

ANNUAL STATEMENT

OF THE

Liberty Mutual Fire Insurance Company

of **Boston**

in the state of **Massachusetts**

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2004



23035200420100100

ANNUAL STATEMENT

For the Year Ended December 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Fire Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 23035 Employer's ID Number 04-1924000
 (Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated: October 31, 1908 Commenced Business: November 5, 1908

Statutory Home Office: 175 Berkeley Street Boston, MA 02117

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

Mail Address: 175 Berkeley Street Boston, MA 02117

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

Internet Website Address: www.LibertyMutual.com

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

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

OFFICERS

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

Vice-Presidents

Name	Title	Name	Title
<u>James Paul Condrin, III</u>	<u>Executive Vice President</u>	<u>Anthony Alexander Fontanes</u>	<u>Sr. VP & Chief Investment Officer</u>
<u>Gary Richard Gregg</u>	<u>Executive Vice President</u>	<u>Dennis James Langwell</u>	<u>Sr. VP & Chief Financial Officer</u>
<u>Christopher Charles Mansfield</u>	<u>Sr. VP & General Counsel</u>	<u>Roger Lucien Jean</u>	<u>Executive Vice President</u>
<u>Thomas Crawford Ramey</u>	<u>Executive Vice President</u>	<u>Stuart Michael McGuigan</u>	<u>Sr. VP & Chief Information Officer</u>
<u>Helen Elizabeth Russell Sayles</u>	<u>Senior Vice President</u>	<u>Stephen Gregory Sullivan</u>	<u>Senior Vice President</u>
<u>John Derek Doyle</u>	<u>Vice President & Comptroller</u>	<u>Robert Thomas Muleski</u>	<u>Vice President & Corporate Actuary</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

DIRECTORS OR TRUSTEES

<u>James Paul Condrin, III</u>	<u>Dennis James Langwell</u>	<u>Anthony Alexander Fontanes</u>	<u>Gary Richard Gregg</u>
<u>Edmund Francis Kelly</u>	<u>Christopher Charles Mansfield</u>	<u>Thomas Crawford Ramey</u>	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

State of Massachusetts
 County of Suffolk ss

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

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

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	1,911,210,393		1,911,210,393	1,700,533,530
2. Stocks (Schedule D):				
2.1 Preferred stocks	7,307,286		7,307,286	5,939,142
2.2 Common stocks	226,403,422		226,403,422	192,033,825
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 3,131,944 , Schedule E-Part 1), cash equivalents (\$ 1,652,719 , Schedule E-Part 2) and short-term investments (\$ 61,164,708 , Schedule DA)	65,949,371		65,949,371	29,954,220
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	82,910,316		82,910,316	72,699,271
8. Receivable for securities	10,659,628		10,659,628	3,109,327
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	2,304,440,416		2,304,440,416	2,004,269,315
11. Investment income due and accrued	18,757,646		18,757,646	18,565,332
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	70,791,545	3,652,583	67,138,962	88,540,196
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	191,778,276	200,445	191,577,831	154,019,888
12.3 Accrued retrospective premiums	85,259,784	8,576,859	76,682,925	79,659,423
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers				
13.2 Funds held by or deposited with reinsured companies				
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans	379,109	379,109		
15.1 Current federal and foreign income tax recoverable and interest thereon	2,645,344		2,645,344	
15.2 Net deferred tax asset	95,167,000	36,608,700	58,558,300	71,645,400
16. Guaranty funds receivable or on deposit	5,628,129		5,628,129	4,579,344
17. Electronic data processing equipment and software				
18. Furniture and equipment, including health care delivery assets (\$ 0)				
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates				91,871,435
21. Health care (\$ 0) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	50,333,670	1,674,608	48,659,062	47,452,244
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,825,180,919	51,092,304	2,774,088,615	2,560,602,577
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	2,825,180,919	51,092,304	2,774,088,615	2,560,602,577

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 + 0998) (Line 9 above)				
2301. Cash surrender value-life insurance	18,940,918		18,940,918	16,550,750
2302. Other assets	4,578,470	1,046,220	3,532,250	3,307,962
2303. Equities and deposits in pools and associations	3,019,071		3,019,071	4,812,867
2398. Summary of remaining write-ins for Line 23 from overflow page	23,795,211	628,388	23,166,823	22,780,665
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	50,333,670	1,674,608	48,659,062	47,452,244

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	1,339,024,139	1,318,731,775
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	255,401,951	260,766,587
4. Commissions payable, contingent commissions and other similar charges	13,603,862	12,265,663
5. Other expenses (excluding taxes, licenses and fees)	49,072,851	39,117,576
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	30,355,854	35,808,956
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		2,989,712
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 2,586,061,892 and including warranty reserves of \$ 0)	403,391,948	383,526,057
10. Advance premium	3,750,178	3,833,545
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	1,101,146	350,816
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	378,157	3,452,637
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	36,807,246	40,685,253
19. Payable to parent, subsidiaries and affiliates	45,288,657	
20. Payable for securities	39,546,507	29,950,975
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(116,378,423)	(122,106,634)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	2,101,344,073	2,009,372,918
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	2,101,344,073	2,009,372,918
27. Aggregate write-ins for special surplus funds	113,937,022	111,559,667
28. Common capital stock	10,000,000	10,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31. Surplus notes		
32. Gross paid in and contributed surplus	75,000,000	
33. Unassigned funds (surplus)	472,557,520	428,419,992
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)		
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	672,744,542	551,229,659
36. TOTALS (Page 2, Line 26, Col. 3)	2,774,088,615	2,560,602,577

DETAILS OF WRITE-INS		
2301. Pooled retroactive reinsurance	(221,016,568)	(215,675,072)
2302. Other liabilities	37,324,886	39,206,578
2303. Amounts held under uninsured plans	67,313,259	54,294,776
2398. Summary of remaining write-ins for Line 23 from overflow page		67,084
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(116,378,423)	(122,106,634)
2701. Special surplus from retroactive reinsurance	113,937,022	111,559,667
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	113,937,022	111,559,667
3001. Guaranty funds	1,250,000	1,250,000
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	1,250,000	1,250,000

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME	1	2
UNDERWRITING INCOME	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	970,017,487	875,885,883
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	644,870,788	581,790,223
3. Loss expenses incurred (Part 3, Line 25, Column 1)	158,276,093	167,491,750
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	241,429,963	213,972,587
5. Aggregate write-ins for underwriting deductions		67,084
6. Total underwriting deductions (Lines 2 through 5)	1,044,576,844	963,321,644
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(74,559,357)	(87,435,761)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	111,120,233	130,847,188
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	16,958,611	47,614,648
11. Net investment gain (loss) (Lines 9 + 10)	128,078,844	178,461,836
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 92,400 amount charged off \$ 4,763,154)	(4,670,754)	(4,628,867)
13. Finance and service charges not included in premiums	5,945,767	5,339,075
14. Aggregate write-ins for miscellaneous income	(19,554,445)	(23,801,243)
15. Total other income (Lines 12 through 14)	(18,279,432)	(23,091,035)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	35,240,055	67,935,040
17. Dividends to policyholders	3,943,250	(240,136)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	31,296,805	68,175,176
19. Federal and foreign income taxes incurred	(3,328,959)	(4,504,938)
20. Net income (Line 18 minus Line 19) (to Line 22)	34,625,764	72,680,114
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	551,229,659	701,778,029
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	34,625,764	72,680,114
23. Change in net unrealized capital gains or (losses)	15,711,707	42,439,243
24. Change in net unrealized foreign exchange capital gain (loss)	(703,780)	(1,210,443)
25. Change in net deferred income tax	6,995,567	(27,723,601)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(23,304,327)	33,941,271
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in	75,000,000	
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		(283,308,712)
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus	13,189,952	12,633,758
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	121,514,883	(150,548,370)
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	672,744,542	551,229,659
DETAILS OF WRITE-INS		
0501. North Carolina Private Passenger Auto Escrow		67,084
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		67,084
1401. Other income/(expense)	(21,917,261)	(18,899,110)
1402. Retroactive reinsurance gain	2,362,816	(4,902,133)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(19,554,445)	(23,801,243)
3601. Change in accumulated translation adjustment	13,189,952	12,633,758
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Lines 3601 through 3603 plus Line 3698) (Line 36 above)	13,189,952	12,633,758

CASH FLOW	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	973,921,186	899,995,589
2. Net investment income	111,223,649	135,499,398
3. Miscellaneous income	4,228,633	(31,091,012)
4. Total (Lines 1 through 3)	1,089,373,468	1,004,403,975
5. Benefit and loss related payments	628,397,720	507,494,362
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	399,445,567	360,017,529
8. Dividends paid to policyholders	3,192,920	5,066,898
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	2,306,097	(2,940,434)
10. Total (Lines 5 through 9)	1,033,342,304	869,638,355
11. Net cash from operations (Line 4 minus Line 10)	56,031,164	134,765,620
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	972,267,481	1,884,047,493
12.2 Stocks	257,460,724	250,188,689
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	22,894,716	14,926,276
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	2,045,232	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,254,668,153	2,149,162,458
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,164,968,009	1,684,081,047
13.2 Stocks	283,662,616	242,801,673
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	25,826,528	36,991,572
13.6 Miscellaneous applications		73,820,313
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,474,457,153	2,037,694,605
14. Net increase (decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(219,789,000)	111,467,853
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	75,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		283,308,712
16.6 Other cash provided (applied)	124,752,987	(111,877,461)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	199,752,987	(395,186,173)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	35,995,151	(148,952,700)
19. Cash and short-term investments:		
19.1 Beginning of year	29,954,220	178,906,920
19.2 End of year (Line 18 plus Line 19.1)	65,949,371	29,954,220

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	17,851,220	7,758,844	9,327,915	16,282,149
2. Allied lines	5,883,098	3,155,976	3,411,096	5,627,978
3. Farmowners multiple peril	(380,179)	380,179		
4. Homeowners multiple peril	112,673,181	64,228,389	69,003,597	107,897,973
5. Commercial multiple peril	16,462,029	14,173,912	8,475,432	22,160,509
6. Mortgage guaranty				
8. Ocean marine	2,689,657	4,643,539	4,200,295	3,132,901
9. Inland marine	5,869,622	3,785,976	3,596,153	6,059,445
10. Financial guaranty				
11.1 Medical malpractice - occurrence	(1,861)	1,374	97	(584)
11.2 Medical malpractice - claims-made				
12. Earthquake	3,069,501	1,285,078	1,410,530	2,944,049
13. Group accident and health	(819,173)	116,837		(702,336)
14. Credit accident and health (group and individual)				
15. Other accident and health	14,097	198	876	13,419
16. Workers' compensation	312,619,503	(32,744,117)	(26,032,544)	305,907,930
17.1 Other liability - occurrence	48,140,656	13,020,277	15,392,383	45,768,550
17.2 Other liability - claims-made	9,358,403	6,911,200	6,571,855	9,697,748
18.1 Products liability - occurrence	3,855,587	(97,520)	881,299	2,876,768
18.2 Products liability - claims-made	236,256	5,380		241,636
19.1, 19.2 Private passenger auto liability	237,103,645	107,434,605	116,688,361	227,849,889
19.3, 19.4 Commercial auto liability	42,688,203	13,572,934	13,697,549	42,563,588
21. Auto physical damage	142,360,811	75,262,034	78,407,765	139,215,080
22. Aircraft (all perils)	6,393,714	1,104,810	1,869,156	5,629,368
23. Fidelity	374,055	203,063	184,142	392,976
24. Surety	14,100,828	9,586,011	9,929,073	13,757,766
26. Burglary and theft	38,501	30,410	29,316	39,595
27. Boiler and machinery	201,101	125,488	110,460	216,129
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	3,968,722	283,570	261,426	3,990,866
31. Reinsurance-Nonproportional Assumed Liability	8,127,113	1,241,970	715,932	8,653,151
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	992,878,290	295,470,417	318,132,164	970,216,543

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	8,734,672	593,243			9,327,915
2. Allied lines	3,316,074	95,022			3,411,096
3. Farmowners multiple peril					
4. Homeowners multiple peril	69,003,034	563			69,003,597
5. Commercial multiple peril	8,335,457	139,975			8,475,432
6. Mortgage guaranty					
8. Ocean marine	4,200,276	18			4,200,294
9. Inland marine	3,588,255	7,898			3,596,153
10. Financial guaranty					
11.1 Medical malpractice - occurrence	97				97
11.2 Medical malpractice - claims-made					
12. Earthquake	1,337,869	72,661			1,410,530
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	876				876
16. Workers' compensation	43,340,811	5,517,435		(74,890,789)	(26,032,543)
17.1 Other liability - occurrence	16,076,269	3,806,215		(4,490,100)	15,392,384
17.2 Other liability - claims-made	6,571,855				6,571,855
18.1 Products liability - occurrence	849,949	1,873,882		(1,842,533)	881,298
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	116,688,360				116,688,360
19.3, 19.4 Commercial auto liability	17,908,411	134		(4,210,996)	13,697,549
21. Auto physical damage	78,379,139	28,862		(236)	78,407,765
22. Aircraft (all perils)	1,869,156				1,869,156
23. Fidelity	182,998	1,144			184,142
24. Surety	5,492,494	4,261,709		174,870	9,929,073
26. Burglary and theft	28,964	352			29,316
27. Boiler and machinery	95,425	15,035			110,460
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	261,426				261,426
31. Reinsurance-Nonproportional Assumed Liability	715,932				715,932
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	386,977,799	16,414,148		(85,259,784)	318,132,163
35. Accrued retrospective premiums based on experience					85,259,784
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					403,391,947

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	49,845,302	17,851,220		49,845,302		17,851,220
2. Allied lines	45,778,729	5,883,098		45,778,729		5,883,098
3. Farmowners multiple peril		(380,179)				(380,179)
4. Homeowners multiple peril	1,132,043,761	112,673,181		1,132,043,761		112,673,181
5. Commercial multiple peril	95,344,040	16,462,029		95,344,040		16,462,029
6. Mortgage guaranty						
8. Ocean marine	3,668,050	2,689,657		3,668,050		2,689,657
9. Inland marine	35,923,459	5,869,622		35,923,459		5,869,622
10. Financial guaranty						
11.1 Medical malpractice - occurrence	(24,000)	(1,861)		(24,000)		(1,861)
11.2 Medical malpractice - claims-made						
12. Earthquake	14,281,568	3,069,501		14,281,568		3,069,501
13. Group accident and health		(819,173)				(819,173)
14. Credit accident and health (group and individual)						
15. Other accident and health		14,097				14,097
16. Workers' compensation	880,744,385	312,619,503		880,744,387		312,619,501
17.1 Other liability - occurrence	234,655,008	48,140,656		234,655,008		48,140,656
17.2 Other liability - claims-made	569,178	9,358,403		569,178		9,358,403
18.1 Products liability - occurrence	78,591,990	3,855,587		78,591,990		3,855,587
18.2 Products liability - claims-made	380,050	236,256		380,050		236,256
19.1, 19.2 Private passenger auto liability	1,619,443,582	237,103,645		1,619,443,582		237,103,645
19.3, 19.4 Commercial auto liability	288,870,392	42,688,203		288,870,392		42,688,203
21. Auto physical damage	1,149,280,517	142,360,811		1,149,280,517		142,360,811
22. Aircraft (all perils)		6,393,714				6,393,714
23. Fidelity		374,055				374,055
24. Surety	4,002,446	14,100,828		4,002,446		14,100,828
26. Burglary and theft	1,768	38,501		1,768		38,501
27. Boiler and machinery	36,436	201,101		36,436		201,101
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	3,968,722				3,968,722
31. Reinsurance-Nonproportional Assumed Liability	X X X	8,127,113				8,127,113
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	5,633,436,661	992,878,290		5,633,436,663		992,878,288

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

- (a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes No
- If yes:
1. The amount of such installment premiums \$ 27,125,380
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 104,279,821

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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	17,107,105	4,781,665	17,107,105	4,781,665	7,185,490	7,206,570	4,760,585	29.238
2. Allied lines	19,275,826	3,428,292	19,275,824	3,428,294	4,091,580	3,515,557	4,004,317	71.150
3. Farmowners multiple peril		293,104		293,104		293,104		
4. Homeowners multiple peril	493,951,160	65,161,475	493,951,162	65,161,473	30,921,063	26,638,247	69,444,289	64.361
5. Commercial multiple peril	35,228,675	19,149,809	35,228,673	19,149,811	25,535,373	37,539,043	7,146,141	32.247
6. Mortgage guaranty								
8. Ocean marine	1,812,197	2,086,199	1,812,193	2,086,203	6,401,642	5,671,408	2,816,437	89.899
9. Inland marine	9,780,750	2,538,756	9,780,748	2,538,758	4,286,961	4,196,015	2,629,704	43.398
10. Financial guaranty								
11.1 Medical malpractice - occurrence		7,491		7,491	11,018	15,622	2,887	(494.349)
11.2 Medical malpractice - claims - made								
12. Earthquake	168,801	11,775	168,801	11,775	128,622	732,327	(591,930)	(20.106)
13. Group accident and health		45,951,223		45,951,223	388,094	50,665,440	(4,326,123)	615.962
14. Credit accident and health (group and individual)								
15. Other accident and health		91,913		91,913	361,268	468,829	(15,648)	(116.611)
16. Workers' compensation	863,804,941	159,430,917	863,804,942	159,430,916	702,355,614	646,992,382	214,794,148	70.215
17.1 Other liability - occurrence	97,060,059	44,704,439	97,060,059	44,704,439	171,544,476	153,481,534	62,767,381	137.141
17.2 Other liability - claims - made	(3,000,000)	1,680,631	(3,000,000)	1,680,631	21,215,658	13,851,441	9,044,848	93.268
18.1 Products liability - occurrence	22,865,614	8,914,395	22,865,616	8,914,393	55,911,242	59,314,571	5,511,064	191.571
18.2 Products liability - claims - made	749,125	75,252	749,125	75,252	540,315	465,995	149,572	61.900
19.1, 19.2 Private passenger auto liability	819,744,124	162,721,921	819,744,121	162,721,924	199,463,679	217,805,298	144,380,305	63.366
19.3, 19.4 Commercial auto liability	183,022,560	28,620,783	183,022,559	28,620,784	60,139,909	63,230,237	25,530,456	59.982
21. Auto physical damage	509,276,677	66,817,907	509,276,679	66,817,905	(4,904,132)	(6,211,931)	68,125,704	48.936
22. Aircraft (all perils)		2,692,867		2,692,867	6,324,856	5,245,191	3,772,532	67.015
23. Fidelity		189,934		189,934	742,071	604,483	327,522	83.344
24. Surety		4,627,438		4,627,438	6,572,077	4,970,779	6,228,736	45.274
26. Burglary and theft		24,015		24,015	191,723	283,155	(67,417)	(170.266)
27. Boiler and machinery		23,749		23,749	10,409	164,639	(130,481)	(60.372)
28. Credit					1,498	8,907	(7,409)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	(5,281,906)		(5,281,906)	11,873,423	1,799,656	4,791,861	120.071
31. Reinsurance-Nonproportional Assumed Liability	X X X	5,747,755		5,747,755	27,543,504	19,646,410	13,644,849	157.686
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	31,352		31,352	186,707	136,866	81,193	
33. Aggregate write-ins for other lines of business								
34. TOTALS	3,070,847,614	624,523,151	3,070,847,607	624,523,158	1,339,024,140	1,318,731,775	644,815,523	66.461

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	10,262,560	4,113,319	10,262,560	4,113,319	3,477,082	3,072,171	3,477,082	7,185,490	700,392
2. Allied lines	10,438,605	3,797,971	10,438,605	3,797,971	3,131,586	293,609	3,131,586	4,091,580	350,168
3. Farmowners multiple peril									8,844
4. Homeowners multiple peril	156,773,197	18,972,393	156,773,197	18,972,393	117,755,051	11,948,670	117,755,051	30,921,063	8,345,291
5. Commercial multiple peril	69,365,568	19,981,479	69,365,568	19,981,479	5,297,864	5,553,893	5,297,864	25,535,372	8,314,547
6. Mortgage guaranty									
8. Ocean marine	505,749	4,480,809	505,749	4,480,809	287,807	1,920,832	287,807	6,401,641	966,236
9. Inland marine	4,291,304	2,624,552	4,291,304	2,624,552	7,900,867	1,662,409	7,900,867	4,286,961	874,669
10. Financial guaranty									
11.1 Medical malpractice - occurrence		102,953		102,953		(91,935)		11,018	1,032
11.2 Medical malpractice - claims - made									
12. Earthquake	310,936	54,712	310,936	54,712	332,717	73,911	332,717	128,623	62,638
13. Group accident and health		487,969		487,969		(99,875)		(a) 388,094	30,200
14. Credit accident and health (group and individual)									
15. Other accident and health		96,916		96,916		264,352		(a) 361,268	13,738
16. Workers' compensation	2,436,073,191	506,364,461	2,436,073,191	506,364,461	1,252,204,138	195,991,153	1,252,204,138	702,355,614	86,306,169
17.1 Other liability - occurrence	170,969,963	118,883,460	170,969,963	118,883,460	211,939,852	52,661,016	211,939,852	171,544,476	52,303,693
17.2 Other liability - claims - made	3,205,000	6,773,140	3,205,000	6,773,140	568,922	14,442,519	568,922	21,215,659	7,272,819
18.1 Products liability - occurrence	37,626,132	38,829,188	37,626,132	38,829,188	73,649,768	17,082,053	73,649,768	55,911,241	25,265,082
18.2 Products liability - claims - made	899,031	237,803	899,031	237,803	1,310,907	302,512	1,310,907	540,315	311,218
19.1, 19.2 Private passenger auto liability	911,707,180	136,181,484	911,707,180	136,181,484	359,571,479	63,282,194	359,571,479	199,463,678	45,822,921
19.3, 19.4 Commercial auto liability	205,905,245	33,570,731	205,905,245	33,570,731	224,968,606	26,569,179	224,968,606	60,139,910	8,862,828
21. Auto physical damage		(35,661)		(35,661)	(22,171,916)	(4,868,472)	(22,171,916)	(4,904,133)	5,384,726
22. Aircraft (all perils)		4,587,629		4,587,629		1,737,226		6,324,855	1,300,852
23. Fidelity		131,414		131,414	76,671	610,657	76,671	742,071	193,840
24. Surety		1,756,610		1,756,610	504,041	4,815,467	504,041	6,572,077	1,897,496
26. Burglary and theft		29,905		29,905	41,494	161,819	41,494	191,724	22,329
27. Boiler and machinery		168,327		168,327	274,866	(157,918)	274,866	10,409	45,103
28. Credit						1,498		1,498	79
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	5,175,000		5,175,000	X X X	6,698,423		11,873,423	124,704
31. Reinsurance-Nonproportional Assumed Liability	X X X	18,909,490		18,909,490	X X X	8,634,013		27,543,503	620,339
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	189,640		189,640	X X X	(2,932)		186,708	(1)
33. Aggregate write-ins for other lines of business									
34. TOTALS	4,018,333,661	926,465,694	4,018,333,661	926,465,694	2,241,121,802	412,558,444	2,241,121,802	1,339,024,138	255,401,952

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

(a) Including \$ 0 for present value of life indemnity claims.

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	332,754,211			332,754,211
1.2 Reinsurance assumed	69,019,422			69,019,422
1.3 Reinsurance ceded	332,754,211			332,754,211
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	69,019,422			69,019,422
2. Commission and brokerage:				
2.1 Direct excluding contingent		131,416,390		131,416,390
2.2 Reinsurance assumed excluding contingent		4,807,776		4,807,776
2.3 Reinsurance ceded excluding contingent		131,416,390		131,416,390
2.4 Contingent-direct		248,824		248,824
2.5 Contingent-reinsurance assumed		3,842,840		3,842,840
2.6 Contingent-reinsurance ceded		248,824		248,824
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		8,650,616		8,650,616
3. Allowances to manager and agents	130	370		500
4. Advertising	874,363	7,723,449	1,860	8,599,672
5. Boards, bureaus and associations	235,870	2,605,482	45	2,841,397
6. Surveys and underwriting reports	2,277	3,025,318	2	3,027,597
7. Audit of assureds' records	40	110		150
8. Salary and related items:				
8.1 Salaries	53,524,222	106,028,026	532,286	160,084,534
8.2 Payroll taxes	3,052,433	8,252,307	26,497	11,331,237
9. Employee relations and welfare	7,338,857	21,093,459	30,121	28,462,437
10. Insurance	4,763,775	1,222,510	934	5,987,219
11. Directors' fees	413	27,551	1	27,965
12. Travel and travel items	3,299,003	7,910,013	10,522	11,219,538
13. Rent and rent items	3,861,909	10,136,644	8,853	14,007,406
14. Equipment	3,314,675	7,518,363	12,389	10,845,427
15. Cost or depreciation of EDP equipment and software	848,073	1,459,865	7,967	2,315,905
16. Printing and stationery	884,768	2,145,564	2,568	3,032,900
17. Postage, telephone and telegraph, exchange and express	2,676,087	7,193,801	29,541	9,899,429
18. Legal and auditing	386,396	1,932,822	49,871	2,369,089
19. Totals (Lines 3 to 18)	85,063,291	188,275,654	713,457	274,052,402
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 1,139,380		36,030,960		36,030,960
20.2 Insurance department licenses and fees		917,623		917,623
20.3 Gross guaranty association assessments		611,046		611,046
20.4 All other (excluding federal and foreign income and real estate)		1,765,950		1,765,950
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		39,325,579		39,325,579
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	4,193,378	5,178,117	70,525	9,442,020
25. Total expenses incurred	158,276,091	241,429,966	783,982 (a)	400,490,039
26. Less unpaid expenses-current year	255,401,951	93,051,149	(18,583)	348,434,517
27. Add unpaid expenses-prior year	260,766,587	87,210,778	(18,583)	347,958,782
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	163,640,727	235,589,595	783,982	400,014,304
DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(229,855)			(229,855)
2402. Other expenses	4,423,233	5,178,117	70,525	9,671,875
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,193,378	5,178,117	70,525	9,442,020

(a) Includes management fees of \$ 776,881 to affiliates and \$ 280,986 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 17,875,754	18,087,809
1.1 Bonds exempt from U.S. tax	(a) 2,909,779	2,961,657
1.2 Other bonds (unaffiliated)	(a) 78,196,727	78,399,174
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 925,902	925,462
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	8,575,183	8,365,569
2.21 Common stocks of affiliates	(52,966)	(52,966)
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 795,031	907,438
7. Derivative instruments	(f)	
8. Other invested assets	2,152,136	1,939,574
9. Aggregate write-ins for investment income	370,498	370,498
10. Total gross investment income	111,748,044	111,904,215
11. Investment expenses		(g) 783,982
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		783,982
17. Net investment income (Line 10 minus Line 16)		111,120,233
DETAILS OF WRITE-INS		
0901. Miscellaneous Income/(Expense)	370,498	370,498
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	370,498	370,498
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		

- (a) Includes \$ 2,130,013 accrual of discount less \$ 2,382,161 amortization of premium and less \$ 5,716,173 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 52,264 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	2,315,502			2,315,502
1.1 Bonds exempt from U.S. tax	792,261			792,261
1.2 Other bonds (unaffiliated)	13,582,228	(933,213)	108,988	12,758,003
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)	(182,239)		(84,686)	(266,925)
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	2,433,716	(1,940,840)	9,916,919	10,409,795
2.21 Common stocks of affiliates	(5,418,393)		4,794,715	(623,678)
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets	9,849,349	(3,539,771)	977,093	7,286,671
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	23,372,424	(6,413,824)	15,713,029	32,671,629

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	3,652,583	1,325,828	(2,326,755)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	200,445		(200,445)
12.3 Accrued retrospective premiums	8,576,859	8,396,212	(180,647)
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers			
13.2 Funds held by or deposited with reinsured companies			
13.3 Other amounts receivable under reinsurance contracts			
14. Amounts receivable relating to uninsured plans	379,109	435,171	56,062
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	36,608,700	16,526,033	(20,082,667)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software			
18. Furniture and equipment, including health care delivery assets			
19. Net adjustment in assets and liabilities due to foreign exchange rates			
20. Receivable from parent, subsidiaries and affiliates			
21. Health care and other amounts receivable			
22. Other assets nonadmitted			
23. Aggregate write-ins for other than invested assets	1,674,608	1,104,733	(569,875)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	51,092,304	27,787,977	(23,304,327)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	51,092,304	27,787,977	(23,304,327)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	1,046,220	344,075	(702,145)
2302. Amounts receivable under high deductible policies	628,388	760,658	132,270
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,674,608	1,104,733	(569,875)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

1. Investment grade short-term investments are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Investment grade bonds are carried at cost adjusted where appropriate for amortization of premium or discount, or market as specified by the SVO Manual.
3. Common stocks are carried at market value except that investments in stocks of subsidiaries and affiliates are carried on the equity basis.
4. Preferred stocks are carried at cost or market in accordance with the SVO Manual.
5. The Company does not own mortgage loans.
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
7. The Company carries its investments in subsidiaries, controlled, and affiliated (SCA) companies in accordance with SSAP No. 46, *Investments in Subsidiaries, Controlled Entities and Affiliates*, and the SVO Manual. Schedule D Part 6-Section 1 illustrates the valuation method used for each SCA company.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. Refer to note 8.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property-Casualty Contracts - Premiums*.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2004.

Note 2- Accounting Changes and Correction of Errors

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

B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Massachusetts. Effective January 1, 2001, the Massachusetts Division of Insurance required that insurance companies domiciled in Massachusetts prepare their statutory-basis financial statements in accordance with the NAIC APP Manual, effective January 1, 2001, subject to any deviations prescribed or permitted by the Massachusetts Insurance Commissioner.

NOTES TO FINANCIAL STATEMENTS

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

1. The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date, where historical cash flows are not readily available
2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were based upon 1-month historical constant prepayment rates.
3. The Company used IDSI, Bloomberg, and Lehman Index data in determining the market value of the vast majority of its loan-backed securities. A small number of securities are priced in other ways, such as contacting brokers.
4. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

B. The Company invests in various limited partnerships that are reported in accordance with SSAP No. 48. The partnerships are valued using traditional private equity valuation metrics. Interim poor performance within the partnerships may lead to impairment losses being recognized by management. The Company realized impairment losses of \$3,539,771 during the year.

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2004.

Note 8- Derivative Instruments

The Company's investment strategy does not include derivative instruments. However, the Company does acquire fixed maturities which have derivative features embedded which are ancillary to the overall investment and immaterial to the underlying investment portfolio.

NOTES TO FINANCIAL STATEMENTS

During the fourth quarter of 2004, the New York Department of Insurance approved a Derivative Use Policy submitted by the Company. As of December 31, 2004, no transactions had been executed under this Policy.

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	158,223,146	148,196,307	10,026,839
Total of deferred tax liabilities	(63,056,146)	(60,024,874)	(3,031,272)
Net deferred tax asset	95,167,000	88,171,433	6,995,567
Net deferred tax asset non-admitted	(36,608,700)	(16,526,033)	(20,082,667)
Net admitted deferred tax asset	58,558,300	71,645,400	(13,087,100)

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

	2004	2003
Federal	(3,328,959)	(4,504,938)
Net operating loss benefit	0	0
Foreign	0	0
Federal and foreign income tax incurred	(3,328,959)	(4,504,938)

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation deductions, partnership investments, fixed asset depreciation differences, deferred intercompany gain on securities, statutory non-admitted assets, unrealized gains, and tax credit carryforwards.

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

The Company had no net loss carry forward available to offset future net income subject to Federal income taxes. The company had a minimum tax credit of \$9,798,618, which does not expire.

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

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

NOTES TO FINANCIAL STATEMENTS

Heritage-Summit Healthcare of Florida, Inc.
 Indiana Insurance Company
 LEXCO Limited
 Liberty Assignment Corporation
 Liberty Corporate Services, Inc.
 Liberty Energy Corporation
 Liberty Financial Services, Inc.
 Liberty Hospitality Group, Inc.
 Liberty Insurance Company of America
 Liberty Insurance Corporation
 Liberty Insurance Holdings, Inc.
 Liberty Insurance Underwriters, Inc.
 Liberty International Aberdeen, Inc.
 Liberty International Asia Pacific Holdings, Inc.

St. James Insurance Company
 Summit Consulting, Inc.
 Summit Consulting, Inc. of Louisiana
 Summit Holding Southeast, Inc.
 The First Liberty Insurance Corporation
 The Midwestern Indemnity Company
 The National Corporation
 The Netherlands Insurance Company
 Wausau (Bermuda) Ltd.
 Wausau Business Insurance Company
 Wausau General Insurance Company
 Wausau Holdings, Inc.
 Wausau Service Corporation
 Wausau Underwriters Insurance Company

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

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group, Inc. ("LMGI"). LMGI is owned 100% by LMHC Massachusetts Holdings, Inc. ("LMHC MHI") and LMHC MHI is owned 100% by Liberty Mutual Holding Company, Inc. ("LMHCI").
- B. At the end of 2004, the Company made a capital contribution of \$10,000,000 to Liberty Life Assurance Company of Boston, for which it owns a 10% interest in. At the end of December 2004, the Company's parent, LMGI contributed \$75,000,000 million in capital to the Company.
- C. There were no material changes in terms of any intercompany arrangements.
- D. At December 31, 2004, the Company reported \$45,288,657 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company guarantees, jointly and severally with Liberty Mutual Insurance Company, \$88,000,000 of the medium term notes payable issued by parent company, LMGI.
- F. See Note 26 for information regarding intercompany pooling arrangement.
- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled or affiliated companies that exceeds 10% of admitted assets of the insurer.
- J. The Company did not recognize any impairment write down for its subsidiary, controlled, or affiliated companies during the statement period.

Note 11- Debt

Not applicable

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

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

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

1. The Company has 100,000 shares authorized, issued, and outstanding as of December 31, 2004. All shares have a stated par value of \$100.
2. Preferred Stock
 Not applicable
3. Dividend Restrictions
 There are no dividend restrictions, except as noted in 4 below.
4. The maximum amount of dividends which can be paid by Massachusetts-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, or (b) net income. Additionally,

NOTES TO FINANCIAL STATEMENTS

as a result of a Keepwell agreement with certain of its affiliates, the Company may be effectively limited from paying any dividend to shareholders when the Company's surplus is below 300% of Authorized Control Level risk based capital. Subject to the preceding sentence, the maximum dividend payout which may be made without prior approval in 2005 is \$67,274,454.

5. As of December 31, 2004, the Company has restricted surplus of \$113,937,022 resulting from retroactive reinsurance contracts.
6. The Company had no advances to surplus.
7. The Company did not hold stock for special purposes.
8. The Company had changes in special surplus funds since December 31, 2001 resulting from retroactive reinsurance contracts.
9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
a. Unrealized gains/(losses)	\$103,273,865	\$15,711,707
b. Nonadmitted asset values	(51,092,304)	(23,304,327)
c. Provision for reinsurance	0	0
Total	\$52,181,561	\$(7,592,620)

10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

A. Contingent Commitments

The Company has made no commitments, contingent commitments or guarantees on behalf of affiliates or other entities, except as indicated in Note 10E.

B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of \$24,842,241 that is offset by future premium tax credits of \$5,628,144. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2005.

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

On October 3, 2001, the Company received notification of the insolvency of the Reliance Insurance Group. It is expected the insolvency will result in a guaranty fund assessment against the company of \$4,279,704 that has been charged to operations in the prior year, and any remaining unpaid balance is included in the liability above.

C. Gain Contingencies

Not applicable

D. All other Contingencies

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

Note 15- Leases

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

NOTES TO FINANCIAL STATEMENTS

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2005	\$4,394,056	\$10,707,142
2006	4,283,123	8,695,305
2007	2,411,274	6,239,537
2008	2,208,091	4,112,097
2009	1,741,084	2,738,646
2010 & thereafter	10,850,434	16,990,297
Total	\$25,888,062	\$49,483,024

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

Not applicable

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

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

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

A. Transfers of Receivables reported as sales:

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

B. Transfers and servicing of financial assets:

The Company did not have any transfers and servicing of financial assets during the year.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans and the net gain was \$55,541. Claim payment volume was \$2,756,549.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 – September 11 Events

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

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$25,618,000	\$10,443,000	\$36,061,000	\$32,232,000	\$3,829,000
Loss and ALAE Reserves	\$11,192,000	\$2,563,000	\$13,755,000	\$7,071,000	\$6,684,000
Incurred Loss and ALAE	\$36,810,000	\$13,006,000	\$49,816,000	\$39,302,000	\$10,513,000

Note 21- Other Items

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 and \$0, in 2004 and 2003, respectively.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$433,177 and \$538,742 in 2004 and 2003, respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$2,012,841 and \$2,565,538, in 2004 and 2003, respectively.

- 2) Assets in the amount of \$379,534,163 and \$408,094,851 as of December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

There were no reported losses that exceeded the policy deductible.

Note 22- Events Subsequent

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

Note 23- Reinsurance

- A. Excluding amounts arising pursuant to the intercompany pooling agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholders surplus.
- B. There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.
- C. The following table sets forth the maximum return premium and commission equity due the reinsurer or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2004.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$403,391,948	\$9,410,297	\$2,586,061,892	\$60,327,459	\$(2,182,669,944)	\$(50,917,162)
All Other	0	0	0	0	0	0
Total	\$403,391,948	\$9,410,297	\$2,586,061,892	\$60,327,459	\$(2,182,699,944)	\$(50,917,162)

Direct Unearned Premium Reserve: \$2,586,061,892

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$3,411,582	\$0	\$3,411,582
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(19,500,000)	0	(19,500,000)
Totals	\$0	\$(16,088,418)	\$0	\$(16,088,418)

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$ (213,949,304)	\$0
	2. Adjustment – Prior Year(s)	10,612,793	0
	3. Adjustment – Current Year	1,819,944	0
	4. Total	\$ (201,516,567)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$ (92,329,459)	\$0
	2. Adjustment – Prior Year(s)	(3,894,792)	0
	3. Adjustment – Current Year	-	0

NOTES TO FINANCIAL STATEMENTS

	4. Total	\$ (96,224,251)	\$0
c.	Amounts Recovered / Paid – Cumulative		
	1. Initial Reserves	\$990,353	\$0
	2. Adjustment – Prior Year(s)	(8,424,694)	0
	3. Adjustment – Current Year	(1,210,365)	0
	4. Total	\$(8,644,706)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$120,629,492	\$0
	2. Adjustment – Prior Year(s)	(6,082,891)	0
	3. Adjustment – Current Year	(609,579)	0
	4. Total	\$113,937,022	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(201,516,567)	\$0

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

G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 12.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features see Schedule P – Part 7A.
- D. Ten percent of the amount not offset by retrospective return premiums or collateral has been designated non-admitted and charged to surplus.

Total accrued retro premium	\$85,259,784
Less: Non-admitted amount	8,576,859
Admitted amount	<u>\$76,682,925</u>

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

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

Note 26- Intercompany Pooling Arrangements

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

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

NOTES TO FINANCIAL STATEMENTS

Bridgefield Employers Insurance Company (BEIC)	10701	0.00%	All Lines
Bridgefield Casualty Insurance Company (BCIC)	10335	0.00%	All Lines
LM Property and Casualty Insurance Company (LMPAC) (formerly Prudential Property and Casualty Insurance Company)	32352	0.00%	All Lines
LM General Insurance Company (LMGIC) (formerly Prudential General Insurance Company)	36447	0.00%	All Lines
LM Personal Insurance Company (LMPIC) (formerly Prudential Commercial Insurance Company)	36439	0.00%	All Lines

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

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

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

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

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

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

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

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

Note 27- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$182,500,968 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$182,500,968 as of December 31, 2004.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders’ surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

<u>Life Ins. Company and Location</u>	<u>Licensed in Company’s State of Domicile</u> Yes/No	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$ 65,959,021

NOTES TO FINANCIAL STATEMENTS

Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$ 55,214,612
Nationwide Life Insurance Company Columbus, Ohio	Yes	\$ 17,138,766

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

As of December 31, 2004, the Company had no liabilities related to premium deficiency reserves. The Company considers anticipated investment income when calculating its premium deficiency reserves.

Note 31- High Dollar Deductible Policies

As of December 31, 2004, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$380,366,991 and the amount billed and recoverable on paid claims was \$23,679,571.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2004, liabilities include \$917,410,126 of liabilities carried at a discounted value of \$787,737,000 representing a discount of \$129,673,126.

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

Note 33 - Asbestos/Environmental Reserves

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

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

Uncertainty Regarding Reserving Methodologies

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

NOTES TO FINANCIAL STATEMENTS

including managerial judgment.

During the fourth quarter of 2004, the Company completed a comprehensive ground-up study of its environmental reserves. The study was performed with the assistance of an independent actuarial firm, and focused on the implications of claim and litigation trends and other significant developments. The study encompassed the Company's liabilities with respect to both National Priority List (NPL) claims and direct site claims involving the presence of hazardous waste at sites owned or operated by the insured. As a result of the ground-up study, the Company increased net loss and ALAE reserves by \$31,598,590.

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

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

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

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

Asbestos:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Gross of Reinsurance Basis (all Liberty pooled companies)					
Beginning Reserves	\$1,263,028,000	\$1,394,737,000	\$1,465,333,000	\$1,666,019,000	\$1,840,688,000
Incurring losses and LAE	341,317,000	290,738,629	494,293,434	542,256,000	674,113,842
Calendar year payments	209,608,000	220,142,629	293,607,434	367,587,000	322,748,521
Ending Reserves	<u>\$1,394,737,000</u>	<u>\$1,465,333,000</u>	<u>\$1,666,019,000</u>	<u>\$1,840,688,000</u>	<u>\$2,192,053,321</u>
Net of Reinsurance Basis					
Beginning Reserves	\$70,495,400	\$77,899,000	\$84,296,300	\$96,001,400	\$112,458,900
Incurring losses and LAE	21,867,100	17,785,500	29,032,800	31,300,300	353,194
Calendar year payments	14,463,500	11,388,200	17,327,700	14,842,800	17,665,286
Ending Reserves	<u>\$77,899,000</u>	<u>\$84,296,300</u>	<u>\$96,001,400</u>	<u>\$112,458,900</u>	<u>\$95,146,808</u>

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Gross of Reinsurance Basis	\$1,050,100,011
Net of Reinsurance Basis:	\$34,511,694

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Gross of Reinsurance Basis	\$501,539,904
Net of Reinsurance Basis:	\$16,996,469

Environmental:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Gross of Reinsurance Basis (all Liberty pooled companies)					
Beginning Reserves	\$1,060,390,000	\$829,472,000	\$681,226,000	\$564,371,000	\$377,622,000
Incurring losses and LAE	(114,622,000)	(89,983)	52,734,816	(111,199,000)	480,461,172
Calendar year payments	116,296,000	148,156,017	169,589,816	75,550,000	77,017,816
Ending Reserves	<u>\$829,472,000</u>	<u>\$681,226,000</u>	<u>\$564,371,000</u>	<u>\$377,622,000</u>	<u>\$781,065,356</u>
Net of Reinsurance Basis					
Beginning Reserves	\$66,530,000	\$44,744,400	\$42,539,300	\$30,645,900	\$25,773,800
Incurring losses and LAE	(13,200,300)	8,954,100	(1,088,900)	(800,000)	31,598,590
Calendar year payments	8,585,300	11,159,200	10,804,500	4,072,100	4,701,046
Ending Reserves	<u>\$44,744,400</u>	<u>\$42,539,300</u>	<u>\$30,645,900</u>	<u>\$25,773,800</u>	<u>\$52,671,344</u>

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Gross of Reinsurance Basis	\$553,985,554
Net of Reinsurance Basis:	\$36,874,543

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Gross of Reinsurance Basis	\$305,171,037
Net of Reinsurance Basis:	\$21,999,323

Note 34- Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	205,339,197	8.911	205,339,197	8.911
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	76,234,241	3.308	76,234,241	3.308
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	27,758,852	1.205	27,758,852	1.205
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	29,319,082	1.272	29,319,082	1.272
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	17,004,833	0.738	17,004,833	0.738
1.43 Revenue and assessment obligations	135,013,264	5.859	135,013,264	5.859
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	30,199,274	1.310	30,199,274	1.310
1.512 Issued or guaranteed by FNMA and FHLMC	225,393,707	9.781	225,393,707	9.781
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	468,708,488	20.339	468,708,488	20.339
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	64,782,284	2.811	64,782,284	2.811
1.523 All other	50,781,080	2.204	50,781,080	2.204
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	522,071,915	22.655	522,071,915	22.655
2.2 Unaffiliated foreign securities	58,604,177	2.543	58,604,177	2.543
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	7,307,286	0.317	7,307,286	0.317
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	186,128,482	8.077	186,128,482	8.077
3.4 Other equity securities:				
3.41 Affiliated	30,790,609	1.336	30,790,609	1.336
3.42 Unaffiliated	9,484,329	0.412	9,484,329	0.412
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	10,659,628	0.463	10,659,628	0.463
8. Cash, cash equivalents and short-term investments	65,949,371	2.862	65,949,371	2.862
9. Other invested assets	82,910,316	3.598	82,910,316	3.598
10. Total invested assets	2,304,440,415	100.000	2,304,440,415	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Massachusetts
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended. _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/15/2001
- 3.4 By what department or departments? Massachusetts Department of Insurance
.....
.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information
.....
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control 0 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young
 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? Robert T. Muleski, VP and Corporate Actuary
 175 Berkeley Street, Boston, MA 02117
 Liberty Mutual Insurance Company
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
 13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
 14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 15.11 To directors or other officers \$ _____
 15.12 To stockholders not officers \$ _____
 15.13 Trustees, supreme or grand (Fraternal only) \$ _____
- 15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 15.21 To directors or other officers \$ _____
 15.22 To stockholders not officers \$ _____
 15.23 Trustees, supreme or grand (Fraternal only) \$ _____
- 16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 16.2 If yes, state the amount thereof at December 31 of the current year:
 16.21 Rented from others \$ _____
 16.22 Borrowed from others \$ _____
 16.23 Leased from others \$ _____
 16.24 Other \$ _____
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 17.2 If answer is yes:
 17.21 Amount paid as losses or risk adjustment \$ _____
 17.22 Amount paid as expenses \$ _____
 17.23 Other amounts paid \$ _____

GENERAL INTERROGATORIES

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [] No [X]	Yes [] No [X]
Common	100,000	100,000	100.00	X X X	X X X X X X	X X X X X X

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

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

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1). Yes [] No [X]

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
 If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes No

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE	3 CHASE METRO TECH CENTER, BROOKLYN, NY 11245
ROYAL TRUST/RBC	77 KING STREET WEST, TORONTO ONTARIO 1P9

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

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

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
105,247	BARCLAYS GLOBAL INVESTORS	45 FREMONT ST. SAN FRANCISCO, CA 94105
104,886	NEWPORT PACIFIC MANAGEMENT	580 CALIFORNIA ST. SAN FRANCISCO, CA 94104
106,631	PUTNAM ADVISORY COMPANY	1 POST OFFICE SQ. BOSOTN. MA 02109
2,528	LAZARD ASSET MANAGEMENT	30 ROCKEFELLER PLAZA, NEW YORK 10112
105,296	AIG GLOBAL INVESTMENT CORP	175 WATER ST, NEW YORK, NY 10038

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

24.2 If yes, complete the following schedule:

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

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

GENERAL INTERROGATORIES

INVESTMENT

25. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds	1,972,375,107	2,011,407,053	39,031,952
25.2 Preferred stocks	7,307,286	7,247,691	(59,595)
25.3 Totals	1,979,682,393	2,018,654,744	38,972,357

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

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

26.2 If no, list exceptions:

OTHER

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

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NONE	\$
	\$
	\$
	\$
	\$

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

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 7,874	\$ 3,192,435
2.2 Premium Denominator	\$ 969,976,169	\$ 875,885,890
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 165,142	\$ 637,207
2.5 Reserve Denominator	\$ 1,594,426,090	\$ 1,963,024,419
2.6 Reserve Ratio (2.4/2.5)		

3.1 Does the reporting entity issue both participating and non-participating policies? YES [X] NO []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$ 5,573,730,317
 3.22 Non-participating policies \$ 59,706,344

4. For Mutual Reporting Entities and Reciprocal Exchange only:
 4.1 Does the reporting entity issue assessable policies? YES [] NO [X]
 4.2 Does the reporting entity issue non-assessable policies? YES [] NO [X]
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____ %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

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

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? _____
 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? YES [] NO [X]
 5.5 If yes, give full information _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: In 2004, the Company purchased a Workers' Compensation Catastrophe treaty with limits of \$400mm xs \$100mm.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The Company employs industry-recognized catastrophe modeling software to estimate its probable maximum loss. For Property exposure, it employs RiskLink v 4.4 from RMS and AIR for windstorm and earthquake. For WC, it employs RiskLink v 4.3 from RMS. Relative exposure concentrations can be found in the Northeast and Florida.
- 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? In addition to the Workers' Compensation Catastrophe treaty the Company purchased a Property Catastrophe treaty with limits of \$884mm part of \$1bb xs \$250mm in 2004. The Company also participates in the Florida Hurricane Catastrophe Fund to the maximum extent allowed and participated in the California Earthquake Authority. Coverage is sufficient to protect against the company's 250 year modeled event.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES NO
- 8.2 If yes, give full information
9. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES NO N/A
- 10.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: YES NO
- 10.2 If yes, give full information
- 11.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|--|-------------------------------------------------------------------------|----|-------------|
| | 11.11 Unpaid losses | \$ | 159,185,420 |
| | 11.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 18,333,876 |
- 11.2 Of the amount on Line 12.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds? \$ 42,320,850
- 11.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES NO N/A
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|--|------------|----------|
| | 11.41 From | 4.000 % |
| | 11.42 To | 10.000 % |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES NO
- 11.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|--|----------------------------------|----|-------------|
| | 11.61 Letters of Credit | \$ | 701,836,872 |
| | 11.62 Collateral and other funds | \$ | 70,460,911 |
- 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): \$ 9,700,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES NO
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 5

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

.....

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? YES [] NO [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? YES [] NO [X]

14.5 If the answer to 14.4 is no, please explain: Not applicable

.....

15.1 Has the reporting entity guaranteed any financed premium accounts? YES [] NO [X]

15.2 If yes, give full information

.....

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

16.11 Name of real estate holding company _____

16.12 Number of parcels involved _____

16.13 Total book/adjusted carrying value \$ _____

16.2 If yes, provide explanation

.....

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

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

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

* Disclose type of coverage: _____

FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,757,230,977	3,683,847,523	3,302,655,427	2,775,970,813	2,793,075,255
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,470,184,096	1,219,780,215	1,171,662,116	1,091,067,157	1,000,780,892
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,369,131,790	952,700,183	813,348,228	715,625,442	664,687,754
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	17,672,253	20,673,905	56,047,077	54,926,136	60,806,199
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	12,095,835	22,141,938	14,555,348	4,539,406	8,175,033
6. Total (Line 34)	6,626,314,951	5,899,143,764	5,358,268,196	4,642,128,954	4,527,525,133
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	654,000,390	575,897,992	502,465,049	437,328,717	436,195,020
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	175,072,753	163,073,950	152,996,708	141,030,345	127,874,836
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	138,039,503	144,143,032	117,891,318	102,274,217	101,652,163
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	13,669,807	17,682,673	53,805,027	54,668,751	60,806,199
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	12,095,835	22,141,938	14,555,348	4,539,406	8,175,033
12. Total (Line 34)	992,878,288	922,939,585	841,713,450	739,841,436	734,703,251
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(74,559,357)	(87,435,761)	(69,296,679)	(234,982,726)	(123,295,232)
14. Net investment gain (loss) (Line 11)	128,078,844	178,461,836	212,902,774	199,871,651	176,429,343
15. Total other income (Line 15)	(18,279,432)	(23,091,035)	(18,605,788)	67,754,829	34,456,851
16. Dividends to policyholders (Line 17)	3,943,250	(240,136)	6,487,568	7,726,028	9,379,350
17. Federal and foreign income taxes incurred (Line 19)	(3,328,959)	(4,504,938)	38,816,113	5,531,950	11,405,827
18. Net income (Line 20)	34,625,764	72,680,114	79,696,626	19,385,776	66,805,785
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	2,774,088,615	2,560,602,577	2,664,136,189	2,791,446,382	2,828,064,464
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	67,138,962	88,540,196	87,584,615	78,182,330	84,444,290
20.2 Deferred and not yet due (Line 12.2)	191,577,831	154,019,888	129,542,501	104,313,712	103,498,873
20.3 Accrued retrospective premiums (Line 12.3)	76,682,925	79,659,423	69,947,059	72,105,087	62,320,910
21. Total liabilities excluding protected cell business (Page 3, Line 24)	2,101,344,073	2,009,372,918	1,962,358,160	1,974,977,957	1,933,764,608
22. Losses (Page 3, Lines 1 and 2)	1,339,024,139	1,318,731,775	1,245,068,927	1,290,882,929	1,234,903,651
23. Loss adjustment expenses (Page 3, Line 3)	255,401,951	260,766,587	237,292,445	250,590,602	258,121,048
24. Unearned premiums (Page 3, Line 9)	403,391,948	383,526,057	322,567,228	275,620,576	255,893,746
25. Capital paid up (Page 3, Lines 28 & 29)	10,000,000	10,000,000	10,000,000		
26. Surplus as regards policyholders (Page 3, Line 35)	672,744,542	551,229,659	701,778,029	816,468,425	894,299,856
Risk-Based Capital Analysis					
27. Total adjusted capital	677,405,639	554,687,317	704,472,652	818,912,713	898,043,627
28. Authorized control level risk-based capital	143,092,200	130,474,775	114,173,298	115,143,022	115,847,039
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	82.9	84.8	81.8	78.8	77.7
30. Stocks (Lines 2.1 & 2.2)	10.1	9.9	7.8	12.9	14.8
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash and short-term investments (Line 5)	2.9	1.5	8.0	5.8	4.3
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)	3.6	3.6	2.3	2.5	3.2
36. Receivable for securities (Line 8)	0.5	0.2			
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					40,000,000
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	30,790,609	15,927,628	16,563,645	59,183,522	50,508,488
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44	30,790,609	15,927,628	16,563,645	59,183,522	90,508,488
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)	4.6	2.9	2.4	7.2	10.1

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)	15,711,707	42,439,243	(125,488,080)	(93,403,860)	(22,502,246)
48. Dividends to stockholders (Line 34)		(283,308,712)	(81,646,842)		
49. Change in surplus as regards policyholders for the year (Line 37)	121,514,883	(150,548,370)	(114,690,396)	(77,831,431)	37,503,923
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	2,390,402,252	2,228,189,985	2,232,215,882	2,387,792,140	2,386,291,230
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	633,211,569	593,414,614	593,600,508	653,228,235	623,608,742
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	620,399,235	479,672,461	443,201,223	502,884,900	449,305,187
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	50,860,508	29,546,728	43,397,107	37,352,964	37,917,583
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	497,201	10,180,171	10,561,661	7,203,911	8,587,612
55. Total (Line 34)	3,695,370,765	3,341,003,959	3,322,976,381	3,588,462,150	3,505,710,354
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	406,155,830	340,356,193	392,638,071	386,367,948	396,721,398
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	77,602,412	76,229,838	76,426,898	87,626,996	82,239,360
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	89,407,207	59,422,623	66,793,578	78,351,686	64,275,789
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	50,860,508	29,546,728	43,397,107	37,328,819	37,917,583
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	497,201	10,180,171	10,561,661	7,203,911	8,587,612
61. Total (Line 34)	624,523,158	515,735,553	589,817,315	596,879,360	589,741,742
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	66.5	66.4	68.6	89.1	76.6
64. Loss expenses incurred (Line 3)	16.3	19.1	16.4	17.0	16.1
65. Other underwriting expenses incurred (Line 4)	24.9	24.4	23.7	25.9	24.6
66. Net underwriting gain (loss) (Line 8)	(7.7)	(10.0)	(8.8)	(32.0)	(17.3)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.2	25.7	24.5	16.6	19.2
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.8	85.5	85.1	106.1	92.7
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	147.6	167.4	119.9	90.6	82.2
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	34,414	73,384	61,145	120,876	33,356
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	6.2	10.5	7.5	13.5	3.9
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	164,918	154,064	231,474	158,749	(708)
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	23.5	18.9	25.9	18.5	(0.1)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	357,597,683	367,324,323	358,786,233	336,352,772
	2. Canada	26,927,252	22,753,396	23,759,959	26,458,109
	3. Other Countries				
	4. Totals	384,524,935	390,077,719	382,546,192	362,810,881
States, Territories and Possessions (Direct and guaranteed)	5. United States	28,065,309	29,405,639	27,946,633	28,355,000
	6. Canada	1,253,773	1,111,927	963,733	1,248,024
	7. Other Countries				
8. Totals	29,319,082	30,517,566	28,910,366	29,603,024	
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	17,004,833	17,626,172	16,963,370	17,100,000
	10. Canada				
	11. Other Countries				
12. Totals	17,004,833	17,626,172	16,963,370	17,100,000	
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	848,072,772	858,999,852	848,237,267	847,277,793
	14. Canada	831,600	761,985	627,354	832,016
	15. Other Countries				
16. Totals	848,904,372	859,761,837	848,864,621	848,109,809	
Public Utilities (unaffiliated)	17. United States	75,548,935	77,071,310	75,567,260	75,000,000
	18. Canada				
	19. Other Countries				
20. Totals	75,548,935	77,071,310	75,567,260	75,000,000	
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	497,304,060	510,669,000	497,602,703	493,429,869
	22. Canada	22,168,099	21,742,830	20,948,529	22,040,910
	23. Other Countries	36,436,078	35,953,795	36,507,265	36,350,000
24. Totals	555,908,237	568,365,625	555,058,497	551,820,779	
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	1,911,210,394	1,943,420,229	1,907,910,306	1,884,444,493
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	1,738,428	1,738,428	2,171,601	
	28. Canada				
	29. Other Countries				
30. Totals	1,738,428	1,738,428	2,171,601		
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
34. Totals					
Industrial and Miscellaneous (unaffiliated)	35. United States	5,231,937	5,231,937	5,221,727	
	36. Canada				
	37. Other Countries	336,921	336,921	334,160	
38. Totals	5,568,858	5,568,858	5,555,887		
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	7,307,286	7,307,286	7,727,488	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	18,834,399	18,834,399	15,820,867	
	42. Canada				
	43. Other Countries				
44. Totals	18,834,399	18,834,399	15,820,867		
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	15,316,363	15,316,363	6,081,906	
	46. Canada	165,089	165,089	99,741	
	47. Other Countries	370,198	370,198	280,384	
48. Totals	15,851,650	15,851,650	6,462,031		
Industrial and Miscellaneous (unaffiliated)	49. United States	151,207,923	151,207,923	83,581,124	
	50. Canada				
	51. Other Countries	9,718,839	9,718,839	6,625,891	
52. Totals	160,926,762	160,926,762	90,207,015		
Parent, Subsidiaries and Affiliates	53. Totals	30,790,609	30,790,609	21,500,000	
	54. Total Common Stocks	226,403,420	226,403,420	133,989,913	
	55. Total Stocks	233,710,706	233,710,706	141,717,401	
	56. Total Bonds and Stocks	2,144,921,100	2,177,130,935	2,049,627,707	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,898,506,496	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,448,630,625	6.1 Column 15, Part 1	2,907,337
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1	
3.1 Columns 12 + 13 - 14, Part 1	(1,063,959)	6.3 Column 16, Part 2, Section 2	16,649
3.2 Column 18, Part 2, Section 1	(155,695)	6.4 Column 15, Part 4	(544,622)
3.3 Column 15, Part 2, Section 2	17,648,942	7. Book/adjusted carrying value at end of current period	2,144,921,101
3.4 Column 14, Part 4	(4,819,554)	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	13,523,085	9. Subtotal (Lines 7 plus 8)	2,144,921,101
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	1,229,728,203	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	2,144,921,101

SCHEDULE P-ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P-PART 1-SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	74,289	28,785	22,462	8,671	3,977	2,463	1,407	60,809	X X X
2. 1995	920,761	159,934	760,827	616,720	99,203	42,491	3,897	68,089	408	18,035	623,792	X X X
3. 1996	867,473	128,749	738,724	619,660	88,429	47,048	3,780	66,023	208	20,195	640,314	X X X
4. 1997	845,879	105,324	740,555	625,359	83,491	54,902	5,505	68,221	407	19,935	659,079	X X X
5. 1998	891,886	107,454	784,432	704,972	88,699	54,705	5,769	75,844	683	23,568	740,370	X X X
6. 1999	885,409	127,369	758,040	698,258	96,206	55,488	6,447	76,289	1,118	22,124	726,264	X X X
7. 2000	933,748	150,909	782,839	676,833	109,417	50,244	6,381	72,389	851	15,847	682,817	X X X
8. 2001	969,754	156,150	813,604	632,036	121,852	39,133	5,124	68,140	479	18,464	611,854	X X X
9. 2002	1,107,232	209,175	898,057	536,806	68,028	27,870	2,912	76,224	418	29,348	569,542	X X X
10. 2003	1,233,026	280,067	952,959	441,129	80,937	18,279	678	77,788	204	27,776	455,377	X X X
11. 2004	1,282,668	312,625	970,043	284,738	64,296	6,524	724	66,660	2,464	16,284	290,438	X X X
12. Totals	X X X	X X X	X X X	5,910,800	929,343	419,146	49,888	719,644	9,703	212,983	6,060,656	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	522,181	147,173	154,988	99,198	31,141	26,985	65,973	30,221	11,857		6,319	482,563	X X X
2. 1995	26,873	7,465	6,388	5,039	718	226	4,065	2,194	501		463	23,621	X X X
3. 1996	28,245	5,432	6,868	4,244	456	31	2,436	727	717		641	28,288	X X X
4. 1997	39,115	6,455	9,968	7,510	1,169	123	3,398	977	1,044		714	39,629	X X X
5. 1998	54,092	8,562	13,762	10,390	1,561	320	4,481	883	1,435		885	55,176	X X X
6. 1999	65,363	17,742	15,908	11,889	1,607	308	7,147	1,828	1,530		1,168	59,788	X X X
7. 2000	74,955	21,542	27,801	21,108	1,866	480	8,345	2,003	2,004		1,574	69,838	X X X
8. 2001	97,353	50,533	35,381	24,366	2,258	538	13,300	3,983	2,772		2,398	71,644	X X X
9. 2002	118,047	57,619	70,752	57,056	2,691	870	22,664	3,173	4,422		3,833	99,858	X X X
10. 2003	133,662	38,190	160,528	84,127	3,808	1,215	37,143	4,741	6,643		8,109	213,511	X X X
11. 2004	172,163	44,872	351,232	116,090	3,707	844	64,371	6,887	27,732		22,299	450,512	X X X
12. Totals	1,332,049	405,585	853,576	441,017	50,982	31,940	233,323	57,617	60,657		48,403	1,594,428	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	430,798	51,765
2. 1995	765,845	118,432	647,413	83.175	74.051	85.093			10.000	20,757	2,864
3. 1996	771,453	102,851	668,602	88.931	79.885	90.508			10.000	25,437	2,851
4. 1997	803,176	104,468	698,708	94.952	99.187	94.349			10.000	35,118	4,511
5. 1998	910,852	115,306	795,546	102.127	107.307	101.417			10.000	48,902	6,274
6. 1999	921,590	135,538	786,052	104.086	106.414	103.695			10.000	51,640	8,148
7. 2000	914,437	161,782	752,655	97.932	107.205	96.144			10.000	60,106	9,732
8. 2001	890,373	206,875	683,498	91.814	132.485	84.009			10.000	57,835	13,809
9. 2002	859,476	190,076	669,400	77.624	90.869	74.539			10.000	74,124	25,734
10. 2003	878,980	210,092	668,888	71.286	75.015	70.191			10.000	171,873	41,638
11. 2004	977,127	236,177	740,950	76.179	75.546	76.383			10.000	362,433	88,079
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,339,023	255,405

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	One Year	Two Year
1. Prior	1,385,250	1,343,351	1,366,203	1,339,633	1,287,196	1,262,493	1,323,738	1,372,918	1,423,079	1,481,831	58,752	108,913
2. 1995	625,714	608,277	592,644	587,598	582,872	581,967	584,977	582,567	581,224	584,421	3,197	1,854
3. 1996	X X X	617,511	590,209	592,062	595,746	602,715	601,242	601,076	600,998	607,667	6,669	6,591
4. 1997	X X X	X X X	587,679	584,856	606,595	616,433	628,140	628,760	629,804	637,224	7,420	8,464
5. 1998	X X X	X X X	X X X	646,382	668,879	685,219	706,745	714,132	719,616	727,834	8,218	13,702
6. 1999	X X X	X X X	X X X	X X X	636,177	656,078	680,898	698,429	711,069	716,701	5,632	18,272
7. 2000	X X X	X X X	X X X	X X X	X X X	611,911	640,162	644,307	666,012	683,848	17,836	39,541
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	630,417	614,193	625,085	616,073	(9,012)	1,880
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	625,302	590,244	591,003	759	(34,299)
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	653,662	588,605	(65,057)	X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	656,291	X X X	X X X
12. Totals											34,414	164,918

SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1. Prior	000	236,761	418,157	556,991	635,902	704,432	743,755	817,802	877,340	936,635	X X X	X X X
2. 1995	242,838	366,896	432,297	474,962	505,065	524,377	536,155	544,406	549,897	556,111	X X X	X X X
3. 1996	X X X	257,676	375,119	440,654	490,430	523,652	545,341	558,691	565,647	574,499	X X X	X X X
4. 1997	X X X	X X X	237,015	357,878	438,886	497,214	535,909	560,890	576,186	591,265	X X X	X X X
5. 1998	X X X	X X X	X X X	259,451	416,374	509,273	577,952	617,462	644,411	665,209	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	257,773	409,730	505,175	573,036	618,772	651,093	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	270,357	424,434	504,989	560,641	611,279	X X X	X X X
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	284,699	429,440	501,237	544,193	X X X	X X X
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	267,925	410,554	493,736	X X X	X X X
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	247,217	377,793	X X X	X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	226,242	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	613,586	455,067	386,597	299,388	202,124	178,985	143,596	111,375	114,203	95,478
2. 1995	227,787	123,984	76,423	47,974	29,337	21,295	17,443	9,348	5,140	4,423
3. 1996	X X X	206,352	106,897	60,664	36,831	27,541	18,508	9,219	3,887	6,113
4. 1997	X X X	X X X	193,913	94,884	56,048	37,286	30,149	17,057	8,351	7,751
5. 1998	X X X	X X X	X X X	209,365	93,921	53,755	31,970	23,487	10,887	11,141
6. 1999	X X X	X X X	X X X	X X X	206,726	98,137	49,000	29,886	17,326	13,543
7. 2000	X X X	X X X	X X X	X X X	X X X	169,397	64,871	28,594	19,580	15,698
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	176,432	72,139	43,165	22,118
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	188,734	74,534	33,632
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	270,736	111,291
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	298,810

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	53,258,631	44,761,060	58,043	24,958,647	30,995,290	80,017,725	217,996	
2. Alaska	AK	YES	12,904,478	13,492,743	(87,044)	8,170,338	13,919,788	18,871,151	3,786	
3. Arizona	AZ	YES	93,001,525	82,174,959	(49,551)	43,426,490	48,996,201	73,301,373	370,452	
4. Arkansas	AR	YES	21,099,549	19,107,899	6,269	7,928,884	6,486,200	24,135,977	68,518	
5. California	CA	YES	498,587,848	462,360,489	(2,175,305)	319,826,785	320,884,008	810,950,755	2,494,903	
6. Colorado	CO	YES	84,047,008	79,257,017	117,764	47,655,401	47,696,047	97,598,979	429,984	
7. Connecticut	CT	YES	164,269,155	142,420,827	5,768	74,946,783	88,142,146	144,002,575	1,320,973	
8. Delaware	DE	YES	49,487,330	42,166,099	121,705	26,671,363	27,693,934	34,198,348	317,319	
9. Dist. Columbia	DC	YES	6,655,370	7,049,456	(10,986)	4,217,584	3,604,371	18,109,681	37,965	
10. Florida	FL	YES	393,321,272	346,932,824	759,370	307,675,111	435,407,730	503,467,130	4,682,461	
11. Georgia	GA	YES	174,379,343	159,352,404	148,343	94,769,503	110,980,806	156,531,135	1,569,557	
12. Hawaii	HI	YES	43,298,831	42,604,834	708	19,702,983	3,625,221	19,486,465	296,118	
13. Idaho	ID	YES	23,855,579	21,289,120	1,793	14,350,362	14,186,587	10,830,345	114,303	
14. Illinois	IL	YES	182,036,449	169,625,482	226,740	102,817,122	110,314,368	221,434,973	792,533	
15. Indiana	IN	YES	78,595,292	66,874,562	51,266	34,437,758	31,901,573	51,984,121	487,300	
16. Iowa	IA	YES	21,305,369	19,846,062	(83,578)	11,522,811	12,540,691	34,853,379	75,102	
17. Kansas	KS	YES	37,037,434	34,870,523	18,368	19,840,671	22,806,699	30,880,081	115,502	
18. Kentucky	KY	YES	78,915,129	67,599,784	73,181	41,332,348	52,830,906	105,978,229	509,500	
19. Louisiana	LA	YES	114,485,003	96,272,472	(1,897)	52,125,085	58,546,726	88,439,006	501,457	
20. Maine	ME	YES	50,652,100	43,526,754	8,423	22,249,811	28,361,079	53,932,446	548,931	
21. Maryland	MD	YES	105,562,026	83,516,630	7,414	52,784,207	59,923,348	100,235,086	682,970	
22. Massachusetts	MA	YES	145,958,761	138,913,297	46	74,485,300	78,034,775	126,765,875	815,159	
23. Michigan	MI	YES	171,291,384	160,992,636	224,585	87,220,553	93,506,396	134,053,606	1,332,928	
24. Minnesota	MN	YES	109,404,234	94,185,718	24,814	44,350,864	57,836,937	124,582,685	572,138	
25. Mississippi	MS	YES	18,505,013	17,585,221	(33,193)	8,634,341	10,489,070	23,971,701	61,474	
26. Missouri	MO	YES	97,186,705	95,855,767	16,698	63,974,123	63,510,365	112,476,833	388,833	
27. Montana	MT	YES	16,664,239	13,975,249	11,696	10,812,167	3,620,058	17,126,489	46,036	
28. Nebraska	NE	YES	20,770,651	18,835,362	67,619	9,135,342	8,148,498	29,191,167	75,729	
29. Nevada	NV	YES	51,548,815	43,884,604	5,539	21,513,428	22,794,228	28,523,896	258,870	
30. New Hampshire	NH	YES	76,598,341	67,568,155	101,564	37,341,713	44,253,208	46,250,550	724,079	
31. New Jersey	NJ	YES	639,033,803	640,189,841	1,879,590	351,302,680	358,374,614	520,280,019	10,581,136	
32. New Mexico	NM	YES	19,568,255	16,872,588	3,442	9,075,590	10,516,906	22,023,359	89,262	
33. New York	NY	YES	646,577,734	598,410,478	193,067	349,895,970	473,920,168	844,647,979	5,710,835	
34. No. Carolina	NC	YES	71,274,182	66,231,039	40,045	30,034,500	41,388,189	128,510,228	111,753	
35. No. Dakota	ND	YES	4,302,884	3,396,790		971,072	1,260,594	1,510,724	8,337	
36. Ohio	OH	YES	122,184,565	99,975,479	244	49,176,190	44,465,495	42,536,569	1,104,105	
37. Oklahoma	OK	YES	55,110,551	44,504,235	30,706	33,966,699	26,436,224	45,870,790	380,489	
38. Oregon	OR	YES	60,318,830	58,029,481	(36,640)	48,916,819	52,311,857	51,842,431	390,500	
39. Pennsylvania	PA	YES	312,779,302	247,711,663	(17,278)	131,155,981	165,154,331	363,953,885	2,125,351	
40. Rhode Island	RI	YES	43,348,039	37,385,791	(1,050)	19,065,713	22,264,031	38,838,952	367,026	
41. So. Carolina	SC	YES	63,733,745	54,256,485	(3,307)	24,872,890	27,473,065	63,808,903	221,255	
42. So. Dakota	SD	YES	6,153,492	4,545,679	1,134	1,631,285	4,212,317	10,905,820	16,924	
43. Tennessee	TN	YES	127,137,407	117,123,010	36,059	70,133,374	69,817,646	171,187,968	543,256	
44. Texas	TX	YES	120,553,031	134,035,934	860,589	71,898,343	62,096,347	353,436,392	14,733	
45. Utah	UT	YES	40,611,988	35,629,176	11,196	14,789,852	17,574,659	25,560,833	188,884	
46. Vermont	VT	YES	17,452,915	15,780,317	127,148	9,194,896	11,398,261	14,037,274	184,678	
47. Virginia	VA	YES	90,978,067	82,471,629	50,087	37,341,200	48,288,521	88,033,638	605,591	
48. Washington	WA	YES	65,272,588	56,859,775	39	29,943,102	29,942,775	24,686,157	425,623	
49. West Virginia	WV	YES	26,464,312	19,740,806	(3)	10,712,308	10,962,222	7,754,073	177,326	
50. Wisconsin	WI	YES	99,955,542	94,494,879	99,538	80,460,692	92,177,337	110,585,081	310,040	
51. Wyoming	WY	YES	4,921,864	3,439,854	1	3,255,634	1,724,046	1,452,310	13,869	
52. American Samoa	AS	NO								
53. Guam	GU	YES	29,180	26,370			5,752	5,789		
54. Puerto Rico	PR	YES	593,095	675,701	(1,088)	224,557	279,164	743,478		
55. U.S. Virgin Islands	VI	YES	560	4,060		225,000	49,050	504,043		
56. Canada	CN	YES	(963)	4,916		3,715,203	(559,635)	918,933		
57. Aggregate other alien	OT	X X X	398,829	425,274	(2,438)	10,186	820,514	3,638,071		
58. Totals	(a)	54	5,633,436,661	5,129,119,259	2,887,243	3,070,847,614	3,484,391,704	6,259,455,461	43,483,849	

DETAILS OF WRITE-INS										
5701. Other Alien	X X X		398,829	425,274	(2,438)	10,186	820,514	3,638,071		
5702.	X X X									
5703.	X X X									
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X									
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X		398,829	425,274	(2,438)	10,186	820,514	3,638,071		

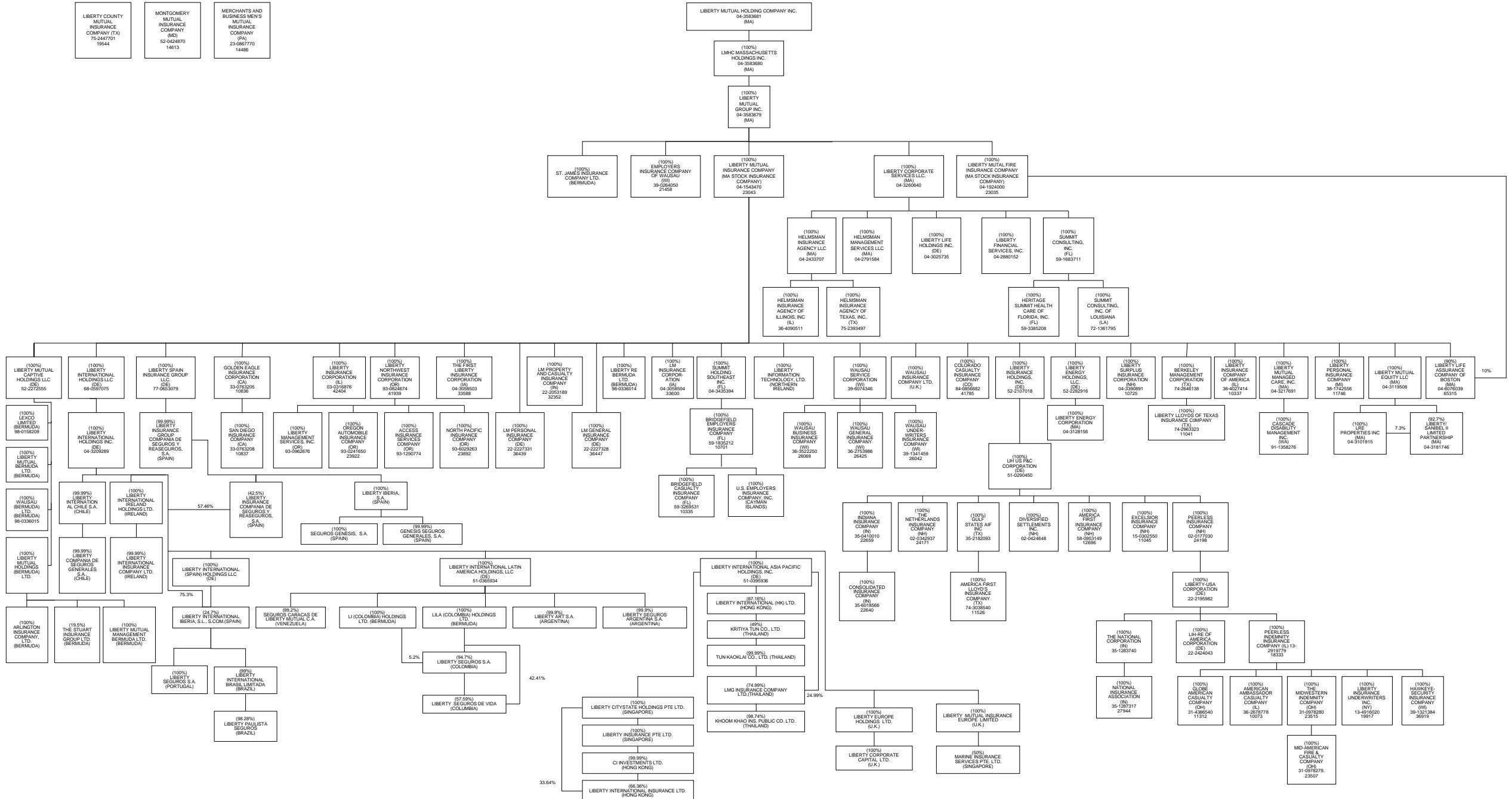
Explanation of basis of allocation of premiums by states, etc.

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

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

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

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

REMAINING WRITE-INS AGGREGATED AT LINE 9 FOR INVESTED ASSETS

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

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

2304. Amounts receivable under high deductible policies	23,795,211	628,388	23,166,823	22,780,665
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	23,795,211	628,388	23,166,823	22,780,665

OVERFLOW PAGE FOR WRITE-INS

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

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

2304. North Carolina Private Passenger Auto Escrow		67,084
2305.		
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)		67,084

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

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

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

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