

ANNUAL STATEMENT

OF THE

of _____

in the state of _____

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE YEAR ENDED
December 31, 2006**

PROPERTY AND CASUALTY

2006



10335200620100100

ANNUAL STATEMENT

For the Year Ended December 30, 2006
OF THE CONDITION AND AFFAIRS OF THE

Bridgefield Casualty Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 10335 Employer's ID Number 59-3269531
(Current Period) (Prior Period)

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

Country of Domicile UNITED STATES OF AMERICA

Incorporated/Organized: October 7, 1994 Commenced Business: February 16, 1995

Statutory Home Office: 2310 COMMERCE POINT DRIVE LAKELAND, FL 33801

Main Administrative Office: 2310 COMMERCE POINT DRIVE LAKELAND, FL 33801 863-665-6060

Mail Address: P. O. BOX 988 LAKELAND, FL 33802

Primary Location of Books and Records: 2310 COMMERCE POINT DRIVE LAKELAND, FL 33801 863-665-6060

Internet Website Address: N/A

Statutory Statement Contact: DAVID JOHN CONWAY 863-665-6060 3680
david.conway@summitholdings.com 863-667-2738
(E-Mail Address) (Fax Number)

Policyowner Relations Contact: 2310 COMMERCE POINT DRIVE LAKELAND, FL 33801 863-665-6060

OFFICERS
CHAIRMAN OF THE BOARD
GARY RICHARD GREGG

Table with 2 columns: Name, Title. Rows include GARY RICHARD GREGG (PRESIDENT & CHIEF EXECUTIVE OFFICER), EDMUND CAMPION KENEALY (SECRETARY), JAMES FRANCIS DORE (TREASURER & CHIEF FINANCIAL OFFICER).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Rows include MARK EDWARD FIEBRINK (EXECUTIVE VICE PRESIDENT), ANTHONY ALEXANDER FONTANES (EVP & CHIEF INVESTMENT OFFICER), JOSEPH ANTHONY GILLES (EVP & CHIEF OPERATING OFFICER).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Rows include JAMES FRANCIS DORE, JOHN DEREK DOYLE, MARK EDWARD FIEBRINK, JOSEPH ANTHONY GILLES, GARY RICHARD GREGG, RICKY TARVER HODGES, CHRISTOPHER CHARLES MANSFIELD.

State of MA
County of SUFFOLK ss

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

(Signature) GARY RICHARD GREGG 1. PRESIDENT & CHIEF EXECUTIVE OFFICER (Title)
(Signature) EDMUND CAMPION KENEALY 2. SECRETARY (Title)
(Signature) JAMES FRANCIS DORE 3. TREASURER & CHIEF FINANCIAL OFFICER (Title)

Subscribed and sworn to before me this
day of FEBRUARY, 2007

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	49,358,547		49,358,547	38,260,231
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 (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 (\$ (721,290), Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 14,028,841, Schedule DA)	13,307,551		13,307,551	7,536,378
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities	25,360		25,360	17,025
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	62,691,458		62,691,458	45,813,634
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	593,647		593,647	432,971
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	3,438,139	1,674,946	1,763,193	2,613,738
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 4,088,668 earned but unbilled premiums)	4,299,472	451,582	3,847,890	7,580,464
13.3 Accrued retrospective premiums	129,104	1,634	127,470	(474,668)
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	11,794,970		11,794,970	163,570
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				671,650
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	13,256,270		13,256,270	13,692,926
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	27,008		27,008	25,085
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	96,230,068	2,128,162	94,101,906	70,519,370
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	96,230,068	2,128,162	94,101,906	70,519,370

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. Miscellaneous Assets	27,008		27,008	25,085
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	27,008		27,008	25,085

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		338,808
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)		
4. Commissions payable, contingent commissions and other similar charges	1,015,778	2,039,156
5. Other expenses (excluding taxes, licenses and fees)	574,387	134,739
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	37,926,016	35,170,946
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	285,325	302,459
7.2 Net deferred tax liability	40,000	
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 5,056,564 and including warranty reserves of \$ 0)		
10. Advance premium	1,932,186	1,722,095
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	18,519,032	11,069
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		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	4,748,068	2,825,971
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	169,400	(9,848)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	65,210,193	42,535,395
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	65,210,193	42,535,395
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	1,800,000	1,800,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	20,700,000	20,700,000
33. Unassigned funds (surplus)	6,391,713	5,483,975
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 39)	28,891,713	27,983,975
36. TOTALS (Page 2, Line 26, Col. 3)	94,101,906	70,519,370

DETAILS OF WRITE-INS		
2301. Other Liabilities		(9,848)
2302. Member Deposits	169,400	
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	169,400	(9,848)
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

STATEMENT OF INCOME	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)		
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)		
3. Loss expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,051,160	2,080,270
10. Net realized capital gains (losses) less capital gains tax of \$ 3,425 (Exhibit of Capital Gains (Losses))	(6,360)	378,860
11. Net investment gain (loss) (Lines 9 + 10)	3,044,800	2,459,130
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income		
15. Total other income (Lines 12 through 14)		
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	3,044,800	2,459,130
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	3,044,800	2,459,130
19. Federal and foreign income taxes incurred	1,032,635	750,539
20. Net income (Line 18 minus Line 19) (to Line 22)	2,012,165	1,708,591
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	27,983,976	19,401,232
22. Net income (from Line 20)	2,012,165	1,708,591
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(826,000)	305,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	269,572	(430,847)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		7,000,000
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(548,000)	
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	907,737	8,582,744
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	28,891,713	27,983,976

DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 through 0503 plus Line 0598) (Line 5 above)		
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)		
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus Line 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	22,854,258	(2,337,371)
2. Net investment income	2,899,830	2,159,250
3. Miscellaneous income		
4. Total (Lines 1 through 3)	25,754,088	(178,121)
5. Benefit and loss related payments	11,970,209	(205,885)
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(2,171,340)	(16,447,776)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)	1,046,344	595,755
10. Total (Lines 5 through 9)	10,845,213	(16,057,906)
11. Net cash from operations (Line 4 minus Line 10)	14,908,875	15,879,785
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	4,314,824	9,667,139
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	(9,186)	
12.7 Miscellaneous proceeds	(8,335)	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	4,297,303	9,667,139
13. Cost of investments acquired (long-term only):		
13.1 Bonds	15,423,084	11,251,111
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		1,514,253
13.7 Total investments acquired (Lines 13.1 to 13.6)	15,423,084	12,765,364
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(11,125,781)	(3,098,225)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		7,000,000
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	548,000	
16.6 Other cash provided (applied)	2,536,079	(17,092,781)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	1,988,079	(10,092,781)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	5,771,173	2,688,779
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,536,378	4,847,599
19.2 End of year (Line 18 plus Line 19.1)	13,307,551	7,536,378

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

20.0001.		
20.0002.		
20.0003.		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1- PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property				
31. Reinsurance-Nonproportional Assumed Liability				
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS				

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**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	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					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability					
19.3, 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property					
31. Reinsurance-Nonproportional Assumed Liability					
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS					
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					

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) State here basis of computation used in each case Daily Pro-Rata

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

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						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	233,729,860		8,396,577	242,126,437		
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability						
19.3, 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X					
31. Reinsurance-Nonproportional Assumed Liability	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	233,729,860		8,396,577	242,126,437		

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

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

If yes:

1. The amount of such installment premiums \$ 233,729,860
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 255,194,080

**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									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril	1,090,463		1,090,463		(477,312)		(477,312)		
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation	75,735,554	5,047,471	80,783,025		177,043,544	22,320,862	199,364,406		
17.1 Other liability - occurrence									
17.2 Other liability - claims - made									
18.1 Products liability - occurrence									
18.2 Products liability - claims - made									
19.1, 19.2 Private passenger auto liability									
19.3, 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	76,826,017	5,047,471	81,873,488		176,566,232	22,320,862	198,887,094		

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

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

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

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	15,052,080			15,052,080
1.2 Reinsurance assumed	69,007			69,007
1.3 Reinsurance ceded	15,121,087			15,121,087
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		21,593,269		21,593,269
2.2 Reinsurance assumed, excluding contingent		2,947,703		2,947,703
2.3 Reinsurance ceded, excluding contingent		68,718,513		68,718,513
2.4 Contingent-direct				
2.5 Contingent-reinsurance assumed				
2.6 Contingent-reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		(44,177,541)		(44,177,541)
3. Allowances to manager and agents				
4. Advertising		417,487		417,487
5. Boards, bureaus and associations		643,340		643,340
6. Surveys and underwriting reports				
7. Audit of assureds' records		67,387		67,387
8. Salary and related items:				
8.1 Salaries		17,136,480		17,136,480
8.2 Payroll taxes		1,288,990		1,288,990
9. Employee relations and welfare		4,296,693		4,296,693
10. Insurance		147,066		147,066
11. Directors' fees				
12. Travel and travel items		1,712,214		1,712,214
13. Rent and rent items		1,456,137		1,456,137
14. Equipment		195,834		195,834
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery		627,664		627,664
17. Postage, telephone and telegraph, exchange and express		1,159,898		1,159,898
18. Legal and auditing		145,545		145,545
19. Totals (Lines 3 to 18)		29,294,735		29,294,735
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0		15,435,079		15,435,079
20.2 Insurance department licenses and fees		126,377		126,377
20.3 Gross guaranty association assessments		(866,720)		(866,720)
20.4 All other (excluding federal and foreign income and real estate)		53,938		53,938
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		14,748,674		14,748,674
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		134,130	21,019	155,149
25. Total expenses incurred		(2)	21,019	(a) 21,017
26. Less unpaid expenses-current year		39,516,181		39,516,181
27. Add unpaid expenses-prior year		37,344,841		37,344,841
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)		(2,171,342)	21,019	(2,150,323)

DETAILS OF WRITE-INS				
2401. Sundry and General		134,130	21,019	155,149
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)		134,130	21,019	155,149

(a) Includes management fees of \$ 19,558 to affiliates and \$ 1,461 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,553,462	1,673,972
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 499,829	515,561
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) 858,098	882,532
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(1,991)	(1,991)
10. Total gross investment income	2,909,398	3,070,074
11. Investment expenses		(g) 18,913
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)		18,913
17. Net investment income (Line 10 minus Line 16)		3,051,161
DETAILS OF WRITE-INS		
0901. Miscellaneous Income/ (Expense)	(1,991)	(1,991)
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)	(1,991)	(1,991)
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 \$ 80,848 accrual of discount less \$ 90,194 amortization of premium and less \$ 136,824 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 \$ 109,819 accrual of discount less \$ 0 amortization of premium and less \$ 57,281 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	(599)			(599)
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments	(9,187)			(9,187)
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	(9,786)			(9,786)

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	1,674,946	1,918,625	243,679
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	451,582	364,759	(86,823)
13.3 Accrued retrospective premiums	1,634		(1,634)
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset		114,350	114,350
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,128,162	2,397,734	269,572
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	2,128,162	2,397,734	269,572

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Bridgefield Casualty Insurance Company (the "Company") have been prepared in accordance with the NAIC Accounting Practices and Procedures Manual and on the basis of accounting practices prescribed or permitted by the State of Florida Department of Financial Services ("Florida DFS").

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

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

C. Accounting Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves, if any, 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 Securities Valuation 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 stock.
4. Preferred stocks are carried at cost or market in accordance with the SVO Manual.
5. The Company does not own mortgage loans.
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
7. The Company does not own any subsidiaries.
8. The Company has no investments in joint ventures, partnerships and limited liability companies.
9. The Company has no derivative instruments.
10. The Company anticipates investment income as a factor in the premium deficiency calculation.
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. There was no change in the capitalization policy of the Company.
13. The Company has no estimated pharmaceutical rebate receivables.

Note 2- Accounting Changes and Corrections of Errors

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

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Florida DFS. Effective January 1, 2001, the Florida DFS required that insurance companies domiciled in Florida prepare their statutory-basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual - Version effective March 2006, subject to any deviations prescribed or permitted by the Florida DFS.

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method – None

NOTES TO FINANCIAL STATEMENTS

B. Statutory Merger - None

C. Impairment Loss - None

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans - Not Applicable

B. Troubled Debt Restructuring for Creditors - Not Applicable

C. Reverse Mortgages - Not Applicable

D. Loan-Backed Securities

1. The Company has no securities purchased prior to January 1, 1994.
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 Merrill Lynch pricing service. Bloomberg and Lehman Index data is used in determining the market value of the vast majority of 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 agreement during 2006.

F. Real Estate – Not Applicable

G. Low-income housing tax credit – Not Applicable

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. Write-downs for Impairments – Not Applicable

Note 7- Investment Income

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

B. No amounts were excluded as of December 31, 2006.

Note 8- Derivative Instruments

The Company has no derivative instruments.

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, 2006	December 31, 2005	Change
Total of gross deferred tax assets	2,000	802,000	(800,000)
Total of deferred tax liabilities	(42,000)	(16,000)	(26,000)
Net deferred tax liability	(40,000)	786,000	(826,000)
Net deferred tax asset non-admitted	0	(114,350)	114,350
Net deferred tax liability	(40,000)	671,650	(711,650)

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:

NOTES TO FINANCIAL STATEMENTS

	2006	2005
Federal tax on operations	1,032,635	750,539
Net operating loss benefit	0	0
Foreign tax on operations	0	0
Income tax incurred on operations	1,032,635	750,539
Tax on capital (losses) gains	(3,425)	204,002
Total income tax incurred	1,029,210	954,541

The Company's deferred tax assets and liabilities result primarily from differences statutory non-admitted assets.

The change in deferred income taxes is comprised of the following:

	2006
Change in net deferred income tax (without unrealized gain or loss)	(826,000)
Tax effect of unrealized (gains) losses	0
Total change in net deferred income tax	(826,000)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of 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 \$994,000 from the current year and \$875,000 from the preceding year.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Liberty Financial Services, Inc.	The First Liberty Insurance Corporation
Liberty Hospitality Group, Inc.	The Midwestern Indemnity Company
Liberty Insurance Company of America	The National Corporation
Liberty Insurance Corporation	The Netherlands Insurance Company
Liberty Insurance Holdings, Inc.	Wausau Business Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau General Insurance Company
Liberty International Asia Pacific Holdings, Inc.	Wausau Service Corporation
Liberty International Holdings, Inc.	Wausau Signature Agency, Inc.
Liberty Life Assurance Company of Boston	Wausau Underwriters Insurance Company

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 the outstanding shares of common stock of the Company are held by Bridgefield Employers Insurance Company, a Florida corporation, which is wholly-owned by Summit Holdings Southeast, Inc., a Florida corporation. Summit Holdings Southeast, Inc. is wholly owned by Liberty Mutual Insurance Company, a Massachusetts insurance company. The ultimate parent of Liberty Mutual Insurance Company is Liberty Mutual Holding Company, Inc. a Massachusetts company.
- B. All non-insurance transactions which the Company had with its affiliates involved less than ½ of 1% of the total assets of the largest affiliate.
- C. The Company does not own any subsidiaries.
- D. At December 31, 2006, the Company reported \$8,508,202 due from parent, subsidiaries and affiliates. In general, the terms of the inter-company arrangement require settlement at least quarterly.
- E. The Company has made no guarantees or initiated undertakings for the benefit of affiliates which results in a material contingent exposure of the Company's or affiliates assets or liabilities.
- F. The Company entered into investment management agreements, effective December 31, 2003, with Liberty Mutual Insurance Company (LMIC), and effective May 1, 2000 with Liberty Mutual Investment Advisors LLC (LMIA). Under these agreements, LMIC and LMIA provide investment management services to the Company.

The Company entered into a cash management agreement with LMIA effective January 1, 2000.

The Company is party to a Federal Tax Sharing Agreement between LMIC and affiliates (see Note 9F).

The Company entered into a management services agreement, effective December 15, 2001, with Liberty Mutual Insurance Company (LMIC). Under the agreement, LMIC may provide services related to common management functions including, but not limited to, accounting, financial, tax and auditing, information technology and support, purchasing, payroll and employee benefits, policy administration, real estate management, legal, general administration, as well as consulting and other services as the parties may request.

- G. The Company is part of an insurance 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.
- K. The Company has no investment in a foreign insurance subsidiary.

Note 11- Debt

The Company has no debt obligations.

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 retirement plans, deferred compensation arrangements or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of a cost-sharing agreement as described in Note 10(F).

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

- 1. The Company has 18,000 shares authorized, issued and outstanding; \$100 par value.
- 2. The Company has no preferred stock outstanding.

NOTES TO FINANCIAL STATEMENTS

3. Not Applicable
4. The maximum amount of dividends which can be paid by State of Florida insurance companies to stockholders without prior approval of the Insurance Commissioner is subject to restrictions relating to statutory surplus. Statutory surplus at December 31, 2006 was \$28,891,713. The maximum dividend payout which may be made without prior approval in 2007 is \$639,171. Dividends are determined by the Board of Directors and are non-cumulative. The Company paid a \$548,000 dividend to its sole stockholder during 2006.
5. Other than the dividend limitations described above in (4), there are no other restrictions on unassigned surplus.
6. Not Applicable
7. Not Applicable
8. Not Applicable
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
Unrealized gains/(losses)	\$ 0	\$ 0
Non-admitted asset values	(2,128,162)	269,572
Provision for reinsurance	0	0
Total	\$(2,128,162)	\$ 269,572

10. Not Applicable
11. Not Applicable
12. Not Applicable

Note 14- Contingencies

- A. The Company has no material contingent liabilities.
- B. The Company is subject to guaranty funds and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessment 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 funds and other assessments of \$11,139,052 and a related premium tax benefit asset of \$0. These represent management's best estimates based on information received from the states in which the Company writes business and may change due to factors including the Company's share of the ultimate cost of current insolvencies.
- C. None
- D. Various lawsuits against the Company may have arisen in the course of the Company's business. The Company is not aware of any contingent liabilities arising from litigation, income taxes and other matters which would have a material effect on the financial position of the Company.

Note 15- Leases

The Company has no material lease obligations.

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.

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

- A. Not Applicable
- B. The Company did not have any transfers and servicing of financial assets during the year.
- C. The Company did not engage in any wash sales this year.

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

- A. Administrative Services Only (ASO) Plans - Not Applicable

NOTES TO FINANCIAL STATEMENTS

- 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

All of the Company's premiums are written through an affiliated managing general agent.

- A. Name and Address of managing general agent:

Summit Consulting, Inc.
2310 Commerce Point Drive
Lakeland, Florida 33801

- B. FEI Number 59-1683711
- C. Exclusive Contract: Yes
- D. Types of business written: Workers Compensation
- E. Types of Authority Granted:

Underwriting, claims payments, claims adjustments, reinsurance ceding, binding authority, premium collections

- F. Total Direct premiums written in 2006 were \$233,729,860.

Note 20- September 11 Events

The Company is not aware of any events occurring subsequent to September 11, 2001, which would have a material effect on the financial position of the Company.

Note 21- Other Items

- A. None
- B. Troubled Debt Restructuring for Debtors - Not Applicable
- C. Other Disclosures
1. Pursuant to Florida Statutes 624.424 the following pertains to the Special Disability Trust Fund
 - a. The amount of credit taken by the Company in determination of its loss reserves was \$26,000 for the prior calendar year and \$0 for the current reporting period.
 - b. The Company received payments from the SDTF of \$25,289 in the prior calendar year and \$26,000 in the current reporting period.
 - c. The Company was assessed by the SDTF for \$1,705,599 in the prior calendar year and \$2,037,006 in the current reporting period
 2. Pursuant to Florida Statutes 625.012 the following pertains to the Agents Balances at December 31, 2006.

a. Agents' Balances or Uncollected Premiums per Statement	\$1,763,194	(1)
b. Premiums collected by "Controlled or Controlling" Persons	\$ 0	(2)
c. Premiums collected by "Controlled or Controlling" Persons w/i 15 days	\$ 0	(3)
d. Amount of Applicable Trust Fund	\$ 0	(4)
e. Amount of Applicable Letter of Credit	\$ 0	(5)
f. Amount of Applicable Financial Guaranty Bond	<u>\$ 0</u>	(6)
g. Totals of (4), (5), & (6)	\$ 0	(7)
h. (2) minus (3) minus (7)	\$ 0	(8)
- 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. The Company received no business interruption insurance recoveries during 2006.

Note 22- Events Subsequent

The Company received a \$9.5 million capital infusion from its direct parent in January 2007. The Company has obtained approval from the Florida OIR for a new investment management agreement effective January 1, 2007.

Note 23- Reinsurance

- A. Unsecured Reinsurance Recoverables

NOTES TO FINANCIAL STATEMENTS

The Company has the following unsecured reinsurance recoverable for losses and loss adjustment expense, paid and unpaid, including IBNR which exceed 3% of the policyholders' surplus (\$000 omitted):

<u>FEIN</u>	<u>NAIC #</u>		<u>AMOUNT</u>
36-2114545	20443	Continental Casualty Co.	\$6,070

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed and Ceded

- a. The following table sets forth the maximum return premium and commission due the reinsurer or the Company if all of the company's assumed and ceded reinsurance were canceled as of December 31, 2005.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	Commission		Commission		Commission	
	<u>UEP</u>	<u>Equity</u>	<u>UEP</u>	<u>Equity</u>	<u>UEP</u>	<u>Equity</u>
Affiliates	\$ 0	\$ 0	\$(5,056,564)	\$(1,213,575)	\$(5,056,564)	\$(1,213,575)
All Others	5,056,564	1,213,575	0	0	5,056,564	1,213,575
Total	\$5,056,564	\$1,213,575	\$(5,056,564)	\$(1,213,575)	\$ 0	\$ 0

Direct Unearned Premium Reserve \$0

- b. No sliding scale commission adjustment was due on reinsurance ceded.
- c. 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 NAIC instructions.

D. Uncollectible Reinsurance

The Company has not written off any balances in the current year.

E. Commutation of Ceded Reinsurance

The Company cedes 100% of its commutations which included the commutations of the quota share reinsurance agreements with Munich Re America and the excess of loss reinsurance agreement with John Hancock Life Insurance Company.

F. Retroactive Reinsurance

The Company did not have any retroactive reinsurance contracts that transferred liabilities for losses that had already occurred and that would have generated special surplus transactions.

- G. The Company has no reinsurance contracts accounted for as a deposit.

Note 24- Retrospectively Rated Contracts and Contracts Subject to Redetermination

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 related to bulk IBNR, have been determined by or allocated to individual policyholder accounts. 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	\$129,104
Unsecured amount	16,336
Less: Non-admitted amount (10%)	(1,634)
Less: Non-admitted for any person for whom agents' balances or uncollected premiums are non-admitted	--
Admitted amount	\$127,470

Note 25- Changes in Incurred Losses and Loss Adjustment Expenses

No changes in incurred losses and loss adjustment expense attributable to insured events of prior years are shown because the Company cedes all reserves 100% to its ultimate parent company.

Note 26- Intercompany Pooling Arrangements

The Company is part of a group of affiliated insureds which utilizes a pooling arrangement, however, the Company does not participate.

Note 27- Structured Settlements

- A. As a result of the quota share reinsurance agreement with Liberty Mutual Insurance Company, the Company has no

NOTES TO FINANCIAL STATEMENTS

exposure to contingent liabilities from the purchase of annuities.

B. Not Applicable

Note 28- Health Care Receivables

Not Applicable

Note 29- Participating Policies

Not Applicable

Note 30- Premium Deficiency Reserves

As of December 31, 2006, 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 Deductibles

The Company does not write contracts with high deductibles.

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

The Company cedes 100% of net liabilities, and therefore, there is no discounting.

Note 33- Asbestos/Environmental Reserves

The Company does not have exposure to asbestos and environmental claims.

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	24,986,963	39.857	24,986,963	39.857
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	13,863,252	22.113	13,863,252	22.113
1.22 Issued by U.S. government sponsored agencies	2,992,784	4.774	2,992,784	4.774
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				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
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				
1.512 Issued or guaranteed by FNMA and FHLMC				
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				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	7,515,548	11.988	7,515,548	11.988
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 (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities	25,359	0.040	25,359	0.040
8. Cash, cash equivalents and short-term investments	13,307,551	21.227	13,307,551	21.227
9. Other invested assets				
10. Total invested assets	62,691,457	100.000	62,691,457	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? FLORIDA
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: 12/31/2003
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2003
- 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. 12/31/2003
- 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). 05/17/2005
- 3.4 By what department or departments? FLORIDA OFFICE OF INSURANCE REGULATION

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [X] No []
- 4.22 renewals? Yes [X] No []
- 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? Yes [X] No []
- 6.2 If yes, give full information THE ARKANSAS SECRETARY OF STATE REVOKED THE COMPANY'S FOREIGN QUALIFICATION FOR FAILURE TO FILE FRANCHISE TAX REPORTS. THE COMPANY WAS REINSTATED DURING THE FOURTH QUARTER OF 2006.
- 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

- 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.
-
-
-

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 ERNST & YOUNG, LLP
 200 CLARENDON STREET, BOSTON, MA 02118
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? ROY K. MORELL, FCAS, MAAA
 175 BERKELEY STREET, BOSTON, MA 02117
 ASSISTANT VICE PRESIDENT AND SENIOR ACTUARY, LIBERTY MUTUAL INSURANCE COMPANY
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- | | |
|---|------------|
| 11.11 Name of real estate holding company | _____ |
| 11.12 Number of parcels involved | _____ 0 |
| 11.13 Total book/adjusted carrying value | \$ _____ 0 |
- 11.2 If yes, provide explanation _____
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? _____
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

13. 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 []
14. 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 []
15. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|------------|
| 16.11 To directors or other officers | \$ _____ 0 |
| 16.12 To stockholders not officers | \$ _____ 0 |
| 16.13 Trustees, supreme or grand (Fraternal only) | \$ _____ 0 |
- 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|------------|
| 16.21 To directors or other officers | \$ _____ 0 |
| 16.22 To stockholders not officers | \$ _____ 0 |
| 16.23 Trustees, supreme or grand (Fraternal only) | \$ _____ 0 |
- 17.1 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]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------|------------|
| 17.21 Rented from others | \$ _____ 0 |
| 17.22 Borrowed from others | \$ _____ 0 |
| 17.23 Leased from others | \$ _____ 0 |
| 17.24 Other | \$ _____ 0 |
- 18.1 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]
- 18.2 If answer is yes:
- | | |
|--|------------|
| 18.21 Amount paid as losses or risk adjustment | \$ _____ 0 |
| 18.22 Amount paid as expenses | \$ _____ 0 |
| 18.23 Other amounts paid | \$ _____ 0 |
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 13,256,270

INVESTMENT

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

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

21.1 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 17.1). Yes No

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

21.21 Loaned to others	\$	0
21.22 Subject to repurchase agreements	\$	0
21.23 Subject to reverse repurchase agreements	\$	0
21.24 Subject to dollar repurchase agreements	\$	0
21.25 Subject to reverse dollar repurchase agreements	\$	0
21.26 Pledged as collateral	\$	0
21.27 Placed under option agreements	\$	0
21.28 Letter stock or securities restricted as to sale	\$	0
21.29 Other	\$	0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

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

23.1 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

23.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

24.01 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 BANK	3 CHASE METRO TECH CENTER, 6TH FLOOR BROOKLYN, NY 11245

24.02 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)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes No

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

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

24.05 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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.1 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]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
		0
25.2999	Total	0

25.3 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
		0	
		0	
		0	

26. 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 (+)
26.1 Bonds	13,863,253	13,799,161	(64,092)
26.2 Preferred stocks	0	0	0
26.3 Totals	13,863,253	13,799,161	(64,092)

26.4 Describe the sources or methods utilized in determining the fair values: IDC, BLOOMBERG, NAIC SVO, BROKER QUOTES, ANALYTICALLY DETERMINED.

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

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 588,973

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NCCI	\$ 497,400
	\$ 0
	\$ 0

29.1 Amount of payments for legal expenses, if any? \$ 48,224

29.2 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
DALE GARDNER JACOBS	\$ 17,816
STEMMANS & ALLEY	\$ 15,260
	\$ 0

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 3,600

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

1 Name	2 Amount Paid
ADVOCACY ASSOC, INC.	\$ 3,600
	\$ 0
	\$ 0
	\$ 0

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? YES [] NO [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$ 0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ 0

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 0	\$ 0
2.2 Premium Denominator	\$ 0	\$ 0
2.3 Premium Ratio (2.1/2.2)	0.00	0.00
2.4 Reserve Numerator	\$ 0	\$ 0
2.5 Reserve Denominator	\$ 0	\$ 0
2.6 Reserve Ratio (2.4/2.5)	0.00	0.00

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

4. For Mutual Reporting Entities and Reciprocal Exchange only:
 4.1 Does the reporting entity issue assessable policies? YES [] NO [X]
 4.2 Does the reporting entity issue non-assessable policies? YES [] NO [X]
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0 %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:
 5.1 Does the exchange appoint local agents? YES [] NO [X]
 5.2 If yes, is the commission paid:
 5.21 Out of Attorney's-in-fact compensation YES [] NO [] 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: QUOTA SHARE, EXCESS OF LOSS REINSURANCE CONTRACTS AND CATASTROPHIC REINSURANCE AGREEMENTS
- 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 HAS EVALUATED ITS PROBABLE MAXIMUM LOSS USING A COMBINATION OF INTERNAL AND EXTERNAL ACTUARIAL LOSS DEVELOPMENT TECHNIQUES AND COMPUTER MODELING.
- 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? THE COMPANY DOES NOT WRITE PROPERTY INSURANCE. THE COMPANY ONLY WRITES WORKERS' COMPENSATION INSURANCE FOR WHICH THE COMPANY CARRIES WORKERS' COMPENSATION CATASTROPHE REINSURANCE
- 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 that includes a provision that 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. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? YES NO
- 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
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. YES NO
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates. YES NO
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? YES NO
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
10. 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
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? YES NO
- 11.2 If yes, give full information

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11	Unpaid losses	\$	<u>0</u>
12.12	Unpaid underwriting expenses (including loss adjustment expenses)	\$	<u>0</u>

12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 111,134

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES NO N/A

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41	From	<u>2.500 %</u>
12.42	To	<u>5.000 %</u>

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes 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

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

12.61	Letters of Credit	\$	<u>2,372,000</u>
12.62	Collateral and other funds	\$	<u>374,000</u>

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 0

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES NO

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 0

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

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

.....

.....

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

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

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

.....

.....

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

15.2 If yes, give full information

.....

16.1 Does the reporting entity write any warranty business? YES NO

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

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
16.12 Products	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
16.13 Automobile	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
16.14 Other*	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

* Disclose type of coverage: _____

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5. YES [] NO [X]
 Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	<u>0</u>
17.12	Unfunded portion of Interrogatory 17.11	\$	<u>0</u>
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	<u>0</u>
17.14	Case reserves portion of Interrogatory 17.11	\$	<u>0</u>
17.15	Incurred but not reported portion of Interrogatory 17.11	\$	<u>0</u>
17.16	Unearned premium portion of Interrogatory 17.11	\$	<u>0</u>
17.17	Contingent commission portion of Interrogatory 17.11	\$	<u>0</u>

Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	<u>0</u>
17.19	Unfunded portion of Interrogatory 17.18	\$	<u>0</u>
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$	<u>0</u>
17.21	Case reserves portion of Interrogatory 17.18	\$	<u>0</u>
17.22	Incurred but not reported portion of Interrogatory 17.18	\$	<u>0</u>
17.23	Unearned premium portion of Interrogatory 17.18	\$	<u>0</u>
17.24	Contingent commission portion of Interrogatory 17.18	\$	<u>0</u>

FIVE-YEAR HISTORICAL DATA

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

	1 2006	2 2005	3 2004	4 2003	5 2002
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	242,126,437	196,343,890	162,064,831	73,182,617	82,539,694
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)			56	792,512	3,185,781
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
6. Total (Line 34)	242,126,437	196,343,890	162,064,887	73,975,129	85,725,475
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
12. Total (Line 34)					
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	3,044,800	2,459,131	2,258,258	2,140,691	1,223,025
15. Total other income (Line 15)					
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,032,635	750,539	727,292	643,973	1,225,385
18. Net income (Line 20)	2,012,165	1,708,592	1,530,966	1,496,718	(2,360)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	94,101,906	70,519,370	48,977,000	38,059,390	63,238,926
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	1,763,193	2,613,738	1,826,829	1,024,961	2,316,176
20.2 Deferred and not yet due (Line 13.2)	3,847,890	7,580,464	6,100,878	(3,976,244)	28,687,831
20.3 Accrued retrospective premiums (Line 13.3)	127,470	(474,668)	(517,053)	(532,875)	
21. Total liabilities excluding protected cell business (Page 3, Line 24)	65,210,193	42,535,395	29,575,768	19,546,827	51,027,601
22. Losses (Page 3, Line 1)		338,808			
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 28 & 29)	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
26. Surplus as regards policyholders (Page 3, Line 35)	28,891,713	27,983,975	19,401,232	18,512,563	12,211,325
Risk-Based Capital Analysis					
27. Total adjusted capital	28,891,713	27,983,975	19,401,232	18,512,563	12,211,325
28. Authorized control level risk-based capital	642,583	812,056	433,882	535,409	583,996
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	78.7	83.5	88.2	96.3	78.8
30. Stocks (Lines 2.1 & 2.2)				0.1	0.4
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash, cash equivalents and short-term investments (Line 5)	21.2	16.5	11.8	3.0	20.8
34. Contract loans (Line 6)					XXX
35. Other invested assets (Line 7)					
36. Receivables for securities (Line 8)				0.6	
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. 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 2006	2 2005	3 2004	4 2003	5 2002
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)			(1,650)	10,900	10,360
48. Dividends to stockholders (Line 35)	(548,000)				
49. Change in surplus as regards policyholders for the year (Line 38)	907,737	8,582,744	888,670	6,301,238	(535,933)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	83,958,931	67,216,499	56,233,972	40,120,272	27,180,461
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	807,820	21,800	233,543	726,961	343,085
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	84,766,751	67,238,299	56,467,515	40,847,233	27,523,546
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)					
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)					
64. Loss expenses incurred (Line 3)					
65. Other underwriting expenses incurred (Line 4)					
66. Net underwriting gain (loss) (Line 8)					
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)					
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)					
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)					
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)					
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)					
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)					

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4	
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds	
BONDS	1. United States	41,843,000	41,109,171	41,923,212	41,013,253	
	2. Canada					
	3. Other Countries					
	4. Totals	41,843,000	41,109,171	41,923,212	41,013,253	
Governments (Including all obligations guaranteed by governments)	5. United States					
	6. Canada					
	7. Other Countries					
	8. Totals					
States, Territories and Possessions (Direct and guaranteed)	9. United States					
	10. Canada					
	11. Other Countries					
	12. Totals					
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	13. United States					
	14. Canada					
	15. Other Countries					
	16. Totals					
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	17. United States	1,999,297	1,920,800	1,999,150	2,000,000	
	18. Canada					
	19. Other Countries					
	20. Totals	1,999,297	1,920,800	1,999,150	2,000,000	
Public Utilities (unaffiliated)	21. United States	5,516,250	5,463,399	5,547,098	5,500,000	
	22. Canada					
	23. Other Countries					
	24. Totals	5,516,250	5,463,399	5,547,098	5,500,000	
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	25. Totals					
	26. Total Bonds	49,358,547	48,493,370	49,469,460	48,513,253	
	PREFERRED STOCKS	27. United States				
		28. Canada				
29. Other Countries						
30. Totals						
Public Utilities (unaffiliated)	31. United States					
	32. Canada					
	33. Other Countries					
	34. Totals					
Banks, Trust and Insurance Companies (unaffiliated)	35. United States					
	36. Canada					
	37. Other Countries					
	38. Totals					
Industrial and Miscellaneous (unaffiliated)	39. Totals					
	40. Total Preferred Stocks					
	COMMON STOCKS	41. United States				
		42. Canada				
43. Other Countries						
44. Totals						
Public Utilities (unaffiliated)	45. United States					
	46. Canada					
	47. Other Countries					
	48. Totals					
Banks, Trust and Insurance Companies (unaffiliated)	49. United States					
	50. Canada					
	51. Other Countries					
	52. Totals					
Industrial and Miscellaneous (unaffiliated)	53. Totals					
	54. Total Common Stocks					
	55. Total Stocks					
	56. Total Bonds and Stocks	49,358,547	48,493,370	49,469,460		

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	<u>38,260,231</u>	7. Amortization of premium	<u>90,194</u>
2. Cost of bonds and stocks acquired, Column 7, Part 3	<u>15,423,085</u>	8. Foreign Exchange Adjustment:	
3. Accrual of discount	<u>80,848</u>	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	<u>49,358,547</u>
4.4 Column 11 - 13, Part 4		10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4	<u>(599)</u>	11. Subtotal (Lines 9 plus 10)	<u>49,358,547</u>
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	<u>4,314,824</u>	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	<u>49,358,547</u>

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	87	87	10	10					X X X
2. 1997	17,538	17,538		9,550	9,550	998	998	582	582			X X X
3. 1998	17,149	17,149		8,985	8,985	1,037	1,037	659	659			X X X
4. 1999	17,020	17,020		10,381	10,381	1,167	1,167	586	586			X X X
5. 2000	24,051	24,051		13,827	13,827	1,580	1,580	758	758			X X X
6. 2001	47,027	47,027		29,890	29,890	3,110	3,110	1,411	1,411			X X X
7. 2002	75,630	75,630		48,871	48,871	4,945	4,945	2,178	2,178			X X X
8. 2003	105,230	105,230		55,260	55,260	5,197	5,197	2,831	2,831			X X X
9. 2004	157,905	157,905		57,170	57,170	5,226	5,226	3,959	3,959			X X X
10. 2005	194,676	194,676		51,647	51,647	4,117	4,117	4,392	4,392			X X X
11. 2006	243,890	243,890		32,241	32,241	1,837	1,837	3,912	3,912			X X X
12. Totals	X X X	X X X	X X X	317,909	317,909	29,224	29,224	21,268	21,268			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	606	606	1,497	1,497	20	20	135	135	6	6			X X X
2. 1997	451	451	1,481	1,481	8	8	107	107	20	20			X X X
3. 1998	508	508	856	856	8	8	56	56	20	20			X X X
4. 1999	640	640	1,315	1,315	21	21	229	229	26	26			X X X
5. 2000	1,054	1,054	1,143	1,143	112	112	471	471	46	46			X X X
6. 2001	3,852	3,852	2,940	2,940	244	244	1,038	1,038	121	121			X X X
7. 2002	5,830	5,830	3,147	3,147	359	359	1,539	1,539	241	241			X X X
8. 2003	7,752	7,752	11,577	11,577	670	670	1,888	1,888	429	429			X X X
9. 2004	13,407	13,407	28,933	28,933	1,121	1,121	3,247	3,247	780	780			X X X
10. 2005	19,606	19,606	50,971	50,971	1,793	1,793	5,456	5,456	1,452	1,452			X X X
11. 2006	28,168	28,168	95,027	95,027	1,780	1,780	8,566	8,566	3,484	3,484			X X X
12. Totals	81,874	81,874	198,887	198,887	6,136	6,136	22,732	22,732	6,625	6,625			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		
2. 1997	13,197	13,197		75.248	75.248						
3. 1998	12,129	12,129		70.727	70.727						
4. 1999	14,365	14,365		84.401	84.401						
5. 2000	18,991	18,991		78.961	78.961						
6. 2001	42,606	42,606		90.599	90.599						
7. 2002	67,110	67,110		88.735	88.735						
8. 2003	85,604	85,604		81.349	81.349						
9. 2004	113,843	113,843		72.096	72.096						
10. 2005	139,434	139,434		71.624	71.624						
11. 2006	175,015	175,015		71.760	71.760						
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X		

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
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	One Year	Two Year
1. Prior												
2. 1997												
3. 1998	X X X											
4. 1999	X X X	X X X										
5. 2000	X X X	X X X	X X X									
6. 2001	X X X	X X X	X X X	X X X								
7. 2002	X X X	X X X	X X X	X X X	X X X							
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X						
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X					
10. 2005	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. 2006	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		X X X	X X X
12. Totals												

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
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	000										X X X	X X X
2. 1997											X X X	X X X
3. 1998	X X X										X X X	X X X
4. 1999	X X X	X X X									X X X	X X X
5. 2000	X X X	X X X	X X X								X X X	X X X
6. 2001	X X X	X X X	X X X	X X X							X X X	X X X
7. 2002	X X X	X X X	X X X	X X X	X X X						X X X	X X X
8. 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. 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
10. 2005	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	X X X
11. 2006	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		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
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior										
2. 1997										
3. 1998	X X X									
4. 1999	X X X	X X X								
5. 2000	X X X	X X X	X X X							
6. 2001	X X X	X X X	X X X	X X X						
7. 2002	X X X	X X X	X X X	X X X	X X X					
8. 2003	X X X	X X X	X X X	X X X	X X X	X X X				
9. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X			
10. 2005	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. 2006	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	

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	6,245,671	6,245,671		1,187,204	2,785,324	4,141,403	
2. Alaska	AK	NO							
3. Arizona	AZ	NO							
4. Arkansas	AR	YES	6,498,284	6,498,284		1,248,923	797,543	4,391,722	
5. California	CA	NO							
6. Colorado	CO	NO							
7. Connecticut	CT	NO							
8. Delaware	DE	NO							
9. Dist. Columbia	DC	NO							
10. Florida	FL	YES	45,041,867	45,041,867	(24,632)	16,214,524	12,084,530	48,838,140	
11. Georgia	GA	YES	28,138,800	28,138,800		11,831,226	14,019,491	30,543,594	
12. Hawaii	HI	NO							
13. Idaho	ID	NO							
14. Illinois	IL	NO							
15. Indiana	IN	NO							
16. Iowa	IA	NO							
17. Kansas	KS	NO							
18. Kentucky	KY	YES	34,188,055	34,188,055		11,343,777	17,801,949	23,827,685	
19. Louisiana	LA	YES	41,399,767	41,399,767	440,319	15,591,441	30,501,475	63,975,611	
20. Maine	ME	NO							
21. Maryland	MD	NO							
22. Massachusetts	MA	NO							
23. Michigan	MI	NO							
24. Minnesota	MN	NO							
25. Mississippi	MS	YES	25,876,517	25,876,517		7,938,788	13,728,202	27,408,872	
26. Missouri	MO	NO							
27. Montana	MT	NO							
28. Nebraska	NE	NO							
29. Nevada	NV	NO							
30. New Hampshire	NH	NO							
31. New Jersey	NJ	NO							
32. New Mexico	NM	NO							
33. New York	NY	NO							
34. No. Carolina	NC	YES	4,013,335	4,013,335		545,209	2,328,479	1,992,411	
35. No. Dakota	ND	NO							
36. Ohio	OH	NO							
37. Oklahoma	OK	NO							
38. Oregon	OR	NO							
39. Pennsylvania	PA	NO							
40. Rhode Island	RI	NO							
41. So. Carolina	SC	YES	14,939,548	14,939,548		4,742,161	13,082,057	19,061,685	
42. So. Dakota	SD	NO							
43. Tennessee	TN	YES	27,388,015	27,388,015		10,291,374	18,934,140	29,211,126	
44. Texas	TX	NO							
45. Utah	UT	NO							
46. Vermont	VT	NO							
47. Virginia	VA	NO							
48. Washington	WA	NO							
49. West Virginia	WV	NO							
50. Wisconsin	WI	NO							
51. Wyoming	WY	NO							
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	NO							
55. U.S. Virgin Islands	VI	NO							
56. Northern Mariana Islands	MP	NO							
57. Canada	CN	NO							
58. Aggregate other alien	OT	X X X							
59. Totals	(a) 10		233,729,859	233,729,859	415,687	80,934,627	126,063,190	253,392,249	

DETAILS OF WRITE-INS									
5801.	X X X								
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	X X X								

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

LOCATION OF RISK

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

OVERFLOW PAGE FOR WRITE-INS
