

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2004



41939200420100100

ANNUAL STATEMENT

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

Liberty Northwest Insurance Corporation

NAIC Group Code 0111 0111 NAIC Company Code 41939 Employer's ID Number 93-0824674
(Current Period) (Prior Period)

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

Country of Domicile United States

Incorporated: January 21, 1983 Commenced Business: February 18, 1983

Statutory Home Office: One Liberty Centre Portland, OR 97232-2038

Main Administrative Office: One Liberty Centre Portland, OR 97232-2038 503-239-5800

Mail Address: PO Box 4555 Portland, OR 97208-4555

Primary Location of Books and Records: One Liberty Centre Portland, OR 97232-2038 503-239-5800

Internet Website Address: www.libertynorthwest.com

Statutory Statement Contact: Daniel Wayne Ryan 503-736-7434
Dan.Ryan@Libertynorthwest.com 503-736-7470
(E-Mail Address) (Fax Number)

Policyowner Relations Contact: Elisabeth Eby Shia One Liberty Centre Portland, OR 97232-2038 503-736-7003

OFFICERS

Table with 2 columns: Name, Title. Rows include Matthew David Nickerson # (President and CEO), James Edward McKittrick, Jr. (Exec. Vice-President & Secretary), David Arthur Davidson (Exec. Vice-President, Actuary & Asst. Secretary)

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents and their titles, such as Larry Wayne Becker (Exec. VP & Asst. Secretary), David Arthur Davidson (Exec. VP, Actuary, & Asst. Secretary), etc.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors or trustees, such as Edmund Francis Kelly -- Chairman (Henry Adams Ashforth, III), David Arthur Davidson (Antonio Caldwell Ferronato), etc.

State of Oregon
County of Multnomah 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) Matthew David Nickerson (Printed Name) 1. President and CEO (Title)
(Signature) James Edward McKittrick, Jr. (Printed Name) 2. Exec. Vice-President and Secretary (Title)
(Signature) David Arthur Davidson (Printed Name) 3. Exec. Vice-President and Actuary (Title)

Subscribed and sworn to before me this day of , 2005

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	805,857,512		805,857,512	698,026,397
2. Stocks (Schedule D):				
2.1 Preferred stocks	2,717,217		2,717,217	2,906,594
2.2 Common stocks	58,722,489		58,722,489	50,960,345
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 (\$ (6,041,165), Schedule E-Part 1), cash equivalents (\$ 9,996,859, Schedule E-Part 2) and short-term investments (\$ 9,405,209, Schedule DA)	13,360,903		13,360,903	21,529,473
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	16,915,596		16,915,596	14,786,311
8. Receivable for securities	164,477	164,477		40,755
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	897,738,194	164,477	897,573,717	788,249,875
11. Investment income due and accrued	8,711,637		8,711,637	8,548,050
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	48,677,684		48,677,684	37,603,902
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	7,971,032		7,971,032	18,720,251
12.3 Accrued retrospective premiums	7,460,822	746,082	6,714,740	4,225,106
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	4,935,048		4,935,048	9,416,782
13.2 Funds held by or deposited with reinsured companies	344,251		344,251	344,251
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans				
15.1 Current federal and foreign income tax recoverable and interest thereon				
15.2 Net deferred tax asset	57,400,636	39,735,029	17,665,607	20,693,790
16. Guaranty funds receivable or on deposit	354,418		354,418	1,173,861
17. Electronic data processing equipment and software	203,411		203,411	1,498,769
18. Furniture and equipment, including health care delivery assets (\$ 0)	2,215,381	2,215,381		
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates	793,444		793,444	129,091
21. Health care (\$ 0) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	900,862	746,555	154,307	
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,037,706,820	43,607,524	994,099,296	890,603,728
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,037,706,820	43,607,524	994,099,296	890,603,728

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 + 0998) (Line 9 above)				
2301. Other receivables	900,862	746,555	154,307	
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	900,862	746,555	154,307	

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	543,633,408	474,722,263
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	3,460,746	2,857,419
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	67,750,754	55,482,729
4. Commissions payable, contingent commissions and other similar charges	6,653,460	6,510,015
5. Other expenses (excluding taxes, licenses and fees)	20,939,711	13,070,986
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,666,438	8,645,909
7.1 Current federal and foreign income taxes (including \$ 1,814,718 on realized capital gains (losses))	7,487,912	4,003,575
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 \$ 5,650,796 and including warranty reserves of \$ 0)	85,846,752	69,534,601
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		266,704
11.2 Policyholders	1,110,360	
12. Ceded reinsurance premiums payable (net of ceding commissions)	12,976,761	22,382,486
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	1,335,607	2,807,905
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		
19. Payable to parent, subsidiaries and affiliates	7,086,729	6,301,631
20. Payable for securities	184,728	3,308,311
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	23,941,573	28,320,414
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	789,074,939	698,214,948
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	789,074,939	698,214,948
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	3,000,000	3,000,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	58,400,000	58,400,000
33. Unassigned funds (surplus)	143,624,357	130,988,780
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)	205,024,357	192,388,780
36. TOTALS (Page 2, Line 26, Col. 3)	994,099,296	890,603,728

DETAILS OF WRITE-INS		
2301. Other accounts payable	8,615,485	12,274,969
2302. Retrospective premiums payable	15,326,088	16,045,445
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	23,941,573	28,320,414
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME	1	2
UNDERWRITING INCOME	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	391,723,405	329,809,857
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	264,339,584	236,648,299
3. Loss expenses incurred (Part 3, Line 25, Column 1)	40,191,266	35,706,968
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	105,695,304	77,423,075
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	410,226,154	349,778,342
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(18,502,749)	(19,968,485)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	46,544,640	40,761,701
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	5,184,908	2,809,836
11. Net investment gain (loss) (Lines 9 + 10)	51,729,548	43,571,537
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 12,177 amount charged off \$ 93,583)	(81,406)	(196,453)
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	1,472	1,081
15. Total other income (Lines 12 through 14)	(79,934)	(195,372)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	33,146,865	23,407,680
17. Dividends to policyholders	9,749,756	5,125,483
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	23,397,109	18,282,197
19. Federal and foreign income taxes incurred	12,530,921	12,548,776
20. Net income (Line 18 minus Line 19) (to Line 22)	10,866,188	5,733,421
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	192,388,780	168,593,695
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	10,866,188	5,733,421
23. Change in net unrealized capital gains or (losses)	3,651,381	9,658,338
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	2,039,113	4,601,610
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(3,921,105)	(2,659,423)
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		3,750,000
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus		2,711,139
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	12,635,577	23,795,085
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	205,024,357	192,388,780
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401. Policyholder interest received	1,472	1,081
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	1,472	1,081
3601. Other surplus adjustments		2,711,139
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)		2,711,139

CASH FLOW	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	395,815,634	349,767,648
2. Net investment income	43,476,760	39,567,394
3. Miscellaneous income	(79,934)	(315,800)
4. Total (Lines 1 through 3)	439,212,460	389,019,242
5. Benefit and loss related payments	190,343,369	160,772,586
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	126,766,403	97,381,359
8. Dividends paid to policyholders	8,906,100	9,296,871
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	9,046,584	13,518,165
10. Total (Lines 5 through 9)	335,062,456	280,968,981
11. Net cash from operations (Line 4 minus Line 10)	104,150,004	108,050,261
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	257,569,598	264,416,279
12.2 Stocks	66,499,049	45,609,583
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	5,598,194	2,425,941
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(3,123,583)	(8,919,733)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	326,543,258	303,532,070
13. Cost of investments acquired (long-term only):		
13.1 Bonds	359,666,691	368,034,080
13.2 Stocks	71,791,634	44,977,043
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	4,155,418	5,812,245
13.6 Miscellaneous applications	(40,755)	31,471
13.7 Total investments acquired (Lines 13.1 to 13.6)	435,572,988	418,854,839
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)	(109,029,730)	(115,322,769)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(3,288,845)	(1,751,259)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(3,288,845)	(1,751,259)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	(8,168,571)	(9,023,767)
19. Cash and short-term investments:		
19.1 Beginning of year	21,529,474	30,553,241
19.2 End of year (Line 18 plus Line 19.1)	13,360,903	21,529,474

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	2,550,692	979,710	1,426,634	2,103,768
2. Allied lines	1,423,030	585,082	768,630	1,239,482
3. Farmowners multiple peril	4,790,906	1,376,558	2,355,478	3,811,986
4. Homeowners multiple peril	19,158,903	7,584,479	10,067,131	16,676,251
5. Commercial multiple peril	56,532,211	24,025,470	27,578,982	52,978,699
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	2,928,827	1,214,060	1,573,927	2,568,960
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	1,181,346	483,291	621,012	1,043,625
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	222,361,676	4,788,191	4,715,493	222,434,374
17.1 Other liability - occurrence	5,521,373	1,971,484	2,817,434	4,675,423
17.2 Other liability - claims-made				
18.1 Products liability - occurrence	1,327,301	397,025	646,965	1,077,361
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	30,319,314	6,734,501	7,624,768	29,429,047
19.3, 19.4 Commercial auto liability	29,753,489	10,602,340	15,265,704	25,090,125
21. Auto physical damage	30,111,464	8,771,889	10,341,703	28,541,650
22. Aircraft (all perils)				
23. Fidelity	55,808	14,466	32,865	37,409
24. Surety				
26. Burglary and theft	19,218	6,055	10,026	15,247
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability				
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	408,035,558	69,534,601	85,846,752	391,723,407

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	1,426,634				1,426,634
2. Allied lines	768,630				768,630
3. Farmowners multiple peril	2,355,478				2,355,478
4. Homeowners multiple peril	10,067,131				10,067,131
5. Commercial multiple peril	27,578,982				27,578,982
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	1,573,927				1,573,927
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	621,012				621,012
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	4,715,493				4,715,493
17.1 Other liability - occurrence	2,817,434				2,817,434
17.2 Other liability - claims-made					
18.1 Products liability - occurrence	646,965				646,965
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	7,624,768				7,624,768
19.3, 19.4 Commercial auto liability	15,265,704				15,265,704
21. Auto physical damage	10,341,703				10,341,703
22. Aircraft (all perils)					
23. Fidelity	32,865				32,865
24. Surety					
26. Burglary and theft	10,026				10,026
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property					
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	85,846,752				85,846,752
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					85,846,752

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	69,010	2,607,922			126,240	2,550,692
2. Allied lines	35,714	1,460,304			72,988	1,423,030
3. Farmowners multiple peril		4,969,026			178,120	4,790,906
4. Homeowners multiple peril		19,805,636			646,733	19,158,903
5. Commercial multiple peril	12,383,033	47,116,151	(3,485)		2,963,488	56,532,211
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	31,284	3,062,582			165,039	2,928,827
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake		1,239,234			57,888	1,181,346
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	248,249,891	4,818,630	18,158,906	196,393	48,669,358	222,361,676
17.1 Other liability - occurrence	1,512,561	11,388,123			7,379,311	5,521,373
17.2 Other liability - claims-made						
18.1 Products liability - occurrence	56,813	1,281,935			11,447	1,327,301
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability		30,450,519			131,205	30,319,314
19.3, 19.4 Commercial auto liability	1,872,582	28,052,381	(7,262)		164,212	29,753,489
21. Auto physical damage	460,855	31,359,161			1,708,552	30,111,464
22. Aircraft (all perils)						
23. Fidelity	8,959	46,684			(165)	55,808
24. Surety						
26. Burglary and theft	161	19,095			38	19,218
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	264,680,863	187,677,383	18,148,159	196,393	62,274,454	408,035,558

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 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		884,391	181,824	702,567	175,124	331,518	546,173	25.962
2. Allied lines		257,863	32,860	225,003	73,149	67,534	230,618	18.606
3. Farmowners multiple peril		1,623,963		1,623,963	1,257,788	424,541	2,457,210	64.460
4. Homeowners multiple peril		7,346,590	1,148,800	6,197,790	4,520,496	2,456,248	8,262,038	49.544
5. Commercial multiple peril	7,898,996	13,310,303	4,729,520	16,479,779	30,249,711	21,508,889	25,220,601	47.605
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	4,478	481,082	83,526	402,034	144,349	105,942	440,441	17.145
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	147,451,375	11,086,565	21,211,941	137,325,999	472,266,306	428,738,518	180,853,787	81.307
17.1 Other liability - occurrence	(290,000)	2,799,816	2,303,060	206,756	4,290,203	2,592,042	1,904,917	40.743
17.2 Other liability - claims - made								
18.1 Products liability - occurrence					724,228	349,378	374,850	34.793
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability		20,773,211	4,631,486	16,141,725	16,549,074	11,626,790	21,064,009	71.576
19.3, 19.4 Commercial auto liability	100,312	6,035,098	1,262,379	4,873,031	12,293,929	5,644,910	11,522,050	45.923
21. Auto physical damage	117,014	11,739,614	606,847	11,249,781	1,085,888	873,776	11,461,893	40.158
22. Aircraft (all perils)								
23. Fidelity					2,382	1,630	752	2.010
24. Surety								
26. Burglary and theft					782	547	235	1.541
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X							
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	155,282,175	76,338,496	36,192,243	195,428,428	543,633,409	474,722,263	264,339,574	67.481

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		61,027		61,027	3,426	113,828	3,157	175,124	17,253
2. Allied lines		29,002		29,002	2,106	43,383	1,342	73,149	7,095
3. Farmowners multiple peril		864,633		864,633		393,374	219	1,257,788	99,247
4. Homeowners multiple peril		2,828,850	348,374	2,480,476		2,164,115	124,095	4,520,496	479,880
5. Commercial multiple peril	5,052,861	7,506,907	1,930,853	10,628,915	7,372,744	14,817,664	2,569,612	30,249,711	9,108,048
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine		29,041		29,041	919	117,905	3,516	144,349	16,381
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation	435,073,295	26,051,322	149,593,963	311,530,654	178,613,512	25,526,112	43,403,972	472,266,306	51,806,367
17.1 Other liability - occurrence		497,464	94,132	403,332	2,252,492	10,091,740	8,457,314	4,290,250	2,431,993
17.2 Other liability - claims - made									
18.1 Products liability - occurrence					12,480	895,021	183,274	724,227	276,728
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability		14,654,862	2,916,456	11,738,406		5,396,160	585,492	16,549,074	1,586,470
19.3, 19.4 Commercial auto liability	124,566	8,196,726	1,088,287	7,233,005	159,934	5,566,323	665,333	12,293,929	1,794,360
21. Auto physical damage	4	183,227		183,231	10,510	859,831	(32,317)	1,085,889	126,540
22. Aircraft (all perils)									
23. Fidelity					386	2,002	7	2,381	307
24. Surety									
26. Burglary and theft					7	735	6	736	85
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	440,250,726	60,903,061	155,972,065	345,181,722	188,428,516	65,988,193	55,965,022	543,633,409	67,750,754

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	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	2,865,067			2,865,067
1.2 Reinsurance assumed	2,048,354			2,048,354
1.3 Reinsurance ceded	1,573,198			1,573,198
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	3,340,223			3,340,223
2. Commission and brokerage:				
2.1 Direct excluding contingent		4,940,634		4,940,634
2.2 Reinsurance assumed excluding contingent		41,115,996		41,115,996
2.3 Reinsurance ceded excluding contingent		17,061,749		17,061,749
2.4 Contingent-direct		(184,158)		(184,158)
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		28,810,723		28,810,723
3. Allowances to manager and agents		549,193		549,193
4. Advertising		579,816		579,816
5. Boards, bureaus and associations		1,391,623		1,391,623
6. Surveys and underwriting reports		448,057		448,057
7. Audit of assureds' records		156,431		156,431
8. Salary and related items:				
8.1 Salaries	22,324,270	33,011,527	293,916	55,629,713
8.2 Payroll taxes	1,708,835	2,417,084	16,060	4,141,979
9. Employee relations and welfare	3,794,846	13,880,142	50,038	17,725,026
10. Insurance	3,983	137,671	(38)	141,616
11. Directors' fees	4,601	69,011	3,067	76,679
12. Travel and travel items	798,511	1,498,234	8,094	2,304,839
13. Rent and rent items	2,743,955	3,227,858	8,199	5,980,012
14. Equipment	615,991	1,317,560	2,618	1,936,169
15. Cost or depreciation of EDP equipment and software	389,201	850,311	770	1,240,282
16. Printing and stationery	452,791	775,397	4,853	1,233,041
17. Postage, telephone and telegraph, exchange and express	953,176	1,159,691	7,750	2,120,617
18. Legal and auditing	85,779	406,624		492,403
19. Totals (Lines 3 to 18)	33,875,939	61,876,230	395,327	96,147,496
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		4,301,152		4,301,152
20.2 Insurance department licenses and fees		833,939		833,939
20.3 Gross guaranty association assessments		(579,764)		(579,764)
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		4,555,327		4,555,327
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	2,975,104	10,453,025	655,509	14,083,638
25. Total expenses incurred	40,191,266	105,695,305	1,050,836	(a) 146,937,407
26. Less unpaid expenses-current year	67,750,754	34,614,027		102,364,781
27. Add unpaid expenses-prior year	55,482,729	28,074,026	152,884	83,709,639
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)	27,923,241	99,155,304	1,203,720	128,282,265

DETAILS OF WRITE-INS				
2401. Other expenses	(9,292,921)	10,453,025	655,509	1,815,613
2402. Change in loss adjustment expenses	12,268,025			12,268,025
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	2,975,104	10,453,025	655,509	14,083,638

(a) Includes management fees of \$ 319,006 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 8,916,641	8,432,037
1.1 Bonds exempt from U.S. tax	(a) 1,486,449	1,643,664
1.2 Other bonds (unaffiliated)	(a) 30,864,439	31,291,507
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 207,271	240,271
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	1,648,698	1,750,238
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 351,419	351,419
7. Derivative instruments	(f)	
8. Other invested assets	3,282,802	3,282,802
9. Aggregate write-ins for investment income	519,862	603,538
10. Total gross investment income	47,277,581	47,595,476
11. Investment expenses		(g) 1,050,836
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)		1,050,836
17. Net investment income (Line 10 minus Line 16)		46,544,640
DETAILS OF WRITE-INS		
0901. Investment income assumed from affiliates	644,962	728,638
0902. Miscellaneous interest income	(125,100)	(125,100)
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	519,862	603,538
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 \$ 573,396 accrual of discount less \$ 881,801 amortization of premium and less \$ 1,719,463 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 \$ 714 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	1,502,041			1,502,041
1.1 Bonds exempt from U.S. tax	490,089			490,089
1.2 Other bonds (unaffiliated)	4,049,999			4,049,999
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)	(39,363)			(39,363)
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	451,029	(1,410,821)		(959,792)
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets	911,777	(769,843)		141,934
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	7,365,572	(2,180,664)		5,184,908

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	164,477	76,130	(88,347)
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)	164,477	76,130	(88,347)
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection			
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3 Accrued retrospective premiums	746,082	469,456	(276,626)
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers			
13.2 Funds held by or deposited with reinsured companies			
13.3 Other amounts receivable under reinsurance contracts			
14. Amounts receivable relating to uninsured plans			
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	39,735,029	34,667,733	(5,067,296)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software		718,146	718,146
18. Furniture and equipment, including health care delivery assets	2,215,381	2,706,233	490,852
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	746,555	1,048,721	302,166
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	43,607,524	39,686,419	(3,921,105)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	43,607,524	39,686,419	(3,921,105)

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 receivables	746,555	1,048,721	302,166
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	746,555	1,048,721	302,166

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Liberty Northwest Insurance Corporation (the Company) are presented on the basis of accounting practices prescribed or permitted by the Insurance Division of the Department of Consumer and Business Services of the State of Oregon. The Oregon Insurance Department has fully adopted the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance 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 assumed reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Investment grade bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or market as specified by the Securities Valuation Office (SVO) manual.
- (3) Common stocks are carried at market.
- (4) Preferred stocks are carried at cost or market in accordance with the SVO manual.
- (5) There are no mortgage loans on real estate.
- (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 Liberty Management Services Inc. and Access Insurance Services Co. at zero. North Pacific Insurance Company and Oregon Automobile Insurance Company are carried at statutory equity.
- (8) The Company is a limited partner in a number of limited partnerships. The Company carries these interests at its share of the underlying audited GAAP equity of the investee.
- (9) The Company is not invested in derivative instruments.
- (10) The Company does not have a premium deficiency reserve.
- (11) Unpaid loss 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 liabilities are continually reviewed and any adjustments are reflected in the period determined.
- (12) The company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

A. Statutory Purchase Method

- (1) The Company purchased all of the issued and outstanding capital stock of North Pacific Insurance Company and Oregon Automobile Insurance Company on 1/1/2002. Both of these companies are licensed to sell property and casualty insurance products in various Northwest states.
- (2) These transactions were accounted for as statutory purchases.
- (3) The net assets of each company were \$6,300,000 resulting in goodwill in the amount of \$2,700,000 for each company, \$5,400,000 combined.
- (4) Goodwill is being amortized to surplus over a 10 year period. Amortization for the year ended 12/31/2004 totals \$540,000. The remaining goodwill totals \$3,780,000 at 12/31/2004.

4. Discontinued Operations

None

NOTES TO FINANCIAL STATEMENTS

5. Investments

A. Mortgage Loans

None

B. Debt Restructuring

None

C. Reverse Mortgages

None

D. Loan-Backed Securities

- (1) Prepayment assumptions for single class and multi-class mortgage-backed/asset backed securities were based upon 1 month historical constant prepayment rates.
- (2) 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.
- (3) The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

None

F. Real Estate

- (1) The Company did not record any impairment during the period.
- (2) The Company did not engage in any retail land sales operations during the period.

6. Joint Ventures, Partnerships and 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 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 on the following partnerships during 2004:

<u>Partnership</u>	<u>2004 Impairment</u>
Advanced Tech Vent LP	945
Austin Ventures IV, L.P.	165,763
Austin Ventures VIII, L.P.	67
Axiom Venture Partners II, L.P.	107,748
Battery Ventures IV, L.P.	77,408
Battery Ventures VI, L.P.	9,884
Exxel Capital Partners	85,284
InterWest Partners V, L.P.	717
InterWest Partners VI, L.P.	8,535
InterWest Partners VIII, L.P.	2,974
Lexington Capital Partners V, L.P.	67
Menlo Ventures IX, L.P.	1,304
Menlo Ventures VII, L.P.	25,591
Thomas H. Lee Equity Fund III, L.P.	14,041
Trident Capital Fund V, L.P.	547
Trident Ventures VIII LP	3,548
U.S. Venture Partners V, L.P.	104
2000 Riverside Cap Apprec LP	2,083
Axiom Venture Partners L.P.	21
Battery Ventures VI, L.P.	4,907
Battery Ventures III, L.P.	29,297
Battery Ventures VI, L.P.	3,308
Exxel Capital Partners VI L.P.	34,589
2000 Riverside Cap Apprec LP	8,535
Exxel Capital Partners IV L.P.	1,387
InterWest Partners VI, L.P.	34,809
Menlo Ventures IX, L.P.	2,111
Menlo Ventures IX, L.P.	8,817
U.S. Venture Partners VIII, L.P.	8,175
Willis Stein & Partners III, L.P.	2,306
Battery Ventures IV, L.P.	74,991
EL Dorado Ventures VI, L.P.	26,826
VCFA Private Equity Partners IV, L.P.	7,028
Summit Subordinated Fund II, L.P.	16,126

7. Investment Income

No accrued investment income was excluded from surplus during the statement period.

8. Derivative Instruments

NOTES TO FINANCIAL STATEMENTS

None

9. Income Taxes

A. The components of the net deferred tax asset/(liability) are as follows:

	<u>12/31/2004</u>	<u>12/31/2003</u>	<u>Change</u>
Gross deferred tax assets	\$ 58,995,423	\$56,481,065	\$ 2,514,358
Gross deferred tax liabilities	<u>(1,594,787)</u>	<u>(1,119,542)</u>	<u>(475,245)</u>
Net deferred tax assets	57,400,636	55,361,523	2,039,113
Deferred tax assets non-admitted	<u>(39,735,029)</u>	<u>(34,667,733)</u>	<u>(5,067,296)</u>
Deferred tax assets admitted	\$ 17,665,607	\$20,693,790	\$ (3,028,183)

B. All deferred liabilities are recognized per SSAP No. 10.

C. Current income taxes incurred consist of the following major components:

	<u>12/31/2004</u>	<u>12/31/2003</u>
Current year expense	\$ 12,530,921	\$ 12,548,776
Other	<u>0</u>	<u>0</u>
Current income taxes incurred	\$ 12,530,921	\$ 12,548,776

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, dividends-received deductions, discounting of reserves for unpaid losses and loss adjustment expenses, unearned premium adjustment, investment impairments, non-deductible expenses, and non-admitted deferred tax assets.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$12,530,921 from the current year and \$12,548,776 from the preceeding year.

As of December 31, 2004 the Company has a net loss carryforward of \$6,203,412 originating in 2001 and expiring in 2021.

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

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

*This company joined the consolidated group in 2004 and their activity from the date they joined the group is

NOTES TO FINANCIAL STATEMENTS

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.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A, B & C. No transaction with affiliates, other than cost allocations, exceeded ½ of 1% of admitted assets.
- D. At December 31, 2004, the Company reported \$4,558,985 due to its parent company, \$2,527,744 due to subsidiaries and \$793,444 due from subsidiaries. Intercompany balances with the parent are settled monthly.
- E. The Company has undertaken no guarantees with respect to its parent companies or other affiliated companies with the Liberty Mutual Group.
- F. The Company has certain informal agreements with the Liberty Mutual Insurance Company wherein:
 - (1) Liberty Mutual provides to the Company investment management, payroll, information technology and other services, and
 - (2) The Company services certain insurance contracts located in its geographical area for the Liberty Mutual Group.
- G. All of the outstanding capital stock of the Company is owned by Liberty Mutual Insurance Company which in turn is ultimately owned by the Liberty Mutual Holding Company, Inc. The ultimate parent organization is domiciled in the Commonwealth of Massachusetts.
- H. The Company has no investment in its upstream parents.
- I. The Company has no investments in Subsidiaries, Controlled or Affiliated Companies that exceed 10% of admitted assets.
- J. The Company did not recognize any impairment write downs for its investment in Subsidiaries, Controlled or Affiliated Companies during the statement period.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefit and Compensated Absences and Other Postretirement Benefit Plans

All eligible employees of the Company, along with those of certain other companies in the Liberty Mutual Group, are participants in contributory and non-contributory retirement plans. There was no pension expense charged in 2004 or 2003.

Actuarial data relative to the net assets available for benefits, the present value of vested and non-vested accumulated plan benefits and the assumed rates of return used in determining such benefits are not available with respect to only the Company's employees.

The Company also has a program whereby it offers to its qualified retirees other post-retirement benefits including health and dental coverage and term life insurance.

The liability for the post-retirement benefits is not funded and is based on actuarial estimates using a select and ultimate health care cost trend rate of 6% for medical and dental costs, and a discount rate of 6.5%. At December 31, 2004 and 2003, the accrued post-retirement benefit obligation was \$3,101,381 and \$2,590,975, respectively.

The effect of a one-percentage-point change in assumed health care cost trend rates for the post-retirement benefit obligations would have the following effects:

	<u>1-Percentage Point Increase</u>	<u>1-Percentage Point Decrease</u>
Effect on expected post-retirement benefit obligation	\$ 82,230	\$ (80,864)

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

- (1) The Company has 10,000,000 shares authorized, 1,000,000 shares issued and outstanding with a par value of \$3 each.
- (2) The Company has no preferred stock issued or outstanding
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Oregon, to 100% of the prior year's net income or 10% of statutory surplus at the prior year-end.
- (4) Within the limitations of (3) above there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) There were no advances to surplus.
- (7) There was no stock held by the Company for special purposes.
- (8) There were no special surplus funds.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 - a. Unrealized losses: \$ 1,330,864

NOTES TO FINANCIAL STATEMENTS

b.	Non-admitted assets:	(43,607,525)
c.	Separate account business:	0
d.	Asset valuation reserves:	0
e.	Provision for reinsurance:	0

- (10) There were no surplus notes.
- (11) There were no quasi-reorganizations.
- (12) There have been no quasi-reorganizations in the prior 10 years.

14. Contingencies

- A. The Company has no contingent commitments.
- B. As of December 31, 2004, the Company has accrued a liability for guaranty funds and other assessments of \$600,000. This represents management's best estimates based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies.
- C. The Company has recorded no gain contingencies.
- D. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

15. Leases

A. Operating Leases

- (1) The Company has executed various operating lease agreements that expire through October, 2017. Rental expense for 2004 and 2003 was approximately \$5,980,011, and \$4,249,590, respectively.
- (2) At January 1, 2005, the minimum aggregate lease commitments are as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2005	\$ 4,239,019
2006	4,190,688
2007	4,111,474
2008	4,522,440
2009	4,178,089

Certain lease commitments have renewal options extending through the year 2017. Some of these renewals are subject to adjustments in future periods.

- (3) The Company is not involved in any sale - leaseback transactions.
- B. Lessor Leases
 - (1) Operating Leases
Leasing is not a significant part of the Company's business activities.
 - (2) Leverage Leases
The Company has no leveraged leases.

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

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company did not engage in any transfers of receivables during the year.
- B. The Company did not engage in any transfers of financial assets during the year.
- C. The Company did not engage in any wash sales during the year.

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

None

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

None

20. September 11 Events

None

21. Other Items

- A. Extraordinary Items
None

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring Debtors

None

C. Other Disclosures

Assets in the amount of \$309,247,271 and \$267,779,240 at December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

D. At December 31, 2004 and 2003, the Company had admitted assets of \$63,363,456 and \$60,549,259, respectively, in premiums in course of collection. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, an uncollectible reserve has been established in the amount of \$3,000,000.

E. Business Interruption Insurance Recoveries

None

22. Events Subsequent

None

23. Reinsurance

A. Unsecured Reinsurance Recoverables

As of December 31, 2004 the Company has unsecured reinsurance recoverables in excess of 3% of surplus as follows:

Liberty Mutual Insurance Company	\$44,938,421
NAIC Group Code 0111	
FEIN 04-2543470	
Oregon WC Assigned Risk Pool	\$76,606,731
FEIN AA-9992118	
Federal Insurance Company	\$18,246,428
NAIC Group Code 0388	
FEIN 13-1963496	
Everest Reinsurance Company	\$18,890,405
NAIC Group Code 0304	
FEIN 22-2005057	
Insurance Company of North America	\$ 8,381,172
NAIC Group Code 9016	
FEIN 23-0723970	
Continental Casualty Company	\$10,586,981
NAIC Group Code 0218	
FEIN 36-2114545	
National Union Fire Insurance Company	\$17,241,888
NAIC Group Code 0012	
FEIN 25-0678550	
OneBeacon Insurance Corporation	\$12,462,350
NAIC Group Code 0044	
FEIN 23-1502700	

B. Reinsurance Recoverable in Dispute

None

C. Reinsurance Assumed and Ceded

(1) & (2) Cancellation of the Company's reinsurance contracts would result in no material return commissions due to or payable by the Company.

(3) The Company does not have any protected cells.

D. Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the company listed below, incurred losses of:

Gerling Global Reinsurance Corporation of America:	\$ 385,573
--	------------

F. Retroactive Reinsurance

None

G. Reinsurance Accounted for as a Deposit

None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

NOTES TO FINANCIAL STATEMENTS

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.
- B. Accrued retrospective premiums are recorded as a component of written premiums.
- C. See Schedule P - Part 7A for a breakdown of net retrospectively written premiums and the corresponding percentage of retrospectively rated premiums to total net premiums written.
- D. Ten percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, Retrospectively Rated Contracts, has been non-admitted.

a.	Total accrued retro premium	\$7,460,822
b.	Less: Non-admitted amount (10%)	<u>746,082</u>
c.	Admitted amount	\$6,714,740

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased \$2,376 thousand from \$530,205 thousand in 2003 to \$532,581 thousand in 2004. The Workers' Compensation line of insurance accounted for \$7,206 thousand of this prior year loss development. This increase is generally the result of re-estimation of unpaid losses and loss adjustment expenses due to ongoing analysis of loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this increase, the Company experienced a \$3,245 thousand increase in prior year loss development on retrospectively rated policies, resulting in \$1,313 thousand additional earned premium.

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$8,497. 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 \$8,497 as of December 31, 2004.
- B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

28. Health Care Receivables

None

29. Participating Policies

None

30. Premium Deficiency Reserves

None

31. High Deductibles

None

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

The Company discounts the time-life annuity liabilities for unpaid losses on Workers' Compensation claims. The Company does not discount unpaid loss adjustment expenses.

Reserves for Workers' Compensation claims have been discounted on a tabular basis using NCCI tables at 3.5%. The December 31, 2004 and December 31, 2003 liabilities include \$28,767,181 and \$27,234,398 of such discounted reserves, respectively.

- A. The amount of tabular discount at December 31, 2004 is as follows:

	<u>Case</u>	<u>IBNR</u>
Workers' Compensation	\$ 18,698,669	\$ 0

- B. The Company does not have any non-tabular discount.
- C. Discount rates and assumptions for the current year are consistent with the prior year annual statement. However, the NCCI tables used for 2004 were updated by NCCI effective 1/1/2004. The 2003 NCCI tables used 1989-1991 U.S. life data whereas the 2004 tables used 1999 U.S. life data.

33. Asbestos/Environmental Reserves

The Company has no known exposure to asbestos and no material environmental (Mass Tort) claims.

34. Subscriber Savings Accounts

None

NOTES TO FINANCIAL STATEMENTS

35. Multiple Peril Crop Insurance

None

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	47,817,782	5.326	47,817,782	5.327
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	42,722,028	4.759	42,722,028	4.760
1.22 Issued by U.S. government sponsored agencies	61,583,624	6.860	61,583,624	6.861
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	37,444,980	4.171	37,444,980	4.172
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	16,648,529	1.854	16,648,529	1.855
1.43 Revenue and assessment obligations	10,821,589	1.205	10,821,589	1.206
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	35,492,169	3.954	35,492,169	3.954
1.512 Issued or guaranteed by FNMA and FHLMC	105,902,401	11.797	105,902,401	11.799
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	111,601,546	12.431	111,601,546	12.434
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other	56,957,254	6.345	56,957,254	6.346
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	278,865,610	31.063	278,865,610	31.069
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	30,282,093	3.373	30,282,093	3.374
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	2,717,217	0.303	2,717,217	0.303
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	12,060,396	1.343	12,060,396	1.344
3.4 Other equity securities:				
3.41 Affiliated	16,380,000	1.825	16,380,000	1.825
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	164,477	0.018		
8. Cash, cash equivalents and short-term investments	13,360,903	1.488	13,360,903	1.489
9. Other invested assets	16,915,596	1.884	16,915,596	1.885
10. Total invested assets	897,738,194	100.000	897,573,717	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? OREGON
- 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. 12/31/2002
- 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. 12/31/2002
- 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). 11/10/2003
- 3.4 By what department or departments? INSURANCE DIVISION OF THE OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] 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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 ERNST & YOUNG, LLP
 1 SW COLUMBIA STREET PORTLAND, OREGON 97258
 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? MR. ROY MORELL, FCAS, MAAA
 175 BERKELEY STREET BOSTON, MA 02117
 LIBERTY MUTUAL INSURANCE COMPANY EMPLOYEE

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 [X] No []
 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [] No []	Yes [] No []
Common	10,000,000	1,000,000	3	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 [] No [X]

19.2 If no, give full and complete information, relating thereto SECURITIES ARE MAINTAINED BY SAFEKEEPING AGENTS OF THE COMPANY

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

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN CHASE	3 CHASE METROTECH CENTER BROOKLYN, NY 11245
LIBERTY MUTUAL INVESTMENT ADVISORS	175 BERKELEY STREET BOSTON, MA 02117

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
G09433 DOMESTIC	AIG	175 WATER STREET NEW YORK, NY 10038
26616 GLOBAL	AIG	175 WATER STREET NEW YORK, NY 10038
LIBERTY MUTUAL INVESTMENT ADVISORS	CERTAIN LIBERTY MUTUAL INSURANCE CO. DESIGNEES	175 BERKELEY STREET BOSTON, MA 02117

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 [X] No []

24.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
066922204	BARCLAYS S&P 500 STOCK FUND	15,515,731
19764J401	COLUMBIA MID CAP VALUE FUND	10,328,284
19764N501	COLUMBIA NEWPORT TIGER FUND	4,486,985
9999999	Total	30,331,000

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
BARCLAYS S&P 500 STOCK	UNKNOWN		12/31/2004
COLUMBIA MID CAP VALUE	UNKNOWN		12/31/2004
COLUMBIA NEWPORT TIGER	UNKNOWN		12/31/2004

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	815,262,721	839,927,333	24,664,612
25.2 Preferred stocks	2,717,217	2,888,117	170,900
25.3 Totals	817,979,938	842,815,450	24,835,512

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? \$ 1,300,843

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

1 Name	2 Amount Paid
NCCI HOLDINGS, INC.	\$ 888,595
	\$
	\$
	\$
	\$

28.1 Amount of payments for legal expenses, if any? \$ 294,018

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
DAVIS WRIGHT TREMAINE, LLP	\$ 81,411
	\$
	\$
	\$
	\$

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 90,450

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
Miller Public Affairs	\$ 44,327
John Powell & Associates	\$ 41,000
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

2. Health Test:

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

3.1 Does the reporting entity issue both participating and non-participating policies? YES [X] NO []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$ 246,069,208
 3.22 Non-participating policies \$ 18,611,654

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

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

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? _____

 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? YES [] NO [X]
 5.5 If yes, give full information _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: PURCHASE REINSURANCE WITH LIMITS UP TO \$600 MILLION, EXCESS OF \$2 MILLION PER OCCURRENCE RETENTION
- 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: GEO-CODED LOCATION LIMITS OF INSURANCE FOR ALL PROPERTY COVERAGES ARE MODELED BY BENFIELD REINS. BROKERS USING RMS, AIR AND EQECAT MODELING SOFTWARE. PRIMARY CONCENTRATIONS ARE THE COUNTIES OF KING AND SNOHOMISH IN WA. AND WASHINGTON, CLACKAMAS, JACKSON, KLAMATH, AND MULTNOMAH IN OR.
- 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? PURCHASE PROPERTY CATASTROPHE INSURANCE EXCESS OF \$5,000,000 PER OCCURENCE AS FOLLOWS: 95% OF \$15 MILLION; 75% OF \$20 MILLION EXCESS OF \$20 MILLION; AND 50% OF \$10 MILLION EXCESS \$40 MILLION.
- 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 | \$ | <u>24,847,528</u> |
| | 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | <u>2,867,843</u> |
- 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? \$ _____
- 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 | | _____ % |
| | 11.42 | To | | _____ % |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES NO
- 11.6 If yes, state the amount thereof at December 31 of current year:
- | | | | | |
|--|-------|----------------------------|----|------------------|
| | 11.61 | Letters of Credit | \$ | <u>2,403,142</u> |
| | 11.62 | Collateral and other funds | \$ | <u>626,082</u> |
- 12.1 What amount of installment notes is owned and now held by the reporting entity? \$ 626,082
- 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): \$ 1,500,000
- 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. _____ 2

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 [X] NO []

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

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

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

15.2 If yes, give full information

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

16.11	Name of real estate holding company	600 HOLLADAY LP
16.12	Number of parcels involved	<u>1</u>
16.13	Total book/adjusted carrying value	<u>\$ 4,907,581</u>

16.2 If yes, provide explanation
THE COMPANY IS A LIMITED PARTNER IN A PARTNERSHIP WHICH OWNS AN OFFICE BUILDING AT 650 NE HOLLADAY STREET, PORTLAND, OR., WHERE THE COMPANY IS A MAJOR TENANT.

17.1 Does the reporting entity write any warranty business? YES [] NO [X]
If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage: _____

FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	345,835,079	312,039,789	253,924,390	160,918,669	124,107,992
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	40,345,322	36,157,998	33,814,751	5,752,814	7,384
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	84,270,361	75,052,801	65,087,058	18,604,534	3,541,537
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	55,643	30,255	18,130	(19,275)	21,107,988
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)	470,506,405	423,280,843	352,844,329	185,256,742	148,764,901
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)	289,283,153	264,634,662	200,695,848	138,777,181	114,529,442
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	38,214,577	29,033,393	17,165,584	2,096,719	5,384
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	80,482,020	63,685,720	37,372,968	13,701,770	3,409,399
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	55,808	25,859	18,130	(20,573)	21,107,988
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)	408,035,558	357,379,634	255,252,530	154,555,097	139,052,213
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(18,502,749)	(19,968,485)	(17,718,988)	(34,203,093)	(15,607,528)
14. Net investment gain (loss) (Line 11)	51,729,548	43,571,537	38,370,557	39,198,566	54,270,966
15. Total other income (Line 15)	(79,934)	(195,372)	(73,580)	(103,809)	(25,006)
16. Dividends to policyholders (Line 17)	9,749,756	5,125,483	9,080,697	6,968,028	4,955,440
17. Federal and foreign income taxes incurred (Line 19)	12,530,921	12,548,776	5,916,657	950,000	5,500,000
18. Net income (Line 20)	10,866,188	5,733,421	5,580,635	(3,026,364)	28,182,992
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	994,099,296	890,603,728	773,646,387	659,945,390	615,714,495
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	48,677,684	37,603,902	36,898,108	10,690,400	1,486,511
20.2 Deferred and not yet due (Line 12.2)	7,971,032	18,720,251	16,555,519	21,650,795	8,899,955
20.3 Accrued retrospective premiums (Line 12.3)	6,714,740	4,225,106	4,230,718	3,290,338	3,649,767
21. Total liabilities excluding protected cell business (Page 3, Line 24)	789,074,939	698,214,948	605,052,692	493,988,576	439,586,072
22. Losses (Page 3, Lines 1 and 2)	547,094,154	477,579,682	405,348,285	367,993,071	355,355,068
23. Loss adjustment expenses (Page 3, Line 3)	67,750,754	55,482,729	47,394,901	49,478,309	49,140,870
24. Unearned premiums (Page 3, Line 9)	85,846,752	69,534,601	41,964,839	15,399,254	4,298,946
25. Capital paid up (Page 3, Lines 28 & 29)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	205,024,357	192,388,780	168,593,695	165,956,814	176,128,423
Risk-Based Capital Analysis					
27. Total adjusted capital	205,024,357	192,388,780	168,593,695	165,956,814	176,128,423
28. Authorized control level risk-based capital	43,486,986	40,815,568	30,977,031	21,640,251	19,423,785
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)	89.8	88.6	86.9	90.8	87.0
30. Stocks (Lines 2.1 & 2.2)	6.8	6.8	7.1	7.4	8.2
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash and short-term investments (Line 5)	1.5	2.7	4.5	(0.5)	1.4
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)	1.9	1.9	1.6	2.2	3.3
36. Receivable for securities (Line 8)					0.1
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)					5,000,000
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	16,380,000	16,920,000	17,460,000		
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	16,380,000	16,920,000	17,460,000		5,000,000
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

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)	3,651,381	9,658,338	(7,719,212)	(7,829,302)	(9,607,189)
48. Dividends to stockholders (Line 34)					(25,000,000)
49. Change in surplus as regards policyholders for the year (Line 37)	12,635,577	23,795,085	2,636,881	(10,171,609)	(5,685,535)
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)	187,956,377	164,803,281	142,895,488	115,990,824	108,796,344
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	13,484,442	13,961,683	10,826,818	186,278	
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	30,179,852	17,497,791	10,027,826	2,666,513	577,998
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)				1,498,917	23,210,679
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	231,620,671	196,262,755	163,750,132	120,342,532	132,585,021
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)	158,547,511	140,801,230	125,289,539	108,271,558	102,929,620
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	12,579,385	9,365,531	4,400,510	69,918	
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	24,301,532	11,418,626	6,030,283	2,570,423	577,998
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)				1,498,917	23,210,679
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)	195,428,428	161,585,387	135,720,332	112,410,816	126,718,297
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)	67.5	71.8	75.3	87.3	81.0
64. Loss expenses incurred (Line 3)	10.3	10.8	8.5	11.0	10.8
65. Other underwriting expenses incurred (Line 4)	27.0	23.5	100.2	25.6	19.5
66. Net underwriting gain (loss) (Line 8)	(4.7)	(6.1)	(7.7)	(23.8)	(11.3)
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)	25.9	21.7	21.5	23.8	19.3
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	77.7	82.6	83.7	98.3	91.8
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)	199.0	185.8	151.4	93.1	78.9
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)	692	20,052	(2,276)	(2,081)	(23,855)
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)	0.4	11.9	(1.4)	(1.2)	(13.1)
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)	36,475	808	(13,146)	(30,168)	(61,101)
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)	21.6	0.5	(7.5)	(16.6)	(33.6)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	144,950,100	148,373,783	145,253,876	142,650,157
	2. Canada				
	3. Other Countries				
	4. Totals	144,950,100	148,373,783	145,253,876	142,650,157
States, Territories and Possessions (Direct and guaranteed)	5. United States	37,444,980	39,137,203	37,427,404	37,760,000
	6. Canada				
	7. Other Countries				
	8. Totals	37,444,980	39,137,203	37,427,404	37,760,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	16,818,290	16,919,205	16,808,205	16,855,000
	10. Canada				
	11. Other Countries				
	12. Totals	16,818,290	16,919,205	16,808,205	16,855,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	276,109,997	279,066,938	276,182,083	276,566,099
	14. Canada				
	15. Other Countries				
	16. Totals	276,109,997	279,066,938	276,182,083	276,566,099
Public Utilities (unaffiliated)	17. United States	25,437,432	25,875,793	25,405,870	25,425,000
	18. Canada				
	19. Other Countries				
	20. Totals	25,437,432	25,875,793	25,405,870	25,425,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	286,089,178	301,192,958	286,034,595	283,125,229
	22. Canada	7,148,099	7,301,514	7,146,600	7,155,000
	23. Other Countries	11,859,436	12,654,730	11,841,960	12,000,000
	24. Totals	305,096,713	321,149,202	305,023,155	302,280,229
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	805,857,512	830,522,124	806,100,593	801,536,485
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States	2,613,060	2,613,060	2,648,368	
	36. Canada				
	37. Other Countries	104,157	104,157	102,247	
	38. Totals	2,717,217	2,717,217	2,750,615	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	2,717,217	2,717,217	2,750,615	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	4,057,468	4,057,468	4,031,901	
	42. Canada				
	43. Other Countries				
	44. Totals	4,057,468	4,057,468	4,031,901	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	685,046	685,046	654,843	
	46. Canada				
	47. Other Countries				
	48. Totals	685,046	685,046	654,843	
Industrial and Miscellaneous (unaffiliated)	49. United States	37,599,975	37,599,975	34,484,748	
	50. Canada				
	51. Other Countries				
	52. Totals	37,599,975	37,599,975	34,484,748	
Parent, Subsidiaries and Affiliates	53. Totals	16,380,000	16,380,000	19,010,000	
	54. Total Common Stocks	58,722,489	58,722,489	58,181,492	
	55. Total Stocks	61,439,706	61,439,706	60,932,107	
	56. Total Bonds and Stocks	867,297,218	891,961,830	867,032,700	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	751,893,340	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	431,458,325	6.1 Column 15, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1	
3.1 Columns 12 + 13 - 14, Part 1	(252,214)	6.3 Column 16, Part 2, Section 2	
3.2 Column 18, Part 2, Section 1	(711,940)	6.4 Column 15, Part 4	(12,393)
3.3 Column 15, Part 2, Section 2	2,370,996	7. Book/adjusted carrying value at end of current period	867,297,218
3.4 Column 14, Part 4	165,957	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	6,453,794	9. Subtotal (Lines 7 plus 8)	867,297,218
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	324,068,647	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	867,297,218

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	6,635	1,408	2,070	1	439		(16)	7,735	X X X
2. 1995	196,658	17,591	179,067	119,140	7,897	3,360		12,401		1,344	127,004	X X X
3. 1996	191,425	13,127	178,298	120,401	5,944	4,228		11,748		1,489	130,433	X X X
4. 1997	177,377	8,625	168,752	125,581	5,345	5,630	27	10,533		1,630	136,372	X X X
5. 1998	173,105	7,623	165,482	135,103	3,347	5,606	78	11,695		788	148,979	X X X
6. 1999	161,140	7,003	154,137	134,134	3,082	5,210	45	14,870		2,077	151,087	X X X
7. 2000	147,158	9,274	137,884	116,898	4,205	4,489	75	12,420		1,550	129,527	X X X
8. 2001	161,792	18,338	143,454	113,443	9,813	5,202	90	12,546	89	1,191	121,199	X X X
9. 2002	311,672	82,985	228,687	169,332	39,779	6,949	739	17,796	3,285	1,598	150,274	X X X
10. 2003	411,722	81,911	329,811	144,255	31,033	4,646	386	15,931	1,522	2,488	131,891	X X X
11. 2004	462,625	70,901	391,724	95,174	12,290	1,963	59	11,522	773	1,318	95,537	X X X
12. Totals	X X X	X X X	X X X	1,280,096	124,143	49,353	1,500	131,901	5,669	15,457	1,330,038	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	130,404	66,919	18,717	12,730	2,052	88	859		4,801		121	77,096	X X X
2. 1995	21,089	5,936	2,308	911	302	2	91		792		28	17,733	X X X
3. 1996	32,616	11,623	1,937	1,205	433	32	131		1,022		41	23,279	X X X
4. 1997	22,487	6,146	2,207	1,265	407	15	480		838		39	18,993	X X X
5. 1998	20,388	4,003	2,177	976	360	52	666	3	822		40	19,379	X X X
6. 1999	28,725	8,043	3,934	926	846	29	329	3	1,162		95	25,995	X X X
7. 2000	24,150	5,784	6,071	3,765	476	21	907	6	1,344		132	23,372	X X X
8. 2001	37,307	9,029	8,449	6,862	1,386	76	953	10	1,832	3	255	33,947	X X X
9. 2002	49,641	10,878	29,650	6,603	1,679	16	3,344	519	3,888	274	782	69,912	X X X
10. 2003	55,065	16,171	52,071	7,280	2,873	23	3,838	675	5,806	444	1,072	95,060	X X X
11. 2004	79,281	11,440	126,897	13,443	4,191	54	7,949	251	13,634	146	3,119	206,618	X X X
12. Totals	501,153	155,972	254,418	55,966	15,005	408	19,547	1,467	35,941	867	5,724	611,384	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	69,472	7,624
2. 1995	159,483	14,746	144,737	81.097	83.827	80.828				16,550	1,183
3. 1996	172,516	18,804	153,712	90.122	143.247	86.211				21,725	1,554
4. 1997	168,163	12,798	155,365	94.805	148.383	92.067				17,283	1,710
5. 1998	176,817	8,459	168,358	102.144	110.967	101.738				17,586	1,793
6. 1999	189,210	12,128	177,082	117.420	173.183	114.886				23,690	2,305
7. 2000	166,755	13,856	152,899	113.317	149.407	110.890				20,672	2,700
8. 2001	181,118	25,972	155,146	111.945	141.629	108.150				29,865	4,082
9. 2002	282,279	62,093	220,186	90.569	74.824	96.283				61,810	8,102
10. 2003	284,485	57,534	226,951	69.096	70.240	68.812				83,685	11,375
11. 2004	340,611	38,456	302,155	73.626	54.239	77.135				181,295	25,323
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	543,633	67,751

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	298,111	268,429	257,041	243,077	228,816	219,302	217,421	211,130	215,356	216,829	1,473	5,699
2. 1995	159,876	148,556	141,230	135,221	132,506	131,142	131,071	128,279	130,473	132,579	2,106	4,300
3. 1996	X X X	167,509	148,766	150,174	145,783	144,363	142,140	141,753	141,487	142,793	1,306	1,040
4. 1997	X X X	X X X	160,334	154,898	146,573	143,232	144,338	143,687	144,208	144,673	465	986
5. 1998	X X X	X X X	X X X	170,595	159,204	154,825	155,581	154,243	152,638	157,027	4,389	2,784
6. 1999	X X X	X X X	X X X	X X X	165,027	161,190	157,190	160,350	157,790	161,842	4,052	1,492
7. 2000	X X X	X X X	X X X	X X X	X X X	139,712	143,944	141,178	143,184	140,211	(2,973)	(967)
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	133,644	142,433	141,001	141,812	811	(621)
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	180,961	197,929	202,723	4,794	21,762
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	224,488	208,757	(15,731)	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	279,328	X X X	X X X
12. Totals											692	36,475

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	45,283	70,114	87,734	99,164	108,925	117,072	123,916	130,107	137,058	X X X	X X X
2. 1995	35,205	72,973	90,272	98,749	104,723	107,830	110,332	111,959	112,984	114,603	X X X	X X X
3. 1996	X X X	39,842	77,431	95,800	105,133	110,229	113,666	115,827	117,296	118,685	X X X	X X X
4. 1997	X X X	X X X	48,137	88,383	104,535	112,575	118,070	121,661	124,482	125,839	X X X	X X X
5. 1998	X X X	X X X	X X X	60,139	98,062	114,318	123,733	130,279	134,664	137,284	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	58,401	98,822	115,906	125,723	131,014	136,217	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	49,342	86,221	101,704	111,374	117,107	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	34,438	77,500	97,619	108,742	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	52,323	106,074	135,763	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	64,104	117,482	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	84,788	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	174,079	121,118	96,930	73,002	52,024	40,963	32,069	20,422	15,943	6,846
2. 1995	76,610	44,376	27,197	17,208	13,048	9,854	8,303	3,707	1,827	1,488
3. 1996	X X X	67,383	29,498	19,985	13,630	11,062	6,409	4,639	5,424	863
4. 1997	X X X	X X X	61,081	29,119	15,662	8,730	6,738	5,087	2,761	1,422
5. 1998	X X X	X X X	X X X	55,159	24,396	16,413	12,059	7,978	1,227	1,864
6. 1999	X X X	X X X	X X X	X X X	54,021	26,100	15,058	8,622	4,175	3,334
7. 2000	X X X	X X X	X X X	X X X	X X X	49,418	28,193	16,734	11,359	3,207
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	57,104	29,542	12,604	2,530
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	80,833	41,157	25,872
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	105,031	47,954
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	121,152

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

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	NO							
2. Alaska	AK	YES	34,060,234	34,131,248	11,117,719	17,647,706	32,986,545		
3. Arizona	AZ	NO							
4. Arkansas	AR	NO							
5. California	CA	YES	5,959,067	6,043,612	2,132,896	4,654,522	9,988,086		
6. Colorado	CO	NO							
7. Connecticut	CT	NO							
8. Delaware	DE	NO							
9. Dist. Columbia	DC	NO							
10. Florida	FL	NO							
11. Georgia	GA	NO							
12. Hawaii	HI	NO							
13. Idaho	ID	YES	39,019,795	39,212,442	5,086,146	23,384,616	30,733,310	44,903,800	
14. Illinois	IL	NO							
15. Indiana	IN	NO							
16. Iowa	IA	NO							
17. Kansas	KS	NO							
18. Kentucky	KY	NO							
19. Louisiana	LA	NO							
20. Maine	ME	NO							
21. Maryland	MD	NO							
22. Massachusetts	MA	YES							
23. Michigan	MI	NO							
24. Minnesota	MN	NO							
25. Mississippi	MS	NO							
26. Missouri	MO	NO							
27. Montana	MT	YES	40,130,616	40,117,756	4,509,054	21,630,968	37,035,323	76,328,700	
28. Nebraska	NE	NO							
29. Nevada	NV	NO							
30. New Hampshire	NH	NO							
31. New Jersey	NJ	NO							
32. New Mexico	NM	NO							
33. New York	NY	NO							
34. No. Carolina	NC	NO							
35. No. Dakota	ND	NO							
36. Ohio	OH	NO							
37. Oklahoma	OK	NO							
38. Oregon	OR	YES	133,939,090	133,591,566	154,555	93,312,524	112,568,203	442,959,501	
39. Pennsylvania	PA	NO							
40. Rhode Island	RI	NO							
41. So. Carolina	SC	NO							
42. So. Dakota	SD	NO							
43. Tennessee	TN	NO							
44. Texas	TX	NO							
45. Utah	UT	YES							
46. Vermont	VT	NO							
47. Virginia	VA	NO							
48. Washington	WA	YES	11,572,061	10,340,233	3,703,451	8,535,005	21,512,608		
49. West Virginia	WV	NO							
50. Wisconsin	WI	NO							
51. Wyoming	WY	YES							
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	NO							
55. U.S. Virgin Islands	VI	NO							
56. Canada	CN	NO							
57. Aggregate other alien	OT	X X X							
58. Totals	(a) 9		264,680,863	263,436,857	9,749,755	155,282,174	211,174,069	628,679,240	

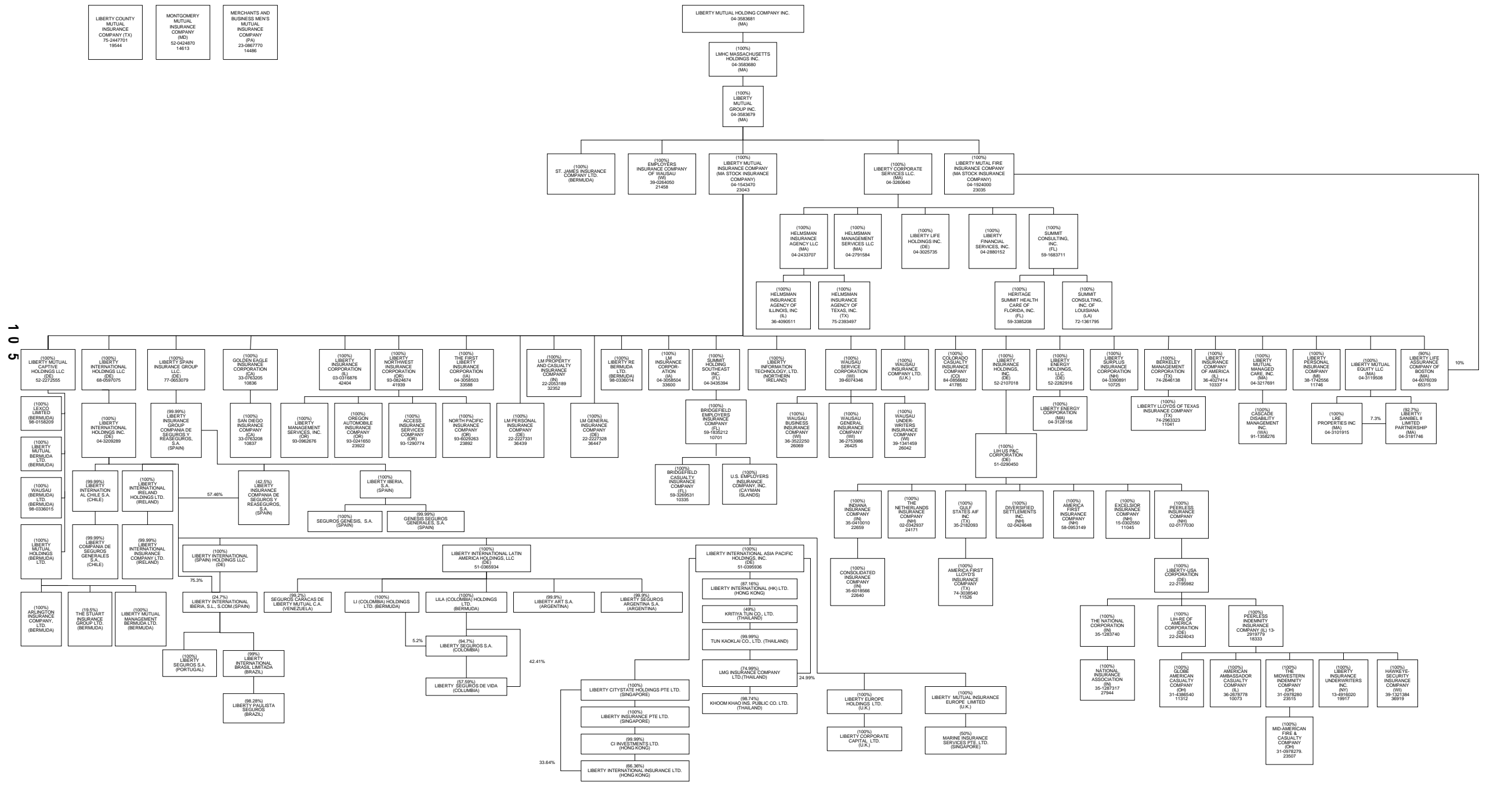
DETAILS OF WRITE-INS									
5701.	X X X								
5702.	X X X								
5703.	X X X								
5798. Summary of remaining write-ins for Line 57 from overflow page	X X X								
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	X X X								

Explanation of basis of allocation of premiums by states, etc.
 PREMIUMS ARE ALLOCATED TO THE STATES IN WHICH THE EMPLOYERS' PREMISES ARE LOCATED OR WHERE VEHICLES ARE GARAGED.

(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



105

OVERFLOW PAGE FOR WRITE-INS
