohio	OH	Yes	4,200,805	5,079,008	0	1,663,415	3,552,982	6,216,361	0	
37. Oklahoma	OK	Yes	1,772,340	2,415,688	0	71,765	570,034	1,958,768	0	
38. Oregon	OR	Yes	2,717,046	2,446,212	0	1,460,088	2,320,057	2,339,384	0	
39. Pennsylvania	PA	Yes	8,517,608	7,991,521	0	2,215,176	4,173,157	6,441,018	0	
40. Rhode Island	RI	Yes	3,145,470	3,180,491	0	460,114	1,014,608	3,195,146	0	
41. South Carolina	SC	Yes	838,644	580,680	0	(25,254)	61,921	508,512	0	
42. South Dakota	SD	Yes	366,316	302,389	0	0	170,498	221,085	0	
43. Tennessee	TN	Yes	2,814,176	2,718,876	0	0	1,111,690	1,954,632	0	
44. Texas	TX	Yes	25,845,789	28,063,365	0	7,256,758	23,321,735	35,406,669	0	
45. Utah	UT	Yes	1,748,469	2,133,837	0	42,139	800,102	1,202,014	0	
46. Vermont	VT	Yes	227,797	210,773	0	250	75,826	135,140	0	
47. Virginia	VA	Yes	2,894,425	2,819,355	0	594,922	1,469,711	2,511,140	0	
48. Washington	WA	Yes	12,331,849	12,220,258	0	6,141,652	10,315,235	9,861,859	0	
49. West Virginia	WV	Yes	2,954,370	2,892,187	0	631,394	1,519,099	2,089,530	0	
50. Wisconsin	WI	Yes	3,610,880	3,435,837	0	54,549	1,454,235	3,038,476	0	
51. Wyoming	WY	Yes	147,397	539,568	0	26,343	35,588	238,951	0	
52. American Samoa	AS	No	0	0	0	0	0	0	0	
53. Guam	GU	No	0	0	0	0	0	0	0	
54. Puerto Rico	PR	No	0	0	0	0	0	0	0	
55. U.S. Virgin Islands	VI	No	0	0	0	0	(3,050)	2,285	0	
56. Canada	CN	No	(268,672)	(62,996)	0	0	14,908	24,974	0	
57. Aggregate Other Aliens	OT	XXX	(69,324)	1,293,003	0	5,686,129	(86,247)	5,248,526	0	
58. Totals	(a) 51		288,270,389	288,894,051	0	72,940,910	162,038,315	276,139,111	0	
<b>DETAILS OF WRITE-INS</b>										
5701. Other Alien	XXX		(69,324)	1,293,003	0	5,686,129	(86,247)	5,248,526	0	
5702.	XXX									
5703.	XXX									
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0	0	0	0	
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	XXX		(69,324)	1,293,003	0	5,686,129	(86,247)	5,248,526	0	

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

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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Liberty Insurance Underwriters Inc.

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



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