

**ANNUAL STATEMENT**

OF THE

**WAUSAU UNDERWRITERS INSURANCE COMPANY**

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of **WAUSAU**

in the state of **WISCONSIN**

TO THE

**Insurance Department**

OF THE

STATE OF

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

PROPERTY AND CASUALTY

**2004**



26042200420100100

ANNUAL STATEMENT

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

Wausau Underwriters Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 26042 Employer's ID Number 39-1341459
Organized under the Laws of Wisconsin, State of Domicile or Port of Entry Wisconsin
Country of Domicile United States of America
Incorporated: September 27, 1979 Commenced Business: January 1, 1980
Statutory Home Office: 2000 Westwood Drive Wausau, WI 54401
Main Administrative Office: 2000 Westwood Drive Wausau, WI 54401 715-845-5211
Mail Address: Post Office Box 8017 Wausau, WI 54402-8017
Primary Location of Books and Records: 175 Berkeley Street Boston, MA 02117 617-357-9500
Internet Website Address: www.wausau.com
Statutory Statement Contact: Steven Latham 617-357-9500 43660
Steven.Latham@LibertyMutual.com 617-574-5955
(E-Mail Address) (Fax Number)
Policyowner Relations Contact: 2000 Westwood Drive Wausau, WI 54401 715-845-5211 6570

OFFICERS

Table with 2 columns: Name, Title. Rows include Joseph Anthony Gilles (President and Chief Operating Officer), James Stanley Hoffert (Vice President-General Counsel and Secretary), Laurance Henry Soyer Yahia (Vice President and Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Rows include Susan Marie Doyle, David Lee Lancaster, Richard Vincent Poirier, George Juzdan, Michael Lynn Parker, Mark Alan Steinberg.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Anthony Alexander Fontanes, Dennis James Langwell, Joseph Anthony Gilles, Christopher Charles Mansfield, Gary Richard Gregg, Stuart Michael McGuigan, Edmund Francis Kelly.

State of Wisconsin
County of Marathon 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) Joseph Anthony Gilles (Printed Name) 1. President and Chief Operating Officer (Title)
(Signature) James Stanley Hoffert (Printed Name) 2. Vice President-General Counsel and Secretary (Title)
(Signature) Laurance Henry Soyer Yahia (Printed Name) 3. Vice President and Treasurer (Title)

Subscribed and sworn to before me this day of April, 2005

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

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	168,133,335		168,133,335	152,801,429
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				138,984
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 (\$ 936,011, Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 9,588,246, Schedule DA)	10,524,257		10,524,257	12,868,303
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	990,463		990,463	990,335
8. Receivable for securities	4,678		4,678	170,000
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	179,652,733		179,652,733	166,969,051
11. Investment income due and accrued	1,831,026		1,831,026	1,877,305
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	2,831,662	146,103	2,685,559	3,541,675
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	7,671,131	8,018	7,663,113	6,160,795
12.3 Accrued retrospective premiums	3,410,391	343,074	3,067,317	3,186,377
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	15,164	15,164		
15.1 Current federal and foreign income tax recoverable and interest thereon	28,276		28,276	317,126
15.2 Net deferred tax asset	5,039,000	2,157,080	2,881,920	2,212,393
16. Guaranty funds receivable or on deposit	225,125		225,125	183,174
17. Electronic data processing equipment and software				
18. Furniture and equipment, including health care delivery assets (\$ 0 )				
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates	2,377,337		2,377,337	8,191,385
21. Health care (\$ 0 ) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	2,071,524	128,538	1,942,986	1,887,137
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	205,153,369	2,797,977	202,355,392	194,526,418
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	205,153,369	2,797,977	202,355,392	194,526,418

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 + 0998) (Line 9 above)				
2301. Other assets	241,316	103,402	137,914	121,365
2302. Cash surrender value - life insurance	757,637		757,637	662,030
2303. Equities and deposits in pools & associations	120,763		120,763	192,515
2398. Summary of remaining write-ins for Line 23 from overflow page	951,808	25,136	926,672	911,227
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	2,071,524	128,538	1,942,986	1,887,137

<b>LIABILITIES, SURPLUS AND OTHER FUNDS</b>	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	53,560,966	52,749,271
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	10,216,078	10,430,663
4. Commissions payable, contingent commissions and other similar charges	544,154	490,626
5. Other expenses (excluding taxes, licenses and fees)	1,962,914	1,565,748
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,214,234	1,433,615
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
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 \$ 116,513,844 and including warranty reserves of \$ 0 )	16,135,678	15,341,077
10. Advance premium	150,007	153,342
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	44,046	14,033
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	2,918,059	226,840
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	1,472,290	1,627,410
19. Payable to parent, subsidiaries and affiliates	14,035,081	11,743,734
20. Payable for securities	1,985,910	296
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	(1,697,329)	5,277,501
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	102,542,088	101,054,156
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	102,542,088	101,054,156
27. Aggregate write-ins for special surplus funds	4,557,481	4,462,387
28. Common capital stock	4,500,000	4,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	77,360,256	77,360,255
33. Unassigned funds (surplus)	13,395,567	7,149,620
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)	99,813,304	93,472,262
36. TOTALS (Page 2, Line 26, Col. 3)	202,355,392	194,526,418

<b>DETAILS OF WRITE-INS</b>		
2301. Amounts held under uninsured plans	2,692,530	2,171,791
2302. Other liabilities	858,704	976,580
2303. Collateral held for securities loaned	3,592,100	10,753,450
2398. Summary of remaining write-ins for Line 23 from overflow page	(8,840,663)	(8,624,320)
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(1,697,329)	5,277,501
2701. Special surplus from retroactive reinsurance	4,557,481	4,462,387
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)	4,557,481	4,462,387
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)		

<b>UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME</b>	1	2
<b>UNDERWRITING INCOME</b>	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	38,803,786	35,035,442
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	25,796,582	23,271,609
3. Loss expenses incurred (Part 3, Line 25, Column 1)	6,331,102	6,699,670
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	9,691,711	8,571,131
5. Aggregate write-ins for underwriting deductions	(7,487)	2,683
6. Total underwriting deductions (Lines 2 through 5)	41,811,908	38,545,093
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(3,008,122)	(3,509,651)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	8,913,511	9,063,403
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	1,356,750	703,292
11. Net investment gain (loss) (Lines 9 + 10)	10,270,261	9,766,695
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 3,696 amount charged off \$ 190,526 )	(186,830)	(185,155)
13. Finance and service charges not included in premiums	237,831	213,563
14. Aggregate write-ins for miscellaneous income	(790,009)	(934,739)
15. Total other income (Lines 12 through 14)	(739,008)	(906,331)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	6,523,131	5,350,713
17. Dividends to policyholders	157,730	(9,605)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	6,365,401	5,360,318
19. Federal and foreign income taxes incurred	639,204	1,227,551
20. Net income (Line 18 minus Line 19) (to Line 22)	5,726,197	4,132,767
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	93,472,262	92,786,142
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20)	5,726,197	4,132,767
23. Change in net unrealized capital gains or (losses)		85,562
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	2,826,606	(52,965,207)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(2,257,596)	49,467,860
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus	45,835	(34,862)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	6,341,042	686,120
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	99,813,304	93,472,262
<b>DETAILS OF WRITE-INS</b>		
0501. NC private passenger auto escrow	(7,487)	2,683
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)	(7,487)	2,683
1401. Other income / (expense)	(884,522)	(738,654)
1402. Retroactive reinsurance gain / (loss)	94,513	(196,085)
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)	(790,009)	(934,739)
3601. Other changes in Surplus	45,835	(34,862)
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)	45,835	(34,862)

<b>CASH FLOW</b>		1	2
<b>Cash from Operations</b>		Current Year	Prior Year
1. Premiums collected net of reinsurance		38,959,958	35,999,241
2. Net investment income		9,276,701	9,468,208
3. Miscellaneous income		(6,295,930)	(1,035,850)
4. Total (Lines 1 through 3)		41,940,729	44,431,599
5. Benefit and loss related payments		25,133,327	20,299,775
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions		16,013,367	14,411,370
8. Dividends paid to policyholders		127,717	202,676
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		350,354	533,298
10. Total (Lines 5 through 9)		41,624,765	35,447,119
11. Net cash from operations (Line 4 minus Line 10)		315,964	8,984,480
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		65,468,456	43,944,121
12.2 Stocks			
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds		2,150,936	
12.8 Total investment proceeds (Lines 12.1 to 12.7)		67,619,392	43,944,121
13. Cost of investments acquired (long-term only):			
13.1 Bonds		79,621,657	45,116,882
13.2 Stocks			
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			990,240
13.6 Miscellaneous applications			5,103,073
13.7 Total investments acquired (Lines 13.1 to 13.6)		79,621,657	51,210,195
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)		(12,002,265)	(7,266,074)
<b>Cash from Financing and Miscellaneous Sources</b>			
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)		9,342,255	(6,534,470)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		9,342,255	(6,534,470)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)		(2,344,046)	(4,816,064)
19. Cash and short-term investments:			
19.1 Beginning of year		12,868,303	17,684,367
19.2 End of year (Line 18 plus Line 19.1)		10,524,257	12,868,303

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	714,566	310,354	373,117	651,803
2. Allied lines	235,324	126,240	136,444	225,120
3. Farmowners multiple peril	(15,207)	15,207		
4. Homeowners multiple peril	4,506,927	2,569,136	2,760,144	4,315,919
5. Commercial multiple peril	658,481	566,956	339,017	886,420
6. Mortgage guaranty				
8. Ocean marine	108,340	185,742	168,012	126,070
9. Inland marine	235,510	151,439	143,846	243,103
10. Financial guaranty				
11.1 Medical malpractice - occurrence	(74)	55	4	(23)
11.2 Medical malpractice - claims-made				
12. Earthquake	122,780	51,403	56,421	117,762
13. Group accident and health	(32,767)	4,673		(28,094)
14. Credit accident and health (group and individual)				
15. Other accident and health	564	7	35	536
16. Workers' compensation	12,507,281	(1,309,765)	(1,041,302)	12,238,818
17.1 Other liability - occurrence	1,926,298	520,811	615,695	1,831,414
17.2 Other liability - claims-made	374,336	276,448	262,874	387,910
18.1 Products liability - occurrence	154,224	(3,901)	35,252	115,071
18.2 Products liability - claims-made	9,450	215		9,665
19.1, 19.2 Private passenger auto liability	9,481,992	4,297,385	4,667,534	9,111,843
19.3, 19.4 Commercial auto liability	1,707,529	542,918	547,902	1,702,545
21. Auto physical damage	5,694,432	3,010,481	3,136,311	5,568,602
22. Aircraft (all perils)	255,749	44,192	74,766	225,175
23. Fidelity	14,962	8,123	7,366	15,719
24. Surety	564,033	383,440	397,163	550,310
26. Burglary and theft	1,540	1,216	1,173	1,583
27. Boiler and machinery	8,085	5,020	4,418	8,687
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	158,749	11,343	10,457	159,635
31. Reinsurance-Nonproportional Assumed Liability	325,085	49,679	28,637	346,127
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	39,718,189	11,818,817	12,725,286	38,811,720

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	349,387	23,730			373,117
2. Allied lines	132,643	3,801			136,444
3. Farmowners multiple peril					
4. Homeowners multiple peril	2,760,121	23			2,760,144
5. Commercial multiple peril	333,418	5,599			339,017
6. Mortgage guaranty					
8. Ocean marine	168,011	1			168,012
9. Inland marine	143,530	316			143,846
10. Financial guaranty					
11.1 Medical malpractice - occurrence	4				4
11.2 Medical malpractice - claims-made					
12. Earthquake	53,515	2,906			56,421
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	35				35
16. Workers' compensation	1,733,632	220,697		(2,995,632)	(1,041,303)
17.1 Other liability - occurrence	643,051	152,249		(179,604)	615,696
17.2 Other liability - claims-made	262,874				262,874
18.1 Products liability - occurrence	33,998	74,955		(73,701)	35,252
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	4,667,534				4,667,534
19.3, 19.4 Commercial auto liability	716,336	5		(168,440)	547,901
21. Auto physical damage	3,135,166	1,154		(9)	3,136,311
22. Aircraft (all perils)	74,766				74,766
23. Fidelity	7,320	46			7,366
24. Surety	219,700	170,468		6,995	397,163
26. Burglary and theft	1,159	14			1,173
27. Boiler and machinery	3,817	601			4,418
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	39,094				39,094
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	15,479,111	656,565		(3,410,391)	12,725,285
35. Accrued retrospective premiums based on experience					3,410,391
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					16,135,676

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

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



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

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

Line of Business	1  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	238,467	714,566		238,467		714,566
2. Allied lines	269,894	235,324		269,894		235,324
3. Farmowners multiple peril		(15,207)				(15,207)
4. Homeowners multiple peril		4,506,927				4,506,927
5. Commercial multiple peril	21,083,978	658,481		21,083,978		658,481
6. Mortgage guaranty						
8. Ocean marine		108,340				108,340
9. Inland marine		235,510				235,510
10. Financial guaranty						
11.1 Medical malpractice - occurrence		(74)				(74)
11.2 Medical malpractice - claims-made						
12. Earthquake	134,623	122,780		134,623		122,780
13. Group accident and health		(32,767)				(32,767)
14. Credit accident and health (group and individual)						
15. Other accident and health		564				564
16. Workers' compensation	300,624,357	12,507,281		300,624,357		12,507,281
17.1 Other liability - occurrence	19,877,484	1,926,298		19,877,484		1,926,298
17.2 Other liability - claims-made		374,336				374,336
18.1 Products liability - occurrence	6,343,047	154,224		6,343,047		154,224
18.2 Products liability - claims-made		9,450				9,450
19.1, 19.2 Private passenger auto liability		9,481,992				9,481,992
19.3, 19.4 Commercial auto liability	35,163,701	1,707,529		35,163,701		1,707,529
21. Auto physical damage	7,695,146	5,694,432		7,695,146		5,694,432
22. Aircraft (all perils)		255,749				255,749
23. Fidelity	5,188	14,962		5,188		14,962
24. Surety	240	564,033		240		564,033
26. Burglary and theft	5,444	1,540		5,444		1,540
27. Boiler and machinery		8,085				8,085
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	158,749				158,749
31. Reinsurance-Nonproportional Assumed Liability	X X X	325,085				325,085
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	391,441,569	39,718,189		391,441,569		39,718,189

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	75,956	191,367	75,956	191,367	287,420	288,263	190,524	29.230
2. Allied lines	296,738	137,132	296,738	137,132	163,663	140,622	160,173	71.150
3. Farmowners multiple peril		11,724		11,724		11,724		
4. Homeowners multiple peril		2,605,916		2,605,916	1,236,843	1,065,530	2,777,229	64.348
5. Commercial multiple peril	9,329,902	765,992	9,329,902	765,992	1,021,415	1,501,561	285,846	32.247
6. Mortgage guaranty								
8. Ocean marine		83,524		83,524	256,066	226,856	112,734	89.422
9. Inland marine	(14,289)	101,570	(14,289)	101,570	171,478	167,841	105,207	43.277
10. Financial guaranty								
11.1 Medical malpractice - occurrence		300		300	441	625	116	(504.348)
11.2 Medical malpractice - claims - made								
12. Earthquake		471		471	5,145	29,293	(23,677)	(20.106)
13. Group accident and health		1,838,049		1,838,049	15,524	2,026,618	(173,045)	615.950
14. Credit accident and health (group and individual)								
15. Other accident and health		3,676		3,676	14,451	18,753	(626)	(116.791)
16. Workers' compensation	115,969,085	6,377,876	115,969,085	6,377,876	28,094,225	25,879,695	8,592,406	70.206
17.1 Other liability - occurrence	10,190,092	1,788,212	10,190,092	1,788,212	6,861,779	6,139,261	2,510,730	137.092
17.2 Other liability - claims - made		67,225		67,225	848,626	554,058	361,793	93.267
18.1 Products liability - occurrence	3,899,326	356,576	3,899,326	356,576	2,236,450	2,372,583	220,443	191.571
18.2 Products liability - claims - made		3,010		3,010	21,613	18,640	5,983	61.904
19.1, 19.2 Private passenger auto liability		6,505,960		6,505,960	7,978,546	8,712,213	5,772,293	63.349
19.3, 19.4 Commercial auto liability	25,266,085	1,144,831	25,266,085	1,144,831	2,405,596	2,529,209	1,021,218	59.982
21. Auto physical damage	2,541,811	2,672,718	2,541,811	2,672,718	(196,165)	(248,477)	2,725,030	48.936
22. Aircraft (all perils)		107,715		107,715	252,994	209,808	150,901	67.015
23. Fidelity		7,597		7,597	29,683	24,179	13,101	83.345
24. Surety		185,098		185,098	262,883	198,831	249,150	45.274
26. Burglary and theft		961		961	7,669	11,326	(2,696)	(170.310)
27. Boiler and machinery	817	957	817	957	416	6,586	(5,213)	(60.009)
28. Credit					60	356	(296)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	(211,276)		(211,276)	474,937	71,986	191,675	129.255
31. Reinsurance-Nonproportional Assumed Liability	X X X	229,910		229,910	1,101,740	785,856	545,794	177.326
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	1,254		1,254	7,468	5,475	3,247	6.536
33. Aggregate write-ins for other lines of business								
34. TOTALS	167,555,523	24,978,345	167,555,523	24,978,345	53,560,966	52,749,271	25,790,040	66.449

**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	1	164,533	1	164,533	760,142	122,887	760,142	287,420	28,016
2. Allied lines	5,497	151,919	5,497	151,919	672,032	11,745	672,032	163,664	14,007
3. Farmowners multiple peril									354
4. Homeowners multiple peril		758,896		758,896		477,947		1,236,843	333,812
5. Commercial multiple peril	30,586,660	799,259	30,586,660	799,259	24,785,952	222,156	24,785,952	1,021,415	332,582
6. Mortgage guaranty									
8. Ocean marine		179,232		179,232		76,833		256,065	38,649
9. Inland marine		104,982		104,982	168,693	66,496	168,693	171,478	34,987
10. Financial guaranty									
11.1 Medical malpractice - occurrence		4,118		4,118		(3,677)		441	41
11.2 Medical malpractice - claims - made									
12. Earthquake		2,188		2,188		2,956		5,144	2,506
13. Group accident and health		19,519		19,519		(3,995)	(a)	15,524	1,208
14. Credit accident and health (group and individual)									
15. Other accident and health		3,877		3,877		10,574	(a)	14,451	549
16. Workers' compensation	309,259,742	20,254,578	309,259,742	20,254,578	125,804,206	7,839,646	125,804,206	28,094,224	3,452,247
17.1 Other liability - occurrence	26,318,715	4,755,338	26,318,715	4,755,338	24,759,843	2,106,441	24,759,843	6,861,779	2,092,148
17.2 Other liability - claims - made		270,926		270,926		577,701		848,627	290,913
18.1 Products liability - occurrence	16,299,327	1,553,168	16,299,327	1,553,168	7,793,618	683,282	7,793,618	2,236,450	1,010,603
18.2 Products liability - claims - made		9,512		9,512		12,100		21,612	12,449
19.1, 19.2 Private passenger auto liability		5,447,260		5,447,260		2,531,288		7,978,548	1,832,915
19.3, 19.4 Commercial auto liability	25,294,504	1,342,829	25,294,504	1,342,829	17,093,246	1,062,766	17,093,246	2,405,595	354,513
21. Auto physical damage		(1,427)		(1,427)		(194,739)		(196,166)	215,389
22. Aircraft (all perils)		183,505		183,505		69,489		252,994	52,034
23. Fidelity		5,257		5,257	76,970	24,426	76,970	29,683	7,754
24. Surety		70,264		70,264	(9)	192,619	(9)	262,883	75,900
26. Burglary and theft		1,196		1,196	11,624	6,473	11,624	7,669	893
27. Boiler and machinery		6,733		6,733	30,642	(6,317)	30,642	416	1,804
28. Credit						60		60	3
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	207,000		207,000	X X X	267,937		474,937	4,988
31. Reinsurance-Nonproportional Assumed Liability	X X X	756,380		756,380	X X X	345,361		1,101,741	24,814
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	7,586		7,586	X X X	(117)		7,469	
33. Aggregate write-ins for other lines of business									
34. TOTALS	407,764,446	37,058,628	407,764,446	37,058,628	201,956,959	16,502,338	201,956,959	53,560,966	10,216,078

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	43,051,055			43,051,055
1.2 Reinsurance assumed	2,760,777			2,760,777
1.3 Reinsurance ceded	43,051,055			43,051,055
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	2,760,777			2,760,777
2. Commission and brokerage:				
2.1 Direct excluding contingent		17,801,052		17,801,052
2.2 Reinsurance assumed excluding contingent		192,311		192,311
2.3 Reinsurance ceded excluding contingent		17,801,052		17,801,052
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed		153,714		153,714
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)		346,025		346,025
3. Allowances to manager and agents	5	15		20
4. Advertising	34,975	308,938	142	344,055
5. Boards, bureaus and associations	9,435	104,219	3	113,657
6. Surveys and underwriting reports	91	121,013		121,104
7. Audit of assureds' records	2	4		6
8. Salary and related items:				
8.1 Salaries	2,141,028	4,275,633	40,711	6,457,372
8.2 Payroll taxes	122,097	330,092	2,028	454,217
9. Employee relations and welfare	293,554	843,738	2,305	1,139,597
10. Insurance	190,551	48,900	71	239,522
11. Directors' fees	17	1,102		1,119
12. Travel and travel items	131,960	316,401	805	449,166
13. Rent and rent items	154,476	405,466	677	560,619
14. Equipment	132,587	300,735	947	434,269
15. Cost or depreciation of EDP equipment and software	33,923	58,395	609	92,927
16. Printing and stationery	35,391	85,823	196	121,410
17. Postage, telephone and telegraph, exchange and express	107,043	287,752	2,259	397,054
18. Legal and auditing	15,456	77,313	3,271	96,040
19. Totals (Lines 3 to 18)	3,402,591	7,565,539	54,024	11,022,154
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 45,575		1,441,238		1,441,238
20.2 Insurance department licenses and fees		36,705		36,705
20.3 Gross guaranty association assessments		24,442		24,442
20.4 All other (excluding federal and foreign income and real estate)		70,638		70,638
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,573,023		1,573,023
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	167,735	207,126	5,394	380,255
25. Total expenses incurred	6,331,103	9,691,713	59,418 (a)	16,082,234
26. Less unpaid expenses-current year	10,216,078	3,721,303		13,937,381
27. Add unpaid expenses-prior year	10,430,663	3,489,989		13,920,652
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)	6,545,688	9,460,399	59,418	16,065,505

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(9,194)			(9,194)
2402. Other expenses	176,929	207,126	5,394	389,449
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	167,735	207,126	5,394	380,255

(a) Includes management fees of \$ 59,418 to affiliates and \$ 0 to non-affiliates.

### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,918,432	1,896,064
1.1 Bonds exempt from U.S. tax	(a) 30,153	25,114
1.2 Other bonds (unaffiliated)	(a) 6,923,913	6,905,405
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 73,128	80,272
7. Derivative instruments	(f)	
8. Other invested assets	58,877	51,370
9. Aggregate write-ins for investment income	14,704	14,704
10. Total gross investment income	9,019,207	8,972,929
11. Investment expenses		(g) 59,418
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)		59,418
17. Net investment income (Line 10 minus Line 16)		8,913,511
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income/(Expense)	14,704	14,704
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)	14,704	14,704
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 \$ 86,088 accrual of discount less \$ 403,126 amortization of premium and less \$ 458,261 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 \$ 6,096 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 \$ 58,877 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	262,676			262,676
1.1 Bonds exempt from U.S. tax	56			56
1.2 Other bonds (unaffiliated)	1,233,012			1,233,012
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)		(138,993)	138,993	
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				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	1,495,744	(138,993)	138,993	1,495,744

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	146,103	52,869	(93,234)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,018		(8,018)
12.3 Accrued retrospective premiums	343,074	335,848	(7,226)
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	15,164	17,407	2,243
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	2,157,080		(2,157,080)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software			
18. Furniture and equipment, including health care delivery assets			
19. Net adjustment in assets and liabilities due to foreign exchange rates			
20. Receivable from parent, subsidiaries and affiliates			
21. Health care and other amounts receivable			
22. Other assets nonadmitted			
23. Aggregate write-ins for other than invested assets	128,538	134,257	5,719
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,797,977	540,381	(2,257,596)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,797,977	540,381	(2,257,596)

<b>DETAILS OF WRITE-INS</b>			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	103,402	103,831	429
2302. Amounts billed and receivable under high deductible	25,136	30,426	5,290
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	128,538	134,257	5,719

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## NOTES TO FINANCIAL STATEMENTS

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

#### A. Accounting Practices

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

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

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

#### C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

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

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

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

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

### **Note 3- Business Combinations and Goodwill**

#### A. Statutory Purchase Method

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

## NOTES TO FINANCIAL STATEMENTS

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B. Statutory Mergers

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

C. Impairment Loss

Not applicable

**Note 4- Discontinued Operations**

The Company has no discontinued operations to report.

**Note 5- Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans as investments.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

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

A. The Company has no investments in joint ventures, partnerships, or limited liability companies.

B. Impairments on joint ventures, partnerships and limited liability companies.

Not applicable

**Note 7- Investment Income**

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2004.

**Note 8- Derivative Instruments**

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



**NOTES TO FINANCIAL STATEMENTS****Note 9 - Income Taxes**

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

	December 31, 2004	December 31, 2003	Change
Total of gross deferred tax assets	5,614,346	5,098,671	515,675
Total of deferred tax liabilities	(575,346)	(2,886,278)	2,310,932
Net deferred tax asset	5,039,000	2,212,393	2,826,607
Net deferred tax asset non-admitted	(2,157,080)	0	(2,157,080)
Net admitted deferred tax asset	<b>2,881,920</b>	<b>2,212,393</b>	<b>669,527</b>

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

	2004	2003
Federal	1,043,804	1,821,001
Net operating loss benefit	(404,600)	(593,450)
Foreign	0	0
Federal and foreign income tax incurred	639,204	1,227,551

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

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax-exempt interest, goodwill, revisions to prior year estimates and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$234,000 from the current year and \$256,840 from the preceding year.

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

The Company has a minimum tax credit of \$490,840 which does not expire.

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)

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## NOTES TO FINANCIAL STATEMENTS

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Heritage-Summit Healthcare of Florida, Inc. Indiana Insurance Company LEXCO Limited Liberty Assignment Corporation Liberty Corporate Services, Inc. Liberty Energy Corporation Liberty Financial Services, Inc. Liberty Hospitality Group, Inc. Liberty Insurance Company of America Liberty Insurance Corporation Liberty Insurance Holdings, Inc. Liberty Insurance Underwriters, Inc. Liberty International Aberdeen, Inc. Liberty International Asia Pacific Holdings, Inc.	St. James Insurance Company Summit Consulting, Inc. Summit Consulting, Inc. of Louisiana Summit Holding Southeast, Inc. The First Liberty Insurance Corporation The Midwestern Indemnity Company The National Corporation The Netherlands Insurance Company Wausau (Bermuda) Ltd. Wausau Business Insurance Company Wausau General Insurance Company Wausau Holdings, Inc. Wausau Service Corporation Wausau Underwriters Insurance Company
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\* This company joined the consolidated group in 2004 and its activity from the date it joined the group is included in the consolidated return.

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

### **Note 10- Information concerning Parent, Subsidiaries and Affiliates**

- A. All of the outstanding shares of capital stock of the Company are held by Wausau Service Corporation (the "Parent Company"). Wausau Service Corporation is wholly owned by Liberty Mutual Insurance Company, a Massachusetts company. Liberty Mutual Insurance Company is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. All non-insurance transactions the Company had with its affiliates involved less than ½ of 1% of the total assets of the reporting entity.
- C. There have been no material transactions with the company's affiliates during 2004.
- D. At December 31, 2004, the Company reported \$11,657,744 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 26 for information regarding intercompany pooling arrangement

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled, or affiliated companies greater than 10% of admitted assets.
- J. The Company did not recognize any impairment write down for its subsidiary, controlled, or affiliated companies during the statement period.

### **Note 11- Debt**

Not applicable

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

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

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

1. The Company has 20,000 shares authorized, and 11,250 shares issued and outstanding as of December 31, 2004. All shares have a stated par value of \$400.
2. Preferred Stock  
  
Not applicable
3. Dividend Restrictions  
  
There are no dividend restrictions.

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**NOTES TO FINANCIAL STATEMENTS**


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4. The maximum amount of dividends which can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of policyholders' surplus, or (b) adjusted net income. The maximum dividend payout which may be made without prior approval in 2005 is \$9,981,330.
5. As of December 31, 2004, the Company has restricted surplus of \$4,557,481 resulting from retroactive reinsurance contracts.
6. The Company had no advances to surplus.
7. The Company did not hold stock for special purposes.
8. The Company had changes in special surplus funds since December 31, 2001 resulting from retroactive reinsurance contracts.
9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
a. Unrealized gains/(losses)	(\$10)	0
b. Nonadmitted asset values	(\$2,797,977)	(\$2,257,596)
c. Provision for reinsurance	0	0
Total	(\$2,797,987)	(\$2,257,596)

10. Surplus Notes  
Not applicable
11. Quasi re-organization (dollar impact)  
Not applicable
12. Quasi re-organization (effective date)  
Not applicable

**Note 14- Contingencies****A. Contingent Commitments**

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

**B. Assessments**

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

The Company has accrued a liability for guaranty fund and other assessments of \$993,690 that is offset by future premium tax credits of \$225,126. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2005.

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

On October 3, 2001, the Company received notification of the insolvency of the Reliance Insurance Group. It is expected the insolvency will result in a guaranty fund assessment against the company of \$171,188 that has been charged to operations in the prior year, and any remaining unpaid balance is included in the liability above.

**C. Gain Contingencies**

Not applicable

**D. All other Contingencies**

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

## NOTES TO FINANCIAL STATEMENTS

### **Note 15- Leases**

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

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

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2005	\$175,762	\$428,286
2006	171,325	347,812
2007	96,451	249,581
2008	88,324	164,484
2009	69,643	109,546
2010 & thereafter	434,017	679,612
Total	<u>\$1,035,522</u>	<u>\$1,979,321</u>

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

Not applicable

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

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

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

- A. Transfers of Receivables reported as sales:

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

- B. Transfers and servicing of financial assets:

The Company participates in Securities lending program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company's portfolio to qualifying third parties, via a lending agent. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Under the terms of the securities lending program, the lending agent indemnifies the Company against borrower defaults. The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of collateral held, representing its obligation to return the collateral related to the loaned securities. At December 31, 2004, the total market value of fixed maturities loaned was \$11,033,345, with corresponding collateral value at \$11,243,919.

- C. Wash Sales

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

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

- A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans was \$2,222. There was no other income or expense, resulting in a net gain of \$2,222. Claim payment volume was \$110,262.

- B. Administrative Services Contract (ASC) Plans

Not applicable

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

Not applicable

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

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

## NOTES TO FINANCIAL STATEMENTS

### **Note 20 – September 11 Events**

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

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$1,025,000	\$418,000	\$1,442,000	\$1,289,000	\$153,000
Loss and ALAE Reserves	\$448,000	\$103,000	\$550,000	\$283,000	\$267,000
Incurred Loss and ALAE	\$1,472,000	\$520,000	\$1,993,000	\$1,572,000	\$421,000

### **Note 21- Other Items**

A. The Company has no extraordinary items to report.

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2004 and \$0 in 2003.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$10,967 in 2004 and \$81,063 in 2003.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$439,723 in 2004 and \$141,346 in 2003.

2) Assets in the amount of \$29,684,111 and \$33,294,513 as of December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

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

E. Business Interruption Insurance Recoveries

There were no reported losses that exceeded the policy deductible.

### **Note 22- Events Subsequent**

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

### **Note 23- Reinsurance**

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

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

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$16,135,678	\$733,780	\$116,513,844	\$5,298,540	(\$100,378,166)	\$(4,564,760)
All Other	0	0	0	0	0	0
Total	\$16,135,678	\$733,780	\$116,513,844	\$5,298,540	(\$100,378,166)	\$(4,564,760)

Direct Unearned Premium Reserve: \$116,513,844

## NOTES TO FINANCIAL STATEMENTS

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$136,463	\$0	\$136,463
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(780,000)	0	(780,000)
Totals	\$0	\$(643,537)	\$0	\$(643,537)

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

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(8,557,972)	\$0
	2. Adjustment – Prior Year(s)	424,512	0
	3. Adjustment – Current Year	72,798	0
	4. Total	\$(8,060,662)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(3,693,178)	\$0
	2. Adjustment – Prior Year(s)	(155,792)	0
	3. Adjustment – Current Year	-	0
	4. Total	\$(3,848,970)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$39,614	\$0
	2. Adjustment – Prior Year(s)	(336,988)	0
	3. Adjustment – Current Year	(48,415)	0
	4. Total	\$(345,789)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$4,825,180	\$0
	2. Adjustment – Prior Year(s)	(243,316)	0
	3. Adjustment – Current Year	(24,383)	0
	4. Total	\$4,557,481	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(8,060,662)	\$0

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

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

### **Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

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

Total accrued retro premium	\$3,410,391
Less: Non-admitted amount	343,074
Admitted amount	<u>\$3,067,317</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

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

### Note 26- Intercompany Pooling Arrangements

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

### **Note 27- Structured Settlements**

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$7,300,039 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$7,300,039 as of December 31, 2004.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

<u>Life Ins. Company and Location</u>	<u>Licensed in Company's State of Domicile Yes/No</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$ 2,638,361
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$ 2,208,584

### **Note 28 - Health Care Receivables**

Not applicable

### **Note 29 - Participating Policies**

Not applicable

### **Note 30 - Premium Deficiency Reserves**

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

### **Note 31- High Dollar Deductible Policies**

As of December 31, 2004, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$15,214,680 and the amount billed and recoverable on paid claims was \$947,183.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2004, liabilities include \$36,696,925 of liabilities carried at a discounted value of \$31,510,000 representing a discount of \$5,186,925.

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

### **Note 33- Asbestos/Environmental Reserves**

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



## NOTES TO FINANCIAL STATEMENTS

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

### Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

### Uncertainty Regarding Reserving Methodologies

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

During the fourth quarter of 2004, the Company completed a comprehensive ground-up study of its environmental reserves. The study was performed with the assistance of an independent actuarial firm, and focused on the implications of claim and litigation trends and other significant developments. The study encompassed the Company's liabilities with respect to both National Priority List (NPL) claims and direct site claims involving the presence of hazardous waste at sites owned or operated by the insured. As a result of the ground-up study, the Company increased net loss and ALAE reserves by \$1,263,944.

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

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

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

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

<u>Asbestos</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Gross of Reinsurance Basis</b>					
<b>(all Liberty pooled companies)</b>					
Beginning Reserves	\$1,263,028,000	\$1,394,737,000	\$1,465,333,000	\$1,666,019,000	\$1,840,688,000
Incurred losses and LAE	341,317,000	290,738,629	494,293,434	542,256,000	674,113,842
Calendar year payments	209,608,000	220,142,629	293,607,434	367,587,000	322,748,521
Ending Reserves	<u>\$1,394,737,000</u>	<u>\$1,465,333,000</u>	<u>\$1,666,019,000</u>	<u>\$1,840,688,000</u>	<u>\$2,192,053,321</u>
<b>Net of Reinsurance Basis</b>					
Beginning Reserves	\$2,819,816	\$3,115,960	\$3,371,852	\$3,840,056	\$4,498,356
Incurred losses and LAE	874,684	711,420	1,161,312	1,252,012	14,128
Calendar year payments	578,540	455,528	693,108	593,712	706,611
Ending Reserves	<u>\$3,115,960</u>	<u>\$3,371,852</u>	<u>\$3,840,056</u>	<u>\$4,498,356</u>	<u>3,805,872</u>

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**NOTES TO FINANCIAL STATEMENTS**


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

Gross of Reinsurance Basis	\$1,050,100,011
Net of Reinsurance Basis:	\$1,380,468

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

Gross of Reinsurance Basis	\$501,539,904
Net of Reinsurance Basis:	\$679,859

**Environmental:****Gross of Reinsurance Basis (all Liberty pooled companies)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Beginning Reserves	\$1,060,390,000	\$829,472,000	\$681,226,000	\$564,371,000	\$377,622,000
Incurred losses and LAE	(114,622,000)	(89,983)	52,734,816	(111,199,000)	480,461,172
Calendar year payments	116,296,000	148,156,017	169,589,816	75,550,000	77,017,816
Ending Reserves	<u>\$829,472,000</u>	<u>\$681,226,000</u>	<u>\$564,371,000</u>	<u>\$377,622,000</u>	<u>\$781,065,356</u>

**Net of Reinsurance Basis**

Beginning Reserves	\$2,661,200	\$1,789,776	\$1,701,572	\$1,225,836	\$1,030,952
Incurred losses and LAE	(528,012)	358,164	(43,556)	(32,000)	1,263,944
Calendar year payments	343,412	446,368	432,180	162,884	188,042
Ending Reserves	<u>\$1,789,776</u>	<u>\$1,701,572</u>	<u>\$1,225,836</u>	<u>\$1,030,952</u>	<u>\$2,106,854</u>

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

Gross of Reinsurance Basis	\$553,985,554
Net of Reinsurance Basis:	\$1,474,982

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

Gross of Reinsurance Basis	\$305,171,037
Net of Reinsurance Basis:	\$879,973

**Note 34- Subscriber Savings Accounts**

The Company is not a reciprocal insurance company.

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	19,874,911	11.063	19,874,911	11.063
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	13,477,225	7.502	13,477,225	7.502
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	1,966,972	1.095	1,966,972	1.095
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations	562,875	0.313	562,875	0.313
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	1,861,227	1.036	1,861,227	1.036
1.512 Issued or guaranteed by FNMA and FHLMC	59,465,215	33.100	59,465,215	33.100
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
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	7,436,848	4.140	7,436,848	4.140
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	63,488,062	35.339	63,488,062	35.339
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	4,678	0.003	4,678	0.003
8. Cash, cash equivalents and short-term investments	10,524,257	5.858	10,524,257	5.858
9. Other invested assets	990,462	0.551	990,462	0.551
10. Total invested assets	179,652,732	100.000	179,652,732	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? WISCONSIN
- 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 [ X ] No [ ]
- 2.2 If yes, date of change: 01/19/2004  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 11/07/2003
- 3.4 By what department or departments? WISCONSIN
- 
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ X ] No [ ]  
4.12 renewals? Yes [ X ] No [ ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] 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  
 200 CLARENDON ST, BOSTON, MA, 02116  
 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? ROY K MORELL, FCAS, MAAA, VP & SENIOR ACTUARY  
 175 BERKELEY ST, BOSTON, MA, 02117  
 LIBERTY MUTUAL INSURANCE COMPANY

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

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

### BOARD OF DIRECTORS

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

### FINANCIAL

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

## GENERAL INTERROGATORIES

### INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [ ] No [X]	Yes [ ] No [X]
Common	20,000	11,250	400	X X X	X X X X X X	X X X X X X

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

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

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

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

## GENERAL INTERROGATORIES

### INVESTMENT

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	3 Chase Metro Tech Center Brooklyn, NY 11245

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [ X ]

24.2 If yes, complete the following schedule:

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

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

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

## GENERAL INTERROGATORIES

### INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds	177,721,579	182,558,239	4,836,659
25.2 Preferred stocks			
25.3 Totals	177,721,579	182,558,239	4,836,659

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 prices are not available, fair values are based on quoted market prices of comparable instruments 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? \$ 193,927

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
WISCONSIN COMPENSATION RATING BUREAU	\$ 80,961
	\$
	\$
	\$
	\$

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

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

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

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

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

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



**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 315	\$ 127,696
2.2 Premium Denominator	\$ 38,803,786	\$ 35,035,442
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 6,614	\$ 25,489
2.5 Reserve Denominator	\$ 63,777,044	\$ 63,179,934
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 \$ 391,391,350  
     3.22 Non-participating policies \$ 50,219

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 [X] NO [ ]  
 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:  
 In 2004 the company purchased a Workers' Compensation Catastrophe treaty with limits of \$400mm xs \$100mm.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The company employs industry-recognized catastrophe modeling software to estimate its probable maximum loss. For property exposures it employs RiskLink v 4.4 from RMS and AIR v 6.0.0 from AIR for windstorm and earthquake. For WC it employs RiskLink v 4.3 from RMS. Relative exposure concentrations can be found in the Northeast and Florida.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? In addition to the Workers' Compensation Catastrophe treaty, the company purchased a Property Catastrophe treaty with limits of \$884mm part of \$1bb xs \$250mm in 2004. The company participated in the Florida Hurricane Catastrophe Fund to the maximum extent allowed and participated in the California Earthquake Authority. Coverage is sufficient to protect against the company's 250 year modeled event.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES  NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES  NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES  NO
- 8.2 If yes, give full information
9. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES  NO  N/A
- 10.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? YES  NO
- 10.2 If yes, give full information
- 11.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |  |       |   |    |           |
|--|-------|---|----|-----------|
|  | 11.11 | Unpaid losses   | \$ | 6,367,418 |
|  | 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 733,351   |
- 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? \$ 1,692,834
- 11.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES  NO  N/A
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |  |       |      |  |          |
|--|-------|------|--|----------|
|  | 11.41 | From |  | 4.000 %  |
|  | 11.42 | To   |  | 10.000 % |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES  NO
- 11.6 If yes, state the amount thereof at December 31 of current year:
- |  |       |                            |    |            |
|--|-------|----------------------------|----|------------|
|  | 11.61 | Letters of Credit          | \$ | 28,073,475 |
|  | 11.62 | Collateral and other funds | \$ | 2,818,436  |
- 12.1 What amount of installment notes is owned and now held by the reporting entity? \$
- 12.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? YES  NO
- 12.3 If yes, what amount? \$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 388,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES  NO
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 5

**GENERAL INTERROGATORIES**  
(Continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

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

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

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

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

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

16.11 Name of real estate holding company \_\_\_\_\_  
16.12 Number of parcels involved \_\_\_\_\_  
16.13 Total book/adjusted carrying value \$ \_\_\_\_\_

16.2 If yes, provide explanation  
.....  
.....

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

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

\* Disclose type of coverage: \_\_\_\_\_

**FIVE-YEAR HISTORICAL DATA**

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

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	388,169,625	227,351,165	166,893,752	229,315,204	284,118,833
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	15,347,726	12,004,002	11,908,294	12,411,387	19,781,595
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	26,606,353	28,140,850	25,614,194	34,281,769	25,182,887
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	552,220	707,307	2,152,201	2,186,750	2,468,237
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	483,834	885,678	582,214	181,576	327,001
6. Total (Line 34)	431,159,758	269,089,002	207,150,655	278,376,686	331,878,553
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	26,161,036	23,035,920	20,098,602	17,493,150	17,447,799
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	7,004,152	6,522,957	6,119,869	5,641,214	5,114,993
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	5,522,375	5,765,721	4,715,652	4,090,968	4,066,086
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	546,792	707,307	2,152,201	2,186,750	2,432,248
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	483,834	885,678	582,214	181,576	327,001
12. Total (Line 34)	39,718,189	36,917,583	33,668,538	29,593,658	29,388,127
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(3,008,122)	(3,509,651)	(2,771,867)	(9,498,834)	(5,180,900)
14. Net investment gain (loss) (Line 11)	10,270,261	9,766,695	10,150,993	13,605,630	9,342,314
15. Total other income (Line 15)	(739,008)	(906,331)	(541,270)	2,711,490	1,265,361
16. Dividends to policyholders (Line 17)	157,730	(9,605)	259,503	309,041	375,174
17. Federal and foreign income taxes incurred (Line 19)	639,204	1,227,551	500,078	11,788	(2,959,227)
18. Net income (Line 20)	5,726,197	4,132,767	6,078,275	6,497,457	8,010,828
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	202,355,392	194,526,418	191,653,435	177,474,858	210,153,957
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	2,685,559	3,541,675	3,503,384	3,127,293	2,904,477
20.2 Deferred and not yet due (Line 12.2)	7,663,113	6,160,795	5,181,700	4,172,548	4,139,955
20.3 Accrued retrospective premiums (Line 12.3)	3,067,317	3,186,377	2,797,882	2,884,204	2,492,836
21. Total liabilities excluding protected cell business (Page 3, Line 24)	102,542,088	101,054,156	98,867,293	92,601,815	133,563,823
22. Losses (Page 3, Lines 1 and 2)	53,560,966	52,749,271	49,802,757	51,635,317	49,428,747
23. Loss adjustment expenses (Page 3, Line 3)	10,216,078	10,430,663	9,491,698	10,023,624	10,324,842
24. Unearned premiums (Page 3, Line 9)	16,135,678	15,341,077	12,902,689	11,024,823	10,235,750
25. Capital paid up (Page 3, Lines 28 & 29)	4,500,000	4,500,000	4,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	99,813,304	93,472,262	92,786,142	84,873,043	76,590,134
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital	99,813,304	93,472,262	92,786,142	84,873,043	76,590,134
28. Authorized control level risk-based capital	5,451,785	5,050,145	4,563,583	4,329,852	6,017,000
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	93.6	91.5	89.5	92.3	69.8
30. Stocks (Lines 2.1 & 2.2)		0.1	0.1	0.1	0.1
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash and short-term investments (Line 5)	5.9	7.7	10.5	7.5	29.0
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)	0.6	0.6			
36. Receivable for securities (Line 8)		0.1			1.1
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
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					
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
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)		85,562	93,685	(149,830)	(29,417)
48. Dividends to stockholders (Line 34)					
49. Change in surplus as regards policyholders for the year (Line 37)	6,341,042	686,120	7,913,099	8,282,909	7,936,547
<b>Gross Losses Paid</b> (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)	171,568,578	173,123,292	196,777,972	247,285,657	245,236,197
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	6,004,435	5,292,622	5,745,582	11,344,355	13,849,309
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	12,906,547	12,919,192	18,251,010	24,193,270	11,470,165
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	2,034,420	1,181,869	1,735,873	1,493,153	1,516,715
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	19,888	407,207	422,466	288,157	343,504
55. Total (Line 34)	192,533,868	192,924,182	222,932,903	284,604,592	272,415,890
<b>Net Losses Paid</b> (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)	16,243,990	13,614,246	15,705,522	15,454,717	15,868,855
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,104,219	3,049,194	3,057,076	3,505,081	3,289,574
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,575,828	2,376,906	2,671,744	3,134,066	2,571,033
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	2,034,420	1,181,869	1,735,885	1,493,153	1,516,703
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	19,888	407,207	422,466	288,157	343,504
61. Total (Line 34)	24,978,345	20,629,422	23,592,693	23,875,174	23,589,669
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	66.5	66.4	68.6	89.1	76.6
64. Loss expenses incurred (Line 3)	16.3	19.1	16.4	17.0	16.1
65. Other underwriting expenses incurred (Line 4)	25.0	24.5	23.7	26.3	25.4
66. Net underwriting gain (loss) (Line 8)	(7.8)	(10.0)	(8.8)	(32.4)	(18.1)
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.2	25.7	23.9	16.9	20.4
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.8	85.5	85.1	106.1	92.7
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	39.8	39.5	36.3	34.9	38.4
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	1,376	2,934	2,441	4,836	1,332
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)	1.5	3.2	2.9	6.3	1.9
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	6,597	6,163	9,257	6,349	(28)
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)	7.1	7.3	12.1	9.3	(0.0)

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	35,213,363	36,688,359	35,427,826	33,574,384
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	35,213,363	36,688,359	35,427,826	33,574,384
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	1,966,972	2,089,990	1,965,085	2,000,000
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....	1,966,972	2,089,990	1,965,085	2,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	60,028,090	60,790,255	60,141,777	59,757,022
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....	60,028,090	60,790,255	60,141,777	59,757,022
Public Utilities (unaffiliated)	17. United States .....	5,185,928	5,140,260	5,202,720	5,000,000
	18. Canada .....				
	19. Other Countries .....				
	20. Totals .....	5,185,928	5,140,260	5,202,720	5,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	65,738,982	68,251,877	65,922,058	63,987,078
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....	65,738,982	68,251,877	65,922,058	63,987,078
Parent, Subsidiaries and Affiliates	25. Totals .....				
	<b>26. Total Bonds</b> .....	168,133,335	172,960,741	168,659,466	164,318,484
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....				
Parent, Subsidiaries and Affiliates	39. Totals .....				
	<b>40. Total Preferred Stocks</b> .....				
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals .....				
Parent, Subsidiaries and Affiliates	53. Totals .....				
	<b>54. Total Common Stocks</b> .....				
	55. Total Stocks .....				
	56. Total Bonds and Stocks .....	168,133,335	172,960,741	168,659,466	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year .....	152,940,412	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	79,621,657	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 .....	(273,381)	6.3 Column 16, Part 2, Section 2 .....	
3.2 Column 18, Part 2, Section 1 .....		6.4 Column 15, Part 4 .....	
3.3 Column 15, Part 2, Section 2 .....		7. Book/adjusted carrying value at end of current period .....	168,133,335
3.4 Column 14, Part 4 .....	(182,640)	8. Total valuation allowance .....	
4. Total gain (loss), Column 19, Part 4 .....	1,495,743	9. Subtotal (Lines 7 plus 8) .....	168,133,335
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....	65,468,456	10. Total nonadmitted amounts .....	
		11. Statement value of bonds and stocks, current period .....	168,133,335

**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	2,972	1,151	898	347	159	99	56	2,432	X X X
2. 1995	36,830	6,397	30,433	24,669	3,968	1,700	156	2,724	16	721	24,953	X X X
3. 1996	34,699	5,150	29,549	24,786	3,537	1,882	151	2,641	8	808	25,613	X X X
4. 1997	33,835	4,213	29,622	25,014	3,340	2,196	220	2,729	16	797	26,363	X X X
5. 1998	35,675	4,298	31,377	28,199	3,548	2,188	231	3,034	27	943	29,615	X X X
6. 1999	35,416	5,095	30,321	27,930	3,848	2,220	258	3,052	45	885	29,051	X X X
7. 2000	37,350	6,036	31,314	27,073	4,377	2,010	255	2,896	34	634	27,313	X X X
8. 2001	38,790	6,246	32,544	25,281	4,874	1,565	205	2,726	19	739	24,474	X X X
9. 2002	44,289	8,367	35,922	21,472	2,721	1,115	116	3,049	17	1,174	22,782	X X X
10. 2003	49,321	11,203	38,118	17,645	3,237	731	27	3,112	8	1,111	18,216	X X X
11. 2004	51,307	12,505	38,802	11,390	2,572	261	29	2,666	99	651	11,617	X X X
12. Totals	X X X	X X X	X X X	236,431	37,173	16,766	1,995	28,788	388	8,519	242,429	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	20,887	5,887	6,200	3,968	1,246	1,079	2,639	1,209	474		253	19,303	X X X
2. 1995	1,075	299	256	202	29	9	163	88	20		19	945	X X X
3. 1996	1,130	217	275	170	18	1	97	29	29		26	1,132	X X X
4. 1997	1,565	258	399	300	47	5	136	39	42		29	1,587	X X X
5. 1998	2,164	342	550	416	62	13	179	35	57		35	2,206	X X X
6. 1999	2,615	710	636	476	64	12	286	73	61		47	2,391	X X X
7. 2000	2,998	862	1,112	844	75	19	334	80	80		63	2,794	X X X
8. 2001	3,894	2,021	1,415	975	90	22	532	159	111		96	2,865	X X X
9. 2002	4,722	2,305	2,830	2,282	108	35	907	127	177		153	3,995	X X X
10. 2003	5,346	1,528	6,421	3,365	152	49	1,486	190	266		324	8,539	X X X
11. 2004	6,887	1,795	14,049	4,644	148	34	2,575	275	1,109		892	18,020	X X X
12. Totals	53,283	16,224	34,143	17,642	2,039	1,278	9,334	2,304	2,426		1,937	63,777	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	17,232	2,071
2. 1995	30,636	4,738	25,898	83.182	74.066	85.098			0.400	830	115
3. 1996	30,858	4,113	26,745	88.931	79.864	90.511			0.400	1,018	114
4. 1997	32,128	4,178	27,950	94.955	99.169	94.356			0.400	1,406	181
5. 1998	36,433	4,612	31,821	102.125	107.306	101.415			0.400	1,956	250
6. 1999	36,864	5,422	31,442	104.089	106.418	103.697			0.400	2,065	326
7. 2000	36,578	6,471	30,107	97.933	107.207	96.145			0.400	2,404	390
8. 2001	35,614	8,275	27,339	91.812	132.485	84.006			0.400	2,313	552
9. 2002	34,380	7,603	26,777	77.626	90.869	74.542			0.400	2,965	1,030
10. 2003	35,159	8,404	26,755	71.286	75.016	70.190			0.400	6,874	1,665
11. 2004	39,085	9,448	29,637	76.179	75.554	76.380			0.400	14,497	3,523
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	53,560	10,217

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	55,410	53,734	54,648	53,586	51,488	50,499	52,949	54,917	56,924	59,273	2,349	4,356
2. 1995	25,029	24,331	23,706	23,504	23,315	23,279	23,399	23,303	23,249	23,377	128	74
3. 1996	X X X	24,700	23,608	23,682	23,830	24,109	24,050	24,043	24,040	24,307	267	264
4. 1997	X X X	X X X	23,507	23,394	24,264	24,657	25,126	25,150	25,192	25,489	297	339
5. 1998	X X X	X X X	X X X	25,855	26,755	27,409	28,270	28,565	28,785	29,113	328	548
6. 1999	X X X	X X X	X X X	X X X	25,447	26,243	27,236	27,937	28,443	28,668	225	731
7. 2000	X X X	X X X	X X X	X X X	X X X	24,476	25,606	25,772	26,640	27,354	714	1,582
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	25,217	24,568	25,003	24,643	(360)	75
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	25,012	23,610	23,640	30	(1,372)
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	26,146	23,544	(2,602)	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	26,252	X X X	X X X
12. Totals											1,376	6,597

**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	9,470	16,726	22,280	25,436	28,177	29,750	32,712	35,094	37,466	X X X	X X X
2. 1995	9,714	14,676	17,292	18,998	20,203	20,975	21,446	21,776	21,996	22,245	X X X	X X X
3. 1996	X X X	10,307	15,005	17,626	19,617	20,946	21,814	22,348	22,626	22,980	X X X	X X X
4. 1997	X X X	X X X	9,481	14,315	17,555	19,889	21,436	22,436	23,047	23,650	X X X	X X X
5. 1998	X X X	X X X	X X X	10,378	16,655	20,371	23,118	24,698	25,776	26,608	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	10,311	16,389	20,207	22,921	24,751	26,044	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	10,814	16,977	20,200	22,426	24,451	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	11,388	17,178	20,049	21,767	X X X	X X X
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,717	16,422	19,750	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	9,889	15,112	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	9,050	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	24,543	18,203	15,464	11,976	8,085	7,159	5,744	4,455	4,568	3,819
2. 1995	9,111	4,959	3,057	1,919	1,173	852	698	374	206	177
3. 1996	X X X	8,254	4,276	2,427	1,473	1,102	740	369	155	245
4. 1997	X X X	X X X	7,757	3,795	2,242	1,491	1,206	682	334	310
5. 1998	X X X	X X X	X X X	8,375	3,757	2,150	1,279	939	435	446
6. 1999	X X X	X X X	X X X	X X X	8,269	3,925	1,960	1,195	693	542
7. 2000	X X X	X X X	X X X	X X X	X X X	6,776	2,595	1,144	783	628
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	7,057	2,886	1,727	885
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,549	2,981	1,345
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	10,829	4,452
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	11,952



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

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	YES	7,328,332	6,075,040	4,263	2,746,786	5,886,208	12,155,860	
2. Alaska	AK	YES	957,535	590,301	(167)	498,135	(877,431)	2,916,159	
3. Arizona	AZ	YES	4,296,535	2,030,605	(20,366)	708,927	1,537,670	4,890,576	
4. Arkansas	AR	YES	5,008,875	5,435,960	22	1,498,523	2,480,077	5,537,600	
5. California	CA	YES	37,661,020	27,336,648	(19,272)	12,219,818	21,314,491	49,456,272	
6. Colorado	CO	YES	6,378,174	5,903,370	(3,108)	3,828,716	5,977,942	12,552,022	
7. Connecticut	CT	YES	7,080,840	5,835,141	(129,214)	2,541,240	4,137,900	12,109,632	
8. Delaware	DE	YES	2,386,770	1,624,261	(3,521)	415,382	963,882	2,399,999	
9. Dist. Columbia	DC	YES	696,479	494,005	(2,728)	151,896	279,580	738,576	
10. Florida	FL	YES	14,819,149	12,689,056	(149,064)	11,641,916	11,983,079	38,389,060	
11. Georgia	GA	YES	7,179,627	7,064,718	(4,959)	3,565,400	4,477,189	11,842,849	
12. Hawaii	HI	YES	280,877	167,300	(1,555)	115,237	205,906	724,767	
13. Idaho	ID	YES	1,790,934	1,721,052	(44)	722,323	1,310,218	1,849,125	
14. Illinois	IL	YES	25,223,979	21,698,596	(13,107)	8,675,689	15,097,586	26,780,301	
15. Indiana	IN	YES	10,989,036	9,253,403	(5,173)	4,051,097	3,917,356	10,535,173	
16. Iowa	IA	YES	5,012,311	4,657,693	1,805	3,360,279	(1,522,280)	9,677,880	
17. Kansas	KS	YES	5,063,650	5,164,341	142	1,405,853	2,613,208	4,146,861	
18. Kentucky	KY	YES	7,065,382	6,113,304	14,672	3,715,077	3,564,031	13,584,353	
19. Louisiana	LA	YES	3,596,160	2,880,896	7,962	2,752,202	1,548,474	6,732,304	
20. Maine	ME	YES	1,007,846	1,214,353	(4,558)	515,372	978,090	2,341,662	
21. Maryland	MD	YES	9,145,775	8,190,189	(17,536)	1,982,318	5,385,147	9,224,599	
22. Massachusetts	MA	YES	4,270,911	3,129,026	(57,817)	4,830,109	3,044,866	21,693,643	
23. Michigan	MI	YES	11,481,364	11,676,060	41,787	5,317,111	6,275,487	23,097,913	
24. Minnesota	MN	YES	19,258,848	16,915,522	(15,499)	5,638,277	7,599,115	26,322,950	
25. Mississippi	MS	YES	5,523,508	4,526,995	37,601	2,248,071	1,361,257	5,234,389	
26. Missouri	MO	YES	11,300,991	9,871,887	956	3,300,974	5,720,057	12,134,698	
27. Montana	MT	YES	2,949,538	2,640,688	170	849,575	1,253,804	2,763,847	
28. Nebraska	NE	YES	2,472,982	1,802,821	(4,896)	846,321	1,789,535	2,640,977	
29. Nevada	NV	YES	2,651,786	1,916,008	413	356,032	440,434	1,053,103	
30. New Hampshire	NH	YES	1,335,721	1,378,136	11,397	1,142,135	1,430,854	3,675,773	
31. New Jersey	NJ	YES	8,158,464	7,172,213	512,114	3,239,078	8,388,389	17,823,347	
32. New Mexico	NM	YES	812,924	661,142	(25)	1,184,926	1,186,898	2,468,606	
33. New York	NY	YES	10,571,812	9,367,058	133,181	6,112,309	8,593,606	39,579,682	
34. No. Carolina	NC	YES	14,461,208	13,205,417	3,806	3,349,656	6,514,453	11,668,558	
35. No. Dakota	ND	YES	542,988	423,170	1		37,419	127,542	
36. Ohio	OH	YES	1,875,508	1,587,821	(21,083)	1,925,778	1,125,178	4,184,295	
37. Oklahoma	OK	YES	5,033,229	4,678,666	3,465	2,033,853	2,833,090	7,592,976	
38. Oregon	OR	YES	1,557,573	1,448,853	(2,246)	4,443,318	2,906,943	8,042,553	
39. Pennsylvania	PA	YES	15,640,629	13,064,003	73,529	6,815,754	12,911,985	34,209,521	
40. Rhode Island	RI	YES	265,687	229,407	5,060	116,319	237,385	960,556	
41. So. Carolina	SC	YES	5,840,219	4,736,173	(70)	2,893,527	3,015,763	7,309,226	
42. So. Dakota	SD	YES	801,448	604,292	9,837	720,471	319,947	3,713,951	
43. Tennessee	TN	YES	22,008,799	18,475,232	859	5,282,852	11,049,006	13,937,590	
44. Texas	TX	YES	24,001,705	21,212,128	(5,277)	8,668,006	11,976,324	42,074,538	
45. Utah	UT	YES	2,545,241	2,017,079	(3,775)	782,219	904,601	3,779,675	
46. Vermont	VT	YES	4,157,238	3,675,602	(1,960)	704,207	2,572,582	2,746,738	
47. Virginia	VA	YES	9,035,600	7,548,096	(18,039)	2,613,221	5,421,693	8,618,016	
48. Washington	WA	YES	2,245,132	2,546,509	11	1,922,207	2,289,754	4,626,708	
49. West Virginia	WV	YES	202,431	173,082	6	135,502	1,287,858	1,832,561	
50. Wisconsin	WI	YES	37,397,577	34,917,278	1,099,897	22,935,126	22,790,949	56,406,281	
51. Wyoming	WY	YES	69,569	56,892		28,236	236,717	455,903	
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	YES	1,261	1,126	(44)	8,167	8,324	3,532	
55. U.S. Virgin Islands	VI	YES	104	94			36	36	
56. Canada	CN	NO							
57. Aggregate other alien	OT	X X X	288	4	(1,218)		(22,029)	356,091	
58. Totals	(a)	53	391,441,569	337,798,712	1,456,635	167,555,523	226,760,624	609,721,405	

DETAILS OF WRITE-INS									
5701. Other Alien	X X X		288	4	(1,218)		(22,029)	356,091	
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		288	4	(1,218)		(22,029)	356,091	

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

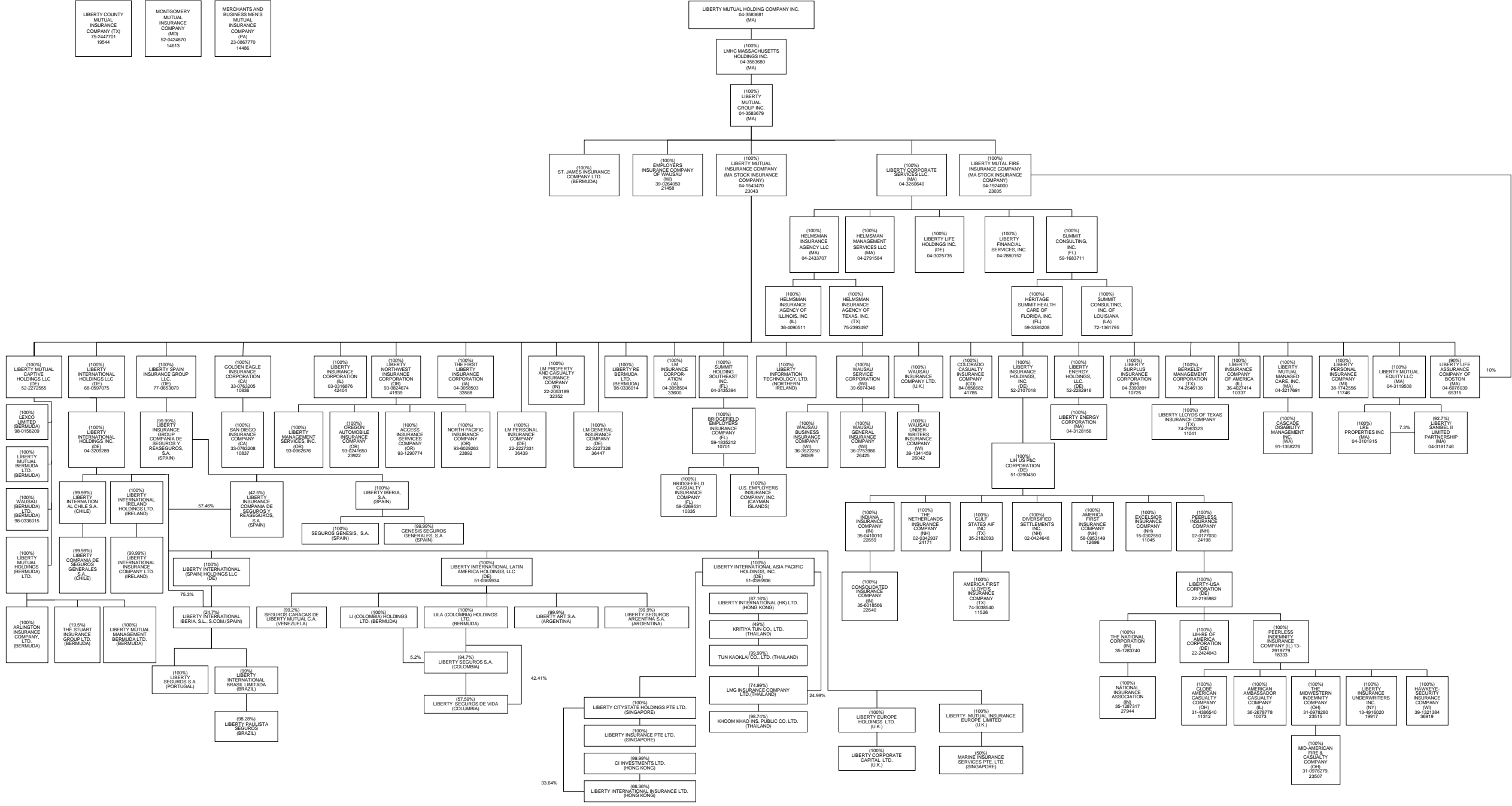
- \*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
- \*States of Jurisdiction under which payrolls and resulting premiums are developed - Worker's Compensation
- \*Location of Principal place of garaging of each individual car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

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

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

## PART 1 - ORGANIZATIONAL CHART

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**OVERFLOW PAGE FOR WRITE-INS**

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**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation  
ASSETS**

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

**REMAINING WRITE-INS AGGREGATED AT LINE 9 FOR INVESTED ASSETS**

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

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

2304. Amounts billed and receivable under high deductible	951,808	25,136	926,672	911,227
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	951,808	25,136	926,672	911,227

**OVERFLOW PAGE FOR WRITE-INS**

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

	1 Current Year	2 Prior Year
<b>REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR LIABILITIES</b>		
2304. Pooled retroactive reinsurance	(8,840,663)	(8,627,003)
2305. NC private passenger auto escrow		2,683
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	(8,840,663)	(8,624,320)
<b>REMAINING WRITE-INS AGGREGATED AT LINE 27 FOR SPECIAL SURPLUS FUNDS</b>		
2704.		
2705.		
2706.		
2707.		
2708.		
2709.		
2710.		
2711.		
2712.		
2713.		
2714.		
2715.		
2716.		
2717.		
2718.		
2719.		
2720.		
2721.		
2722.		
2723.		
2724.		
2725.		
2797. Totals (Lines 2704 through 2725) (Page 3, Line 2798)		
<b>REMAINING WRITE-INS AGGREGATED AT LINE 30 FOR OTHER THAN SPECIAL SURPLUS FUNDS</b>		
3004.		
3005.		
3006.		
3007.		
3008.		
3009.		
3010.		
3011.		
3012.		
3013.		
3014.		
3015.		
3016.		
3017.		
3018.		
3019.		
3020.		
3021.		
3022.		
3023.		
3024.		
3025.		
3097. Totals (Lines 3004 through 3025) (Page 3, Line 3098)		