

ANNUAL STATEMENT

OF THE

Peerless Insurance Company

of **Keene**

in the state of **New Hampshire**

TO THE

Insurance Department

OF THE

STATE OF

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

PROPERTY AND CASUALTY

2004



24198200420100100

ANNUAL STATEMENT

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

Peerless Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 24198 Employer's ID Number 02-0177030
(Current Period) (Prior Period)

Organized under the Laws of New Hampshire, State of Domicile or Port of Entry New Hampshire

Country of Domicile United States of America

Incorporated: March 7, 1901 Commenced Business: November 23, 1903

Statutory Home Office: 62 Maple Avenue Keene, NH 03431

Main Administrative Office: 62 Maple Avenue Keene, NH 03431 603-352-3221

Mail Address: 175 Berkeley Street Boston, MA 02117

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

Internet Website Address: www.peerless-ins.com

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

Policyowner Relations Contact: 62 Maple Avenue Keene, NH 03431 603-352-3221

OFFICERS

Chairman of the Board
Roger Lucien Jean

Table with 2 columns: Name, Title. Rows include Dwight Wayne Bowie (President & Chief Executive Officer), Michael John DiRusso (Secretary), Stephen Douglas Powell (Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Rows include Anthony Alexander Fontanes, Bob David Effinger, Jr., Michael Ray Christiansen, Geoffrey Eugene Hunt.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include Michael Ray Christiansen, John Derek Doyle, Christopher Charles Mansfield, Roger Lucien Jean, Amy Johnston Leddy, William George Mersch, James Francis Dore, Dwight Wayne Bowie, Bob David Effinger, Jr., Geoffrey Eugene Hunt, Kenneth Paul Blackwood.

State of
County of 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) Dwight Wayne Bowie (Printed Name) 1. President & Chief Executive Officer (Title)
(Signature) Michael John DiRusso (Printed Name) 2. Secretary (Title)
(Signature) Stephen Douglas Powell (Printed Name) 3. Treasurer (Title)

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

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	1,331,362,801		1,331,362,801	1,025,339,618
2. Stocks (Schedule D):				
2.1 Preferred stocks	17,150,700		17,150,700	18,309,200
2.2 Common stocks	625,621,429		625,621,429	585,331,216
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)	6,878,465		6,878,465	6,190,454
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (80,571,829), Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 23,611,064, Schedule DA)	(56,960,765)		(56,960,765)	11,451,224
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)	6,050,026		6,050,026	6,050,773
8. Receivable for securities	139,395		139,395	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,930,242,051		1,930,242,051	1,652,672,485
11. Investment income due and accrued	12,914,646		12,914,646	11,669,200
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	59,666,206	5,301,340	54,364,866	139,185,626
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 10,439,522 earned but unbilled premiums)	311,319,740	1,027,535	310,292,205	268,988,072
12.3 Accrued retrospective premiums				7,067,223
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	48,301,435		48,301,435	76,178,932
13.2 Funds held by or deposited with reinsured companies	3,942,467		3,942,467	2,141,477
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans				
15.1 Current federal and foreign income tax recoverable and interest thereon	556,651		556,651	
15.2 Net deferred tax asset	92,351,000	35,096,447	57,254,553	53,607,189
16. Guaranty funds receivable or on deposit	2,293,291		2,293,291	440,610
17. Electronic data processing equipment and software	68,737,921	68,737,921		55,326
18. Furniture and equipment, including health care delivery assets (\$ 0)	508,342	508,342		
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates	97,330,126		97,330,126	
21. Health care (\$ 0) and other amounts receivable				
22. Other assets nonadmitted	1,131,722	1,131,722		
23. Aggregate write-ins for other than invested assets	53,326,751	28,829,328	24,497,423	56,264,284
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	2,682,622,349	140,632,635	2,541,989,714	2,268,270,424
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	2,682,622,349	140,632,635	2,541,989,714	2,268,270,424

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 + 0998) (Line 9 above)				
2301. Receivable for administrative services - One Beacon	18,007,116		18,007,116	51,856,606
2302. One Beacon Goodwill	26,959,411	26,959,411		
2303. Equities and deposits in pools and associations	4,480,809		4,480,809	3,225,524
2398. Summary of remaining write-ins for Line 23 from overflow page	3,879,415	1,869,917	2,009,498	1,182,154
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	53,326,751	28,829,328	24,497,423	56,264,284

LIABILITIES, SURPLUS AND OTHER FUNDS	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	715,719,512	505,784,834
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	51,594,221	89,876,669
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	171,591,280	113,539,239
4. Commissions payable, contingent commissions and other similar charges	41,769,126	29,849,055
5. Other expenses (excluding taxes, licenses and fees)	5,185,555	5,417,379
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	16,878,294	15,899,749
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		15,076,569
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 837,626,351 and including warranty reserves of \$ 0)	563,718,584	459,140,713
10. Advance premium	2,172,904	1,148,148
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	31,772,767	107,694,031
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	9,651,987	5,624,787
14. Amounts withheld or retained by company for account of others	6,302,100	2,620,676
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	6,041,223	391,000
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	2,140	
19. Payable to parent, subsidiaries and affiliates		51,457,096
20. Payable for securities	31,775,167	3,995,429
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	25,763,081	61,066,367
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	1,679,937,941	1,468,581,741
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	1,679,937,941	1,468,581,741
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	8,848,635	8,848,635
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	549,537,163	549,537,163
33. Unassigned funds (surplus)	303,831,691	241,468,601
34. Less treasury stock, at cost:		
34.1 14,998 shares common (value included in Line 28 \$ 37,495)	165,716	165,716
34.2 0 shares preferred (value included in Line 29 \$ 0)		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	862,051,773	799,688,683
36. TOTALS (Page 2, Line 26, Col. 3)	2,541,989,714	2,268,270,424

DETAILS OF WRITE-INS		
2301. Other liabilities	1,446,328	1,671,192
2302. Collateral held for securities loaned	22,195,435	52,606,870
2303. 2003 Private Passenger Auto Escrow		2,025,550
2398. Summary of remaining write-ins for Line 23 from overflow page	2,121,318	4,762,755
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	25,763,081	61,066,367
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME	1	2
UNDERWRITING INCOME	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	1,092,794,260	862,260,541
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	585,489,454	442,302,487
3. Loss expenses incurred (Part 3, Line 25, Column 1)	140,718,938	68,653,401
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	368,821,902	294,443,176
5. Aggregate write-ins for underwriting deductions	(2,687,026)	2,025,550
6. Total underwriting deductions (Lines 2 through 5)	1,092,343,268	807,424,614
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	450,992	54,835,927
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	73,129,292	66,842,300
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	16,455,649	21,745,758
11. Net investment gain (loss) (Lines 9 + 10)	89,584,941	88,588,058
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 44,371 amount charged off \$ 2,956,059)	(2,911,689)	(1,890,492)
13. Finance and service charges not included in premiums	11,776,402	13,118,949
14. Aggregate write-ins for miscellaneous income	(1,932,366)	8,704,075
15. Total other income (Lines 12 through 14)	6,932,347	19,932,532
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	96,968,280	163,356,517
17. Dividends to policyholders	1,503,576	1,620,026
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	95,464,704	161,736,491
19. Federal and foreign income taxes incurred	32,459,646	54,479,105
20. Net income (Line 18 minus Line 19) (to Line 22)	63,005,058	107,257,386
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	799,688,683	164,205,211
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	63,005,058	107,257,386
23. Change in net unrealized capital gains or (losses)	34,561,069	56,557,428
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	16,396,563	(33,207,594)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(48,370,012)	44,424,679
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(5,650,223)	9,717,937
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		471,847,487
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus	2,420,635	(21,113,851)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	62,363,090	635,483,472
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	862,051,773	799,688,683
DETAILS OF WRITE-INS		
0501. North Carolina private passenger auto escrow	(2,687,026)	2,025,550
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)	(2,687,026)	2,025,550
1401. Other income / (expense)	(1,932,366)	1,604,075
1402. Allowance for doubtful accounts		7,100,000
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus Line 1498) (Line 14 above)	(1,932,366)	8,704,075
3601. Other adjustments to surplus	2,420,635	(21,113,851)
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Lines 3601 through 3603 plus Line 3698) (Line 36 above)	2,420,635	(21,113,851)

CASH FLOW		1	2
Cash from Operations		Current Year	Prior Year
1. Premiums collected net of reinsurance		1,172,030,637	848,367,157
2. Net investment income		74,326,199	70,340,449
3. Miscellaneous income		11,584,696	27,306,502
4. Total (Lines 1 through 3)		1,257,941,532	946,014,108
5. Benefit and loss related payments		385,959,727	363,967,783
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions		438,200,831	352,574,921
8. Dividends paid to policyholders		1,503,576	1,620,026
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		48,092,866	22,324,479
10. Total (Lines 5 through 9)		873,757,000	740,487,209
11. Net cash from operations (Line 4 minus Line 10)		384,184,532	205,526,899
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		834,068,917	506,196,639
12.2 Stocks			21,137,638
12.3 Mortgage loans			
12.4 Real estate		172,389	
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds		27,640,342	
12.8 Total investment proceeds (Lines 12.1 to 12.7)		861,881,648	527,334,277
13. Cost of investments acquired (long-term only):			
13.1 Bonds		1,122,534,659	470,701,604
13.2 Stocks		4,570,656	477,249,791
13.3 Mortgage loans			
13.4 Real estate		1,289,877	251,510
13.5 Other invested assets			6,051,380
13.6 Miscellaneous applications			54,295,474
13.7 Total investments acquired (Lines 13.1 to 13.6)		1,128,395,192	1,008,549,759
14. Net increase (decrease) in policy loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		(266,513,544)	(481,215,482)
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			471,847,487
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities			
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)		(186,082,977)	(295,552,787)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(186,082,977)	176,294,700
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)		(68,411,989)	(99,393,883)
19. Cash and short-term investments:			
19.1 Beginning of year		11,451,224	110,845,107
19.2 End of year (Line 18 plus Line 19.1)		(56,960,765)	11,451,224

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	13,463,759	4,752,951	6,735,891	11,480,819
2. Allied lines	12,966,380	4,751,691	6,017,987	11,700,084
3. Farmowners multiple peril	11,722,274	3,480,822	5,265,200	9,937,896
4. Homeowners multiple peril	106,496,028	47,656,963	55,973,086	98,179,905
5. Commercial multiple peril	387,110,722	137,236,371	180,096,531	344,250,562
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	34,274,891	12,442,730	15,034,801	31,682,820
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	3,991,770	1,903,198	2,097,481	3,797,487
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	139,673,488	43,951,926	56,703,044	126,922,370
17.1 Other liability - occurrence	67,247,066	19,431,094	29,069,411	57,608,749
17.2 Other liability - claims-made				
18.1 Products liability - occurrence	1,267,232	506,406	674,231	1,099,407
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability	113,877,540	51,328,442	52,605,464	112,600,518
19.3, 19.4 Commercial auto liability	162,611,297	61,634,289	76,820,677	147,424,909
21. Auto physical damage	138,769,347	61,581,105	65,167,189	135,183,263
22. Aircraft (all perils)				
23. Fidelity	59,805	14,453	(300,582)	374,840
24. Surety	789,330	486,600	1,081,496	194,434
26. Burglary and theft	281,241	26,178	71,338	236,081
27. Boiler and machinery	292,056	(6,123)	165,817	120,116
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	1,194,894,226	451,179,096	553,279,062	1,092,794,260

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	6,735,891				6,735,891
2. Allied lines	6,017,987				6,017,987
3. Farmowners multiple peril	5,265,200				5,265,200
4. Homeowners multiple peril	55,973,086				55,973,086
5. Commercial multiple peril	184,468,510		(4,371,980)		180,096,530
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	15,034,801				15,034,801
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	2,097,481				2,097,481
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	61,382,864		(4,679,820)		56,703,044
17.1 Other liability - occurrence	30,452,424		(1,383,013)		29,069,411
17.2 Other liability - claims-made					
18.1 Products liability - occurrence	678,005		(3,773)		674,232
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	52,605,464				52,605,464
19.3, 19.4 Commercial auto liability	76,820,677				76,820,677
21. Auto physical damage	65,167,189				65,167,189
22. Aircraft (all perils)					
23. Fidelity	(542,567)	241,985			(300,582)
24. Surety	217,264	864,232			1,081,496
26. Burglary and theft	71,338				71,338
27. Boiler and machinery	166,753		(936)		165,817
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	562,612,367	1,106,217	(10,439,522)		553,279,062
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					10,439,522
37. Balance (Sum of Line 34 through 36)					563,718,584

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	18,283,261	15,707,390	587,377	20,125,381	988,888	13,463,759
2. Allied lines	16,296,004	17,415,861	197,232	18,735,308	2,207,409	12,966,380
3. Farmowners multiple peril	7,710,869	21,114,899	154,650	16,743,526	514,618	11,722,274
4. Homeowners multiple peril	113,003,141	153,395,754	4,503,911	155,851,158	8,555,620	106,496,028
5. Commercial multiple peril	336,963,786	660,352,647	1,943,611	556,119,884	56,029,438	387,110,722
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	44,024,814	42,932,213	426,613	50,144,561	2,964,188	34,274,891
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	1,958,415	8,392,296	7,326	5,794,172	572,095	3,991,770
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	129,531,930	246,129,052	32,259,527	202,323,231	65,923,790	139,673,488
17.1 Other liability - occurrence	57,890,640	107,958,287	382,822	94,443,402	4,541,281	67,247,066
17.2 Other liability - claims-made						
18.1 Products liability - occurrence	1,675,731	1,411,465	(12,982)	1,779,730	27,252	1,267,232
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability	119,690,806	153,492,835	8,766,234	159,932,366	8,139,969	113,877,540
19.3, 19.4 Commercial auto liability	130,633,149	260,876,267	8,019,431	228,505,092	8,412,458	162,611,297
21. Auto physical damage	138,788,055	198,756,978	1,221,358	197,466,365	2,530,679	138,769,347
22. Aircraft (all perils)						
23. Fidelity	134,840	8,956		83,991		59,805
24. Surety	1,887,553	39,793		1,108,555	29,461	789,330
26. Burglary and theft	85,175	472,534	131,687	398,223	9,932	281,241
27. Boiler and machinery	580,878	1,135,203	11,252	422,206	1,013,071	292,056
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	1,119,139,047	1,889,592,430	58,600,049	1,709,977,151	162,460,149	1,194,894,226

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

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

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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	2,319,144	3,688,252	3,580,367	2,427,029	1,913,629	882,257	3,458,401	30.123
2. Allied lines	4,162,242	4,569,796	5,294,401	3,437,637	957,786	1,195,757	3,199,666	27.347
3. Farmowners multiple peril	2,942,166	5,366,053	4,854,052	3,454,167	2,464,527	1,345,610	4,573,084	46.017
4. Homeowners multiple peril	42,944,096	75,332,267	73,773,432	44,502,931	22,024,988	17,927,284	48,600,635	49.502
5. Commercial multiple peril	80,967,861	151,224,604	150,588,244	81,604,221	217,391,604	130,233,127	168,762,698	49.023
6. Mortgage guaranty								
8. Ocean marine		12,447	7,271	5,176	208,949	231,386	(17,261)	
9. Inland marine	10,627,860	9,792,991	12,202,864	8,217,987	3,018,469	2,036,767	9,199,689	29.037
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims - made								
12. Earthquake		1,637	1,307	330	68,004	42,456	25,878	0.681
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation	41,969,081	116,624,771	111,639,527	46,954,325	167,397,655	129,611,096	84,740,884	66.766
17.1 Other liability - occurrence	24,936,950	6,235,729	31,255,786	(83,107)	54,564,715	32,506,449	21,975,159	38.146
17.2 Other liability - claims - made								
18.1 Products liability - occurrence	29,474	(474,793)	(257,846)	(187,473)	1,099,748	389,214	523,061	47.577
18.2 Products liability - claims - made								
19.1, 19.2 Private passenger auto liability	80,367,558	115,462,152	124,153,650	71,676,060	110,665,561	95,725,029	86,616,592	76.924
19.3, 19.4 Commercial auto liability	47,117,154	92,840,570	87,423,152	52,534,572	126,521,959	88,507,540	90,548,991	61.420
21. Auto physical damage	58,376,287	91,834,225	89,381,223	60,829,289	2,901,029	2,170,381	61,559,937	45.538
22. Aircraft (all perils)								
23. Fidelity	28,542	(2,448)	14,046	12,048	34,409	16,345	30,112	8.033
24. Surety	1,094,305	96,255	1,017,414	173,146	449,923	511,867	111,202	57.193
26. Burglary and theft	2,298	40,725	26,039	16,984	1,459,802	62,606	1,414,180	599.023
27. Boiler and machinery	7,808	(99,667)	(71,313)	(20,546)	239,938	52,846	166,546	138.653
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	2,530	2,530					
31. Reinsurance-Nonproportional Assumed Liability	X X X				2,336,817	2,336,817		
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	397,892,826	672,548,096	694,886,146	375,554,776	715,719,512	505,784,834	585,489,454	53.577

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	1,732,747	2,234,745	2,370,026	1,597,466	486,429	515,261	685,527	1,913,629	10,570
2. Allied lines	780,724	1,045,254	1,104,641	721,337	385,650	91,228	240,429	957,786	191,396
3. Farmowners multiple peril	738,270	3,708,433	2,597,319	1,849,384	345,964	1,156,334	887,155	2,464,527	447,192
4. Homeowners multiple peril	18,944,069	27,651,272	28,482,454	18,112,887	5,334,013	5,329,298	6,751,210	22,024,988	4,464,516
5. Commercial multiple peril	99,211,135	263,565,087	223,795,715	138,980,507	67,622,652	134,428,493	123,640,048	217,391,604	87,286,469
6. Mortgage guaranty									
8. Ocean marine		144,501	84,403	60,098		398,922	250,071	208,949	28,690
9. Inland marine	2,331,171	2,515,265	2,853,791	1,992,645	985,945	2,547,936	2,508,057	3,018,469	816,124
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims - made									
12. Earthquake					60,476	82,131	74,603	68,004	(92,767)
13. Group accident and health								(a)	958
14. Credit accident and health (group and individual)								(a)	68
15. Other accident and health									
16. Workers' compensation	62,896,608	225,004,866	183,255,202	104,646,272	50,231,328	213,933,161	201,413,107	167,397,654	23,111,150
17.1 Other liability - occurrence	13,587,657	58,695,438	51,453,397	20,829,698	15,678,579	82,224,385	64,167,947	54,564,715	9,856,961
17.2 Other liability - claims - made									
18.1 Products liability - occurrence	47,223	921,994	569,290	399,927	637,541	1,058,643	996,363	1,099,748	859,793
18.2 Products liability - claims - made									462
19.1, 19.2 Private passenger auto liability	82,271,919	128,803,460	132,205,733	78,869,646	31,634,263	51,559,971	51,398,319	110,665,561	21,301,701
19.3, 19.4 Commercial auto liability	53,890,987	117,371,219	103,798,240	67,463,966	42,692,809	114,093,131	97,727,947	126,521,959	19,616,134
21. Auto physical damage	4,097,981	7,035,281	6,598,671	4,534,591	(1,979,731)	(2,031,920)	(2,378,089)	2,901,029	3,039,935
22. Aircraft (all perils)									
23. Fidelity	45,987	10	27,438	18,559	38,086	47	22,283	34,409	94,114
24. Surety	1,525,939	149,098	1,818,580	(143,543)	1,145,211	781,731	1,333,476	449,923	640,230
26. Burglary and theft	1,749	2,251	2,337	1,663	(149,512)	(1,495,934)	(3,103,585)	1,459,802	
27. Boiler and machinery		33,099	13,511	19,588	208,382	331,256	319,288	239,938	(149,652)
28. Credit									67,236
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability	X X X	545,102	318,394	226,708	X X X	5,073,598	2,963,488	2,336,818	
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	342,104,166	839,426,375	741,349,142	440,181,399	215,358,085	610,077,672	549,897,644	715,719,512	171,591,280

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	65,668,788			65,668,788
1.2 Reinsurance assumed	112,870,744			112,870,744
1.3 Reinsurance ceded	98,507,020			98,507,020
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	80,032,512			80,032,512
2. Commission and brokerage:				
2.1 Direct excluding contingent		168,243,375		168,243,375
2.2 Reinsurance assumed excluding contingent		265,375,901		265,375,901
2.3 Reinsurance ceded excluding contingent		258,593,883		258,593,883
2.4 Contingent-direct		65,168,441		65,168,441
2.5 Contingent-reinsurance assumed		28,839,670		28,839,670
2.6 Contingent-reinsurance ceded		54,983,151		54,983,151
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)		214,050,353		214,050,353
3. Allowances to manager and agents		334,503		334,503
4. Advertising		2,874,719		2,874,719
5. Boards, bureaus and associations	197,916	2,260,362		2,458,278
6. Surveys and underwriting reports	802	6,518,509		6,519,311
7. Audit of assureds' records		92		92
8. Salary and related items:				
8.1 Salaries	33,810,902	66,605,003	87,961	100,503,866
8.2 Payroll taxes	2,719,632	4,716,194	16,583	7,452,409
9. Employee relations and welfare	6,620,413	11,843,570	45,423	18,509,406
10. Insurance	1,435,587	753,299		2,188,886
11. Directors' fees	373	11,489		11,862
12. Travel and travel items	2,238,740	5,530,912		7,769,652
13. Rent and rent items	3,542,804	6,037,587		9,580,391
14. Equipment	2,507,156	4,609,900	3,605	7,120,661
15. Cost or depreciation of EDP equipment and software	2,190,622	3,944,084		6,134,706
16. Printing and stationery	647,836	1,646,192	1,442	2,295,470
17. Postage, telephone and telegraph, exchange and express	1,861,008	4,582,636	721	6,444,365
18. Legal and auditing	396,435	1,024,520	333,100	1,754,055
19. Totals (Lines 3 to 18)	58,170,226	123,293,571	488,835	181,952,632
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 253,068		29,075,400		29,075,400
20.2 Insurance department licenses and fees		1,310,899		1,310,899
20.3 Gross guaranty association assessments		416,755		416,755
20.4 All other (excluding federal and foreign income and real estate)		674,926		674,926
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		31,477,980		31,477,980
21. Real estate expenses			1,159,888	1,159,888
22. Real estate taxes			348,066	348,066
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	2,516,200			2,516,200
25. Total expenses incurred	140,718,938	368,821,904	1,996,789	(a) 511,537,631
26. Less unpaid expenses-current year	171,591,280	63,832,975		235,424,255
27. Add unpaid expenses-prior year	113,539,239	51,166,183		164,705,422
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	82,666,897	356,155,112	1,996,789	440,818,798

DETAILS OF WRITE-INS			
2401. Change in unallocated bulk reserves	2,516,200		2,516,200
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)	2,516,200		2,516,200

(a) Includes management fees of \$ 426,194 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 6,926,278	8,129,135
1.1 Bonds exempt from U.S. tax	(a) 1,264,632	1,576,284
1.2 Other bonds (unaffiliated)	(a) 51,595,941	51,229,705
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 1,067,400	1,067,400
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	4,977,340	4,977,340
2.21 Common stocks of affiliates	5,497,046	5,497,046
3. Mortgage loans	(c)	
4. Real estate	(d) 2,430,758	2,430,758
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 893,439	1,035,015
7. Derivative instruments	(f)	
8. Other invested assets	346,754	302,351
9. Aggregate write-ins for investment income	(472,666)	(410,820)
10. Total gross investment income	74,526,922	75,834,214
11. Investment expenses		(g) 1,996,789
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) 708,133
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		2,704,922
17. Net investment income (Line 10 minus Line 16)		73,129,292

DETAILS OF WRITE-INS			
0901. Miscellaneous Income/(Expense)		(472,666)	(410,820)
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)		(472,666)	(410,820)
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 \$ 695,536 accrual of discount less \$ 2,367,160 amortization of premium and less \$ 6,099,121 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 \$ 2,430,758 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 40,588 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 708,133 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	982,064			982,064
1.1 Bonds exempt from U.S. tax	2,294,677			2,294,677
1.2 Other bonds (unaffiliated)	15,952,318		2	15,952,320
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)			(1,158,500)	(1,158,500)
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)		(10)	1,009,624	1,009,614
2.21 Common stocks of affiliates			34,709,944	34,709,944
3. Mortgage loans				
4. Real estate	148,285			148,285
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)	(2,921,685)			(2,921,685)
10. Total capital gains (losses)	16,455,659	(10)	34,561,070	51,016,719

DETAILS OF WRITE-INS			
0901. Loss on equipment		(2,921,685)	(2,921,685)
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)		(2,921,685)	(2,921,685)

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	5,301,340	4,405,645	(895,695)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,027,535		(1,027,535)
12.3 Accrued retrospective premiums		894,394	894,394
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers			
13.2 Funds held by or deposited with reinsured companies			
13.3 Other amounts receivable under reinsurance contracts			
14. Amounts receivable relating to uninsured plans			
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	35,096,447	22,347,248	(12,749,199)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software	68,737,921	41,116,380	(27,621,541)
18. Furniture and equipment, including health care delivery assets	508,342	889,018	380,676
19. Net adjustment in assets and liabilities due to foreign exchange rates			
20. Receivable from parent, subsidiaries and affiliates			
21. Health care and other amounts receivable			
22. Other assets nonadmitted	1,131,722	1,224,814	93,092
23. Aggregate write-ins for other than invested assets	28,829,328	21,385,124	(7,444,204)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	140,632,635	92,262,623	(48,370,012)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	140,632,635	92,262,623	(48,370,012)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. Other assets	1,869,917	1,817,940	(51,977)
2302. One Beacon Goodwill	26,959,411	19,567,184	(7,392,227)
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	28,829,328	21,385,124	(7,444,204)

NOTES TO FINANCIAL STATEMENTS

Note 1- Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

C. Accounting Policies

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

In addition, the Company uses the following accounting policies:

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

Note 2- Accounting Changes and Correction of Errors

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3- Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

Not applicable

Note 4- Discontinued Operations

The Company has no discontinued operations to report.

Note 5- Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans as investments

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

E. Repurchase Agreements

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

F. Real Estate

1. The Company does not invest in real estate.
2. The Company does not engage in retail land sale operations

Note 6- Joint Ventures, Partnerships & Limited Liability Companies

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

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

Not applicable

Note 7- Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2004.

Note 8- Derivative Instruments

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

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

	December 31, 2004	December 31, 2003	Change
Total of gross deferred tax assets	103,460,049	90,872,260	12,587,789
Total of deferred tax liabilities	(11,109,049)	(14,917,823)	3,808,774
Net deferred tax asset	92,351,000	75,954,437	16,396,563
Net deferred tax asset non-admitted	(35,096,447)	(22,347,248)	(12,749,199)
Net admitted deferred tax asset	57,254,553	53,607,189	3,647,364

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

	2004	2003
Federal	32,459,646	57,964,022
Net operating loss benefit	0	(3,484,917)
Foreign	0	0
Federal and foreign income tax incurred	32,459,646	54,479,105

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

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

The Company had no net loss 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 International Holdings, Inc.
ALM Services, Inc.	Liberty Life Assurance Company of Boston
Ambco Capital Corporation	Liberty Life Holdings, Inc.
America First Insurance Company	Liberty Lloyds of Texas Insurance Company
America First Lloyds Insurance Company	Liberty Management Services, Inc.
American Ambassador Casualty Company	Liberty Mexico Holdings, Inc.
Berkeley Management Corporation	Liberty Mutual Capital Corporation (Boston)
Bridgefield Casualty Insurance Company	Liberty Mutual Fire Insurance Company
Bridgefield Employers Insurance Company	Liberty Mutual Group Inc.
Capitol Agency, Inc. (Arizona corporation)	Liberty Mutual Holding Company, Inc.
Capitol Agency, Inc. (Ohio corporation)	Liberty Mutual Insurance Company
Capitol Agency, Inc. (Tennessee corporation)	Liberty Mutual Managed Care, Inc.
Cascade Disability Management, Inc.	Liberty Northwest Insurance Corporation
Colorado Casualty Insurance Company	Liberty Personal Insurance Company
Companies Agency Insurance Services of California *	Liberty RE (Bermuda) Limited
Companies Agency of Alabama, Inc.	Liberty Real Estate Corporation
Companies Agency of Georgia, Inc.	Liberty Surplus Insurance Corporation
Companies Agency of Kentucky, Inc.	Liberty-USA Corporation
Companies Agency of Massachusetts, Inc.	LIH-Re of America Corporation
Companies Agency of Michigan, Inc.	LIH U.S. P&C Corporation
Companies Agency of New York, Inc.	LIIA Insurance Agency, Inc.
Companies Agency of Pennsylvania, Inc.	LIU Specialty Agency, Inc.
Companies Agency of Phoenix, Inc.	LLS Insurance Agency of Nevada, Inc.
Companies Agency, Inc.	LM Insurance Corporation
Companies Annuity Agency of Texas, Inc.	LMHC Massachusetts Holding, Inc.
Consolidated Insurance Company	LRE Properties, Inc.
Copley Venture Capital, Inc.	Mid-American Agency, Inc.
Countrywide Services Corporation	Mid-American Fire and Casualty Company
Diversified Settlements, Inc.	Missouri Agency, Inc.
Employers Insurance Company of Wausau	North Pacific Insurance Company
Excelsior Insurance Company	Oregon Automobile Insurance Company
First State Agency, Inc.	Peerless Indemnity Insurance Company
Florida State Agency, Inc.	Peerless Insurance Company
Globe American Casualty Company	LM Personal Insurance Company
Golden Eagle Insurance Corporation	LM General Insurance Company
Gulf States AIF, Inc.	LM Property and Casualty Insurance Company
Hawkeye-Security Insurance Company	San Diego Insurance Company
Helmsman Insurance Agency of Illinois, Inc.	State Agency, Inc. (Indiana corporation)
Helmsman Insurance Agency of Texas, Inc.	State Agency, Inc. (Wisconsin corporation)
Heritage-Summit Healthcare of Florida, Inc.	St. James Insurance Company
Indiana Insurance Company	Summit Consulting, Inc.

NOTES TO FINANCIAL STATEMENTS

LEXCO Limited	Summit Consulting, Inc. of Louisiana
Liberty Assignment Corporation	Summit Holding Southeast, Inc.
Liberty Corporate Services, Inc.	The First Liberty Insurance Corporation
Liberty Energy Corporation	The Midwestern Indemnity Company
Liberty Financial Services, Inc.	The National Corporation
Liberty Hospitality Group, Inc.	The Netherlands Insurance Company
Liberty Insurance Company of America	Wausau (Bermuda) Ltd.
Liberty Insurance Corporation	Wausau Business Insurance Company
Liberty Insurance Holdings, Inc.	Wausau General Insurance Company
Liberty Insurance Underwriters, Inc.	Wausau Holdings, Inc.
Liberty International Aberdeen, Inc.	Wausau Service Corporation
Liberty International Asia Pacific Holdings, Inc.	Wausau Underwriters Insurance Company

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

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

Note 10- Information concerning Parent, Subsidiaries and Affiliates

- A. The Company is a wholly owned subsidiary of LIH US P&C Corporation, an insurance holding company incorporated in Delaware. LIH US P&C is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings is wholly owned by Liberty Mutual Insurance Company, a Massachusetts company. The ultimate parent of Liberty Mutual Insurance Holdings is Liberty Mutual Holding Company, Inc., a Massachusetts company. Peerless Insurance Company owns all outstanding shares of Liberty-USA Corporation, an insurance holding company incorporated in the State of Delaware. Liberty-USA owns all of the outstanding shares of Peerless Indemnity Insurance Company (IL), The National Corporation as Attorney-in-Fact for the National Insurance Association (IN) and LIH-RE of America (DE).
- B. Transactions entered into by the Company with its affiliates are described on Schedule Y Part 2.
- C. See Note 26.
- D. At December 31, 2004, the Company reported \$97,330,126 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. The Company entered into a management and services agreement, effective January 1, 1999, with the Netherlands Insurance Company (NIC), Excelsior Insurance Company (EIC), America First Insurance Company (AMF), Indiana Insurance Company (IIC), Consolidated Insurance Company (CIC), Peerless Indemnity Insurance Company fka Atlas Assurance Company of America (Peerless Indemnity), Liberty Insurance Underwriters (LIU), Globe American Casualty Company (Globe), American Ambassador Casualty Company (AACC), and Mid-American Fire and Casualty Company (MAF). Amendments 1 and 2 added affiliates Montgomery Mutual Insurance Company (MMIC), Montgomery Indemnity Company (MI), Colorado Casualty Insurance Company (CCIC) and Golden Eagle Insurance Company (GEIC) to the agreement in 2000 and 2001.
- The Service Agreement allows all parties to the Agreement to provide services related to common management functions including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resources services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.
- The Company also entered into management and service agreements with Hawkeye-Security Insurance Company (FKA, Tower Insurance Company) (HSIC) and National Corporation in 1999. Under those agreements the Company is allowed to perform common management functions including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resources services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.
- The Company entered into an investment management agreement, effective May, 1999, with Liberty Mutual Insurance Group (LMIG). Under this agreement, LMIG provides investment management services to the Company.
- The Company entered into a Federal Tax Sharing Agreement between LMIG and affiliates (see Note 9F).
- The Company entered into a management services agreement, effective April 1, 2002, with Merchants and Business Men's Mutual Insurance Company (M&B) with services related to common management functions including, but not limited to, coordinating marketing and advertising, actuarial support, and accounting, as well as consulting and other services as the Parties may request.
- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company owns a 100% interest in Liberty USA Corporation, whose carrying value is equal to or exceeds 10% of the admitted assets of the Company. The Company carries Liberty USA Corporation, at STAT equity of \$558,088,370.

Based on the Company's ownership percentage of Liberty USA Corporation, the statutory statement carrying values of

NOTES TO FINANCIAL STATEMENTS

Liberty USA Corporation assets and liabilities as of December 31, 2004 were \$1,588,294,561 and \$1,030,206,191 , respectively.

The Company's share of net income of Liberty USA Corporation was \$34,062,736 for the year ended December 31, 2004.

- J. The Company did not recognize any impairment write down for its subsidiary, controlled, or affiliated companies during the statement period.

Note 11- Debt

Not applicable.

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

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

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

1. Common Stock

The Company has 5,000,000 shares authorized, and 3,524,456 shares issued and outstanding as of December 31, 2004. All shares have a stated par value of \$2.50.

2. Preferred Stock

The Company has 113,043 shares authorized, but no shares are issued and outstanding as of December 31, 2004. All shares have a stated par value of \$2.50.

3. Dividend Restrictions

The Company has no dividend restrictions.

4. The maximum amount of dividends which can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of policyholder surplus less any dividends paid in the preceding twelve months. The maximum dividend payout which may be made without prior approval in 2005 is \$86,205,177.

5. The Company does not have restricted unassigned surplus.

6. The Company had no advances to surplus.

7. The Company did not hold stock for special purposes.

8. The Company had no changes in special surplus funds.

9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
a. Unrealized gains/(losses)	\$71,953,780	\$34,561,069
b. Nonadmitted asset values	(140,632,635)	(48,370,012)
c. Provision for reinsurance	(6,041,223)	(5,650,223)
Total	\$(74,720,078)	\$(19,459,166)

10. Surplus Notes

Not applicable

11. Quasi re-organization (dollar impact)

Not applicable

12. Quasi re-organization (effective date)

Not applicable

Note 14- Contingencies

- A. Contingent Commitments

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

NOTES TO FINANCIAL STATEMENTS

B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$7,555,387 that is offset by future premium tax credits of \$2,293,290. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2005.

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

On October 3, 2001, the Company received notification of the insolvency of the Reliance Insurance Group. It is expected that the insolvency will result in a guaranty fund assessment against the Company of \$1,839,154 that has been charged to operations in the prior year, and any remaining balance is included in the liability above.

C. Gain Contingencies

Not applicable

D. All other Contingencies

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

Note 15- Leases

A. The following is a schedule of the Company's minimum lease obligations under these agreements for the next five years:

2005	\$5,382,275
2006	\$4,551,926
2007	\$3,897,557
2008	\$3,325,618
2009	\$2,053,837
2010 & thereafter	\$5,865,785
Total	\$25,076,998

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

Not applicable

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

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

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

A. The Company did not sell premium receivables.

B. Transfers and servicing of financial assets:

The Company participates in Securities lending program to generate additional income, whereby certain fixed income securities are loaned for a short period of time from the Company's portfolio to qualifying third parties, via a lending agent. Borrowers of these securities provide collateral equal to or in excess of, 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 100% of the market value of the loaned securities. Under the terms of the securities lending program, the lending agent indemnifies the Company against borrower defaults. The loaned securities remain a recorded asset of the Company, however, the Company records a liability for the amount of collateral held, representing its obligation to return the collateral related to the loaned securities. At December 31, 2004, the total market value of fixed maturities loaned was \$98,419,069, with corresponding collateral value at \$100,410,819.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

NOTES TO FINANCIAL STATEMENTS

Not applicable

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

Not applicable

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

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

Note 20 – September 11 Events

The Company has no material exposure to losses arising from the World Trade Center disaster of September 11, 2001.

Note 21- Other Items

- A. The Company has no extraordinary items to report.

- B. Troubled Debt Restructuring for Debtors

Not applicable

- C. Other Disclosures

- 1) The following is in answer to General Interrogatories, Part 2, 6.1, 6.2 and 6.3.

- A. The Company participates in a Liberty Mutual Group cover in the amount of \$400 million in excess of \$100 million. The Company also has a cover of \$75 million in excess of \$25 million and underlying casualty excess reinsurance to \$25 million.
- B. The Company tracks aggregate property exposure for homeowners and commercial risks. The highest concentrations of risk are located in Connecticut and Rhode Island. The Company utilizes the services of a broker and RMS and AIR software models to estimate the probable maximum loss.
- C. The Company maintains a property excess reinsurance agreement with a retention of \$3,000,000 which inures to the benefit of the property catastrophe treaty. The Company has a \$50 million retention on the property catastrophe treaty and limits of \$150 million. There is additional coverage for the Northeast and additional earthquake coverage for the New Madrid area to \$250 million. The Company also participates in a Liberty Mutual Group cover in the amount of \$750 million in excess of \$250 million.

The Company's Property Excess treaties exclude terrorism coverage. The Company purchased property terrorism reinsurance of \$20 million in excess of \$5 million per event. The Company's Casualty Excess agreements provide terrorism coverage equal to one times the layer or \$5,000,000 whichever is lower. Second Event Casualty terrorism reinsurance of \$10 million in excess of \$5 million per event was purchased. In addition the Company participates in a Cross Line Terrorism agreement for the Liberty Mutual Group which provides \$200 million in excess of \$150 million.

- 2) Assets in the amount of \$30,918,645 and \$25,252,864 as of December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

- 3) OneBeacon

The Company entered into a material quota share reinsurance arrangement with OneBeacon Insurance Company ("OneBeacon"), effective November 1, 2001. The arrangement calls for OneBeacon to cede to the Company 100% of the underwriting results on the subject business written through independent agents in a 38-state territory that excludes the Northwestern and Northeastern regions of the country. Peerless cedes back to OneBeacon 67% of the underwriting results on the Policy Year 1 renewals (policy effective dates from November 1, 2001 to October 31, 2002) on the subject business, whether issued by OneBeacon and its affiliates or by the Company and its affiliates. Policy Year 2 renewals (policy effective dates from November 1, 2002 to October 31, 2003) are ceded to OneBeacon at 33%. The Company retains all of the underwriting results on the new business. Renewals are defined as any renewal of a policy in force as of November 1, 2001 with OneBeacon or one of its affiliates. Refer to Schedule F for amounts related to these agreements.

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

- E. Business Interruption Insurance Recoveries

There were no reported losses that exceeded the policy deductible.

Note 22- Events Subsequent

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

Note 23- Reinsurance

- A. Excluding amounts arising pursuant to the intercompany pooling agreement, as described in Note 26, the following are the unsecured reinsurance recoverables of an individual reinsurer which exceed 3% of policyholders surplus.

NOTES TO FINANCIAL STATEMENTS

<u>Reinsurer</u>	<u>NAIC Co.</u>	<u>Fed ID #</u>	<u>Recoverable Amount</u>
Swiss Reinsurance America Corp	25364	13-1675535	\$136,594,000
OneBeacon Insurance Co.	21970	23-1502700	\$119,126,000
American Re	10227	13-4924125	\$43,194,000

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

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net Reinsurance</u>	
	<u>UEP</u>	<u>Commission Equity</u>	<u>UEP</u>	<u>Commission Equity</u>	<u>UEP</u>	<u>Commission Equity</u>
Affiliates	\$833,363,000	\$125,159,878	\$812,628,000	\$117,890,617	\$20,735,000	\$7,269,261
All Other	17,388,000	5,583,962	24,998,351	4,930,113	(7,610,351)	653,849
Total	<u>\$850,751,000</u>	<u>\$130,743,840</u>	<u>\$837,626,351</u>	<u>\$122,820,730</u>	<u>\$13,124,649</u>	<u>\$7,923,110</u>

Direct unearned premium reserve \$529,725,885

- There are no sliding scale adjustments, or other profit sharing commissions for direct, assumed or ceded business. Following are the contingent commissions for direct, assumed and ceded business.

Direct	\$19,627,898
Assumed	\$73,817,426
Ceded	<u>\$53,053,729</u>
Net	<u>\$40,391,596</u>

- D. The Company has written off uncollectible balances in 2004 in the amount of \$226,895, reflected as losses incurred for Gerling Global Reinsurance Corporation (FEIN 13-6107326).
- E. The Company has reported the following amounts in its operations in 2004 as a result of commutation of reinsurance with the companies listed below:

<u>Trenwick America Reinsurance Corporation</u>	
(FEIN 06-1117063)	
Losses Incurred	\$547,467
LAE Incurred	0
Premiums Earned	0
Other	20,916
Total	<u>\$568,383</u>

- F. The Company has no retroactive reinsurance.
- G. There are no contracts recorded as deposit accounting.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not write loss sensitive policies or policies subject to redetermination.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributed to insured events of prior years increased by \$9,850,422 during 2004. This represents 1.1% of unpaid losses and loss adjustment expenses of \$887,310,792 as of December 31, 2004. Increases or decreases of this nature occur as the result of claim settlements during the calendar year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

NOTES TO FINANCIAL STATEMENTS

Note 26- Intercompany Pooling Arrangements

The Company is the lead company of the Liberty Insurance Holdings (LIH) Inter-Company Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Co. #	Pooling %	Line of Business
Lead Company:	Peerless Insurance Company (PIC)	24198	41.59%	All Lines
Affiliated Pool Companies:	Peerless Indemnity Insurance Company (PIIC)	18333	27.36%	All Lines
	Golden Eagle Insurance Corporation (GEIC)	10836	13.25%	All Lines
	Indiana Insurance Company (IIC)	22659	12.25%	All Lines
	The Netherlands Insurance Company (NIC)	24171	3.27%	All Lines
	Montgomery Mutual Insurance Company (MMC)	14613	2.28%	All Lines
			<u>100.00%</u>	
100% Quota Share ("Fronted") Affiliated Companies:	Excelsior Insurance Company (EIC)	11045	0.00%	All Lines
	Consolidated Insurance Company (CIC)	22640	0.00%	All Lines
	America First Insurance Company (AFIC)	12696	0.00%	All Lines
	Merchants and Business Men's Mutual Insurance Company (M&B)	14486	0.00%	All Lines
	Liberty County Mutual Insurance Company (LCMIC)	19544	0.00%	All Lines
	Colorado Casualty Insurance Company (CCIC)	41785	0.00%	All Lines
	National Insurance Association (NIA)	27944	0.00%	All Lines
	The Midwestern Indemnity Company (MIC)	23515	0.00%	All Lines
	Mid-America Fire & Casualty Company (MAFCC)	23507	0.00%	All Lines
	Globe American Casualty Company (GACC)	11312	0.00%	All Lines
	American Ambassador Casualty Company (AACC)	10073	0.00%	All Lines
	Hawkeye-Security Insurance Company (HSIC)	36919	0.00%	All Lines
	America First Lloyds Insurance Company (AFLIC)	11526	0.00%	All Lines

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

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

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

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

The LIH Pool Participation percentages were revised as follows:

	<u>2004</u>	<u>2003</u>
Peerless Insurance Company	41.59	41.59
Peerless Indemnity Insurance Company	27.36	27.36
Golden Eagle Insurance Corporation	13.25	-
Indiana Insurance Company	12.25	27.78
Netherlands Insurance Company	3.27	3.27
Montgomery Mutual Insurance Company	2.28	-

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

Additionally, pursuant to the approval of the appropriate state insurance departments, effective January 1, 2004, Merchants

NOTES TO FINANCIAL STATEMENTS

& Businessmen's Mutual Insurance Company and Colorado Casualty Insurance Company cancelled its Fronting Agreements with LMIC and concurrently entered into Fronting Agreements with Peerless Insurance Company (PIC), the lead company in the LIH Inter-Company Reinsurance Agreement. Under the terms of the Fronting Agreements, after processing its external reinsurance, each company would cede 100% of its direct underwriting activity to PIC.

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

Note 27- Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$9,819,098 after applying Inter-Company Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$9,819,098 as of December 31, 2004.
- B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

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

Note 31- High Dollar Deductible Policies

The Company does not have any high deductible policies.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 3.5%. The December 31, 2004, liabilities of \$199,004,895 are carried at a discounted value of \$190,507,099 representing a discount of \$8,497,796.

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

Note 33 - Asbestos/Environmental Reserves

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

NOTES TO FINANCIAL STATEMENTS

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

Uncertainty Regarding Reserving Methodologies

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

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

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

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

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

<u>Asbestos:</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Gross of Reinsurance Basis					
Beginning Reserves	\$16,244,749	\$13,296,273	\$13,211,412	\$16,545,756	\$18,188,505
Incurred losses and LAE	(1,205,640)	1,532,145	5,750,000	3,439,443	3,232,526
Calendar year payments	1,742,836	1,617,006	2,415,656	1,796,694	3,033,728
Ending Reserves	\$13,296,273	\$13,211,412	\$16,545,756	\$18,188,505	\$18,387,303
Net of Reinsurance Basis					
Beginning Reserves	\$5,422,857	\$4,402,473	\$4,426,131	\$5,263,131	\$6,542,868
Incurred losses and LAE	(362,007)	576,766	1,684,395	2,026,982	496,047
Calendar year payments	658,377	553,108	847,395	747,245	1,060,664
Ending Reserves	\$4,402,473	\$4,426,131	\$5,263,131	\$6,542,868	\$5,978,251
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Gross of Reinsurance Basis					\$14,015,462
Net of Reinsurance Basis:					\$4,766,083
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Gross of Reinsurance Basis					\$3,849,699
Net of Reinsurance Basis:					\$1,397,112
 Environmental:					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Gross of Reinsurance Basis					
Beginning Reserves	\$34,681,718	\$29,021,738	\$21,251,007	\$13,286,937	\$18,023,816
Incurred losses and LAE	(3,282,667)	(3,352,796)	0	5,547,367	1,807,253
Calendar year payments	2,377,313	4,417,935	7,964,070	810,488	1,282,776
Ending Reserves	\$29,021,738	\$21,251,007	\$13,286,937	\$18,023,816	\$18,548,293
Net of Reinsurance Basis					
Beginning Reserves	\$10,516,234	\$8,504,220	\$7,660,663	\$4,348,703	\$7,263,079
Incurred losses and LAE	(1,081,409)	973,297	0	3,251,458	80,520
Calendar year payments	930,605	1,816,854	3,311,960	337,082	1,258,991
Ending Reserves	\$8,504,220	\$7,660,663	\$4,348,703	\$7,263,079	\$6,084,608
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Gross of Reinsurance Basis					\$16,786,342
Net of Reinsurance Basis:					\$5,950,506
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Gross of Reinsurance Basis					\$4,705,188
Net of Reinsurance Basis:					\$1,707,581

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	156,155,212	8.090	156,155,212	8.090
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	73,926,092	3.830	73,926,092	3.830
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	23,330,506	1.209	23,330,506	1.209
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	13,368,733	0.693	13,368,733	0.693
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	11,935,772	0.618	11,935,772	0.618
1.512 Issued or guaranteed by FNMA and FHLMC	560,282,405	29.027	560,282,405	29.027
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	68,397,818	3.543	68,397,818	3.543
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	423,966,259	21.964	423,966,259	21.964
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	67,533,060	3.499	67,533,060	3.499
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	17,150,700	0.889	17,150,700	0.889
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated	558,088,370	28.913	558,088,370	28.913
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	6,878,465	0.356	6,878,465	0.356
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	139,395	0.007	139,395	0.007
8. Cash, cash equivalents and short-term investments	(56,960,765)	(2.951)	(56,960,765)	(2.951)
9. Other invested assets	6,050,026	0.313	6,050,026	0.313
10. Total invested assets	1,930,242,048	100.000	1,930,242,048	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? New Hampshire
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended. _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2001
- 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). 05/24/2004
- 3.4 By what department or departments? New Hampshire Insurance Department
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young, LLP
 200 Clarendon Street, Boston MA 02116
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? William M. Finn, FCAS, MAAA, Vice President and Senior Actuary, 62 Maple Avenue Keene, NH 03431
 Liberty Regional Agency Markets
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred	113,043		2.50		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Common	5,000,000	3,524,456	2.50	X X X	X X X X X X	X X X X X X

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

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

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

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

21.2 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.

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

24.2 If yes, complete the following schedule:

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

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds	1,354,973,865	1,378,901,722	23,927,857
25.2 Preferred stocks	17,150,700	18,086,800	936,100
25.3 Totals	1,372,124,565	1,396,988,522	24,863,957

25.4 Describe the sources or methods utilized in determining the fair values: Fair values are based on quoted market prices when available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services.

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

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 3,816,277

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

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

28.1 Amount of payments for legal expenses, if any? \$ 923,009

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ 1,092,794,260	\$ _____
2.3 Premium Ratio (2.1/2.2)	_____	_____
2.4 Reserve Numerator	\$ _____	\$ _____
2.5 Reserve Denominator	\$ 938,905,013	\$ _____
2.6 Reserve Ratio (2.4/2.5)	_____	_____

3.1 Does the reporting entity issue both participating and non-participating policies? YES [X] NO []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating policies \$ 5,094,765
 3.22 Non-participating policies \$ 1,114,044,282

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

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

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

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss: See Note 21 C (1)
- 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: See Note 21 C (1)
- 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? See Note 21 C (1)
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES NO
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? YES NO
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? YES NO
- 8.2 If yes, give full information
9. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? YES NO N/A
- 10.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: YES NO
- 10.2 If yes, give full information
- 11.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | | | |
|-------|---|----|-------|
| 11.11 | Unpaid losses | \$ | _____ |
| 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | _____ |
- 11.2 Of the amount on Line 12.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds? \$ _____
- 11.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? YES NO N/A
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | |
|-------|------|---------|
| 11.41 | From | _____ % |
| 11.42 | To | _____ % |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES NO
- 11.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|-------|----------------------------|----|-------|
| 11.61 | Letters of Credit | \$ | _____ |
| 11.62 | Collateral and other funds | \$ | _____ |
- 12.1 What amount of installment notes is owned and now held by the reporting entity? \$ _____
- 12.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? YES NO
- 12.3 If yes, what amount? \$ _____
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____ 1,622,010
- 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. _____ 3

GENERAL INTERROGATORIES
(Continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

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

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

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

* Disclose type of coverage: _____

FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,258,705,194	1,051,701,694	1,040,520,415	712,262,191	552,962,982
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	505,684,589	479,444,374	497,327,327	327,909,734	246,436,015
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,300,870,601	1,029,606,066	957,767,624	565,570,098	384,444,505
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	2,071,142	3,783,862	10,236,100	16,542,101	23,265,154
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)		(10,956)		4,970	(17,347)
6. Total (Line 34)	3,067,331,526	2,564,525,040	2,505,851,466	1,622,289,094	1,207,091,309
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)	484,676,623	387,415,948	338,045,699	293,183,387	165,934,714
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	203,747,388	179,386,296	158,793,511	135,565,121	73,861,553
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	505,621,080	373,508,440	291,062,297	216,912,159	110,764,048
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	849,135	815,439	2,646,075	7,612,025	6,525,556
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)		(4,557)		2,067	(5,388)
12. Total (Line 34)	1,194,894,226	941,121,566	790,547,582	653,274,759	357,080,483
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	450,992	54,835,927	(69,775,932)	(42,950,260)	(25,225,837)
14. Net investment gain (loss) (Line 11)	89,584,941	88,588,058	62,181,398	38,304,612	33,171,604
15. Total other income (Line 15)	6,932,347	19,932,532	(19,344,982)	(1,598,976)	(712,963)
16. Dividends to policyholders (Line 17)	1,503,576	1,620,026	1,786,476	1,661,229	700,530
17. Federal and foreign income taxes incurred (Line 19)	32,459,646	54,479,105		1,463,214	(4,770,891)
18. Net income (Line 20)	63,005,058	107,257,386	(28,725,992)	(9,369,067)	11,303,165
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	2,541,989,714	2,268,270,424	1,726,268,794	1,214,992,973	731,543,765
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	54,364,866	139,185,626	36,814,320	90,125,122	19,388,320
20.2 Deferred and not yet due (Line 12.2)	310,292,205	268,988,072	206,222,770	144,622,307	77,992,744
20.3 Accrued retrospective premiums (Line 12.3)		7,067,223			
21. Total liabilities excluding protected cell business (Page 3, Line 24)	1,679,937,941	1,468,581,741	1,562,063,583	984,419,540	515,951,579
22. Losses (Page 3, Lines 1 and 2)	767,313,733	595,661,503	555,102,828	417,774,396	246,509,868
23. Loss adjustment expenses (Page 3, Line 3)	171,591,280	113,539,239	114,052,187	82,277,390	69,735,521
24. Unearned premiums (Page 3, Line 9)	563,718,584	459,140,713	379,169,538	297,791,866	173,224,425
25. Capital paid up (Page 3, Lines 28 & 29)	8,848,635	8,848,635	8,848,635	8,848,635	8,848,635
26. Surplus as regards policyholders (Page 3, Line 35)	862,051,773	799,688,683	164,205,211	230,573,433	215,592,186
Risk-Based Capital Analysis					
27. Total adjusted capital	862,051,773	799,688,683	164,205,211	230,573,433	215,592,186
28. Authorized control level risk-based capital	178,109,077	136,757,700	70,564,110	44,981,479	31,638,699
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	69.0	62.0	83.8	92.4	92.9
30. Stocks (Lines 2.1 & 2.2)	33.3	36.5	6.8	3.5	4.6
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.4	0.4	0.5	1.1	1.3
33. Cash and short-term investments (Line 5)	(3.0)	0.7	8.9	3.0	1.2
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)	0.3	0.4			
36. Receivable for securities (Line 8)					
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					5,000,000
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	558,088,370	523,378,425			
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	558,088,370	523,378,425			5,000,000
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	64.7	65.4			2.3

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)	34,561,069	56,557,428	(1,695,877)	(2,989,637)	3,777,969
48. Dividends to stockholders (Line 34)					
49. Change in surplus as regards policyholders for the year (Line 37)	62,363,090	635,483,472	(66,368,222)	14,981,247	12,379,451
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)	525,108,646	455,003,928	430,685,957	368,203,279	343,006,438
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	185,415,457	217,720,898	195,726,892	154,876,070	154,342,940
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	358,697,635	415,890,226	333,723,691	279,800,926	267,631,045
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	1,216,654	2,348,879	7,689,140	3,735,337	5,339,190
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	2,530	760,220		551,456	390,281
55. Total (Line 34)	1,070,440,922	1,091,724,151	967,825,680	807,167,068	770,709,894
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)	170,894,377	173,049,540	164,735,062	92,479,810	106,154,390
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	74,929,256	75,641,442	67,701,135	65,103,270	47,723,804
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	129,545,949	136,563,758	111,690,875	94,974,292	82,503,906
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	185,194	298,223	1,643,325	989,400	1,504,278
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)		301,053		(737,614)	121,221
61. Total (Line 34)	375,554,776	385,854,016	345,770,397	252,809,158	238,007,599
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)	53.6	51.3	64.9	64.9	63.1
64. Loss expenses incurred (Line 3)	12.9	8.0	12.8	9.3	11.5
65. Other underwriting expenses incurred (Line 4)	33.8	34.1	32.1	33.9	32.5
66. Net underwriting gain (loss) (Line 8)		6.4	(9.8)	(8.1)	(7.1)
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)	30.1	29.4	31.3	27.7	32.2
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.5	59.3	77.7	74.2	74.7
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	138.6	117.7	481.4	283.3	165.6
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)	9,872	(2,580)	34,435	17,714	(340)
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	1.2	(1.7)	14.9	8.6	
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)	46,845	42,292	38,063	(3,692)	(604)
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)	28.5	18.2	17.7	(1.8)	

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	241,276,417	245,327,976	242,813,276	235,253,008
	2. Canada				
	3. Other Countries				
	4. Totals	241,276,417	245,327,976	242,813,276	235,253,008
States, Territories and Possessions (Direct and guaranteed)	5. United States	23,330,506	23,684,960	23,329,640	23,375,000
	6. Canada				
	7. Other Countries				
	8. Totals	23,330,506	23,684,960	23,329,640	23,375,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	13,368,733	13,393,953	13,367,350	13,390,000
	10. Canada				
	11. Other Countries				
	12. Totals	13,368,733	13,393,953	13,367,350	13,390,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	552,292,288	556,617,098	552,552,039	554,163,232
	14. Canada				
	15. Other Countries				
	16. Totals	552,292,288	556,617,098	552,552,039	554,163,232
Public Utilities (unaffiliated)	17. United States	44,922,546	45,526,945	44,966,535	44,500,000
	18. Canada				
	19. Other Countries				
	20. Totals	44,922,546	45,526,945	44,966,535	44,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	408,583,191	423,781,798	409,568,002	408,096,691
	22. Canada	14,765,680	15,305,544	14,729,640	14,575,000
	23. Other Countries	32,823,439	33,231,704	32,791,305	32,923,000
	24. Totals	456,172,310	472,319,046	457,088,947	455,594,691
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	1,331,362,800	1,356,869,978	1,334,117,787	1,326,275,931
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States	17,150,700	18,086,800	17,150,700	
	36. Canada				
	37. Other Countries				
	38. Totals	17,150,700	18,086,800	17,150,700	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	17,150,700	18,086,800	17,150,700	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	67,533,060	67,533,060	63,296,350	
	50. Canada				
	51. Other Countries				
	52. Totals	67,533,060	67,533,060	63,296,350	
Parent, Subsidiaries and Affiliates	53. Totals	558,088,370	558,088,370	471,847,486	
	54. Total Common Stocks	625,621,430	625,621,430	535,143,836	
	55. Total Stocks	642,772,130	643,708,230	552,294,536	
	56. Total Bonds and Stocks	1,974,134,930	2,000,578,208	1,886,412,323	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,628,980,033	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,127,105,319	6.1 Column 15, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1	
3.1 Columns 12 + 13 - 14, Part 1	(1,016,989)	6.3 Column 16, Part 2, Section 2	
3.2 Column 18, Part 2, Section 1	(1,158,500)	6.4 Column 15, Part 4	
3.3 Column 15, Part 2, Section 2	35,719,569	7. Book/adjusted carrying value at end of current period	1,974,134,930
3.4 Column 14, Part 4	(654,643)	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	19,229,059	9. Subtotal (Lines 7 plus 8)	1,974,134,930
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	834,068,918	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	1,974,134,930

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	3,422	1,220	1,138	140	222	24	131	3,398	X X X
2. 1995	598,778	58,092	540,686	337,647	19,869	27,292	1,582	33,218	388	14,016	376,318	X X X
3. 1996	631,357	75,593	555,764	411,174	44,025	34,522	2,733	39,771	2,454	16,409	436,255	X X X
4. 1997	718,965	121,608	597,357	449,146	80,632	37,202	5,647	52,225	8,462	19,148	443,832	X X X
5. 1998	835,096	162,787	672,309	533,661	142,255	40,678	8,579	68,444	17,473	19,827	474,476	X X X
6. 1999	773,705	121,020	652,685	517,610	98,373	36,597	5,769	65,442	12,933	18,985	502,574	X X X
7. 2000	737,785	95,145	642,640	488,482	78,779	33,484	3,051	57,749	7,491	17,177	490,394	X X X
8. 2001	790,132	108,582	681,550	446,346	63,519	30,550	1,822	54,467	5,905	15,035	460,117	X X X
9. 2002	1,041,360	244,888	796,472	488,381	116,166	24,885	5,036	44,671	10,083	14,640	426,652	X X X
10. 2003	1,176,716	196,957	979,759	401,878	60,351	17,356	2,633	70,627	17,823	13,337	409,054	X X X
11. 2004	1,192,662	99,868	1,092,794	234,507	11,442	4,829	62	47,345	2,524	8,304	272,653	X X X
12. Totals	X X X	X X X	X X X	4,312,254	716,631	288,533	37,054	534,181	85,560	157,009	4,295,723	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	23,613	2,950	14,081	936				1,620	242	1,856	511	117	36,531	X X X
2. 1995	2,013	91	770	344				336	50	149	31	189	2,752	X X X
3. 1996	4,223	678	983	417				668	93	266	54	249	4,898	X X X
4. 1997	5,771	1,515	2,446	1,088				1,268	269	439	97	341	6,955	X X X
5. 1998	20,476	13,770	7,052	3,239				3,130	683	1,399	348	611	14,017	X X X
6. 1999	15,923	10,572	9,423	4,136				4,282	824	1,453	324	927	15,225	X X X
7. 2000	19,728	8,206	12,506	5,174				6,739	1,042	1,905	396	1,420	26,060	X X X
8. 2001	45,286	26,505	22,046	7,172				10,248	1,299	3,863	785	2,140	45,682	X X X
9. 2002	107,792	20,412	34,380	12,835				18,987	2,274	8,073	1,238	5,057	132,473	X X X
10. 2003	112,339	20,927	66,380	29,592				28,076	5,778	11,505	1,561	7,507	160,442	X X X
11. 2004	197,064	8,422	196,373	25,967				61,724	3,765	29,224	3,949	15,903	442,282	X X X
12. Totals	554,228	114,048	366,440	90,900				137,078	16,319	60,132	9,294	34,461	887,317	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	33,808	2,723
2. 1995	401,425	22,355	379,070	67.041	38.482	70.109			41.600	2,348	404
3. 1996	491,607	50,454	441,153	77.865	66.744	79.378			41.600	4,111	787
4. 1997	548,497	97,710	450,787	76.290	80.348	75.464			41.600	5,614	1,341
5. 1998	674,840	186,347	488,493	80.810	114.473	72.659			41.600	10,519	3,498
6. 1999	650,730	132,931	517,799	84.106	109.842	79.334			41.600	10,638	4,587
7. 2000	620,593	104,139	516,454	84.116	109.453	80.364			41.600	18,854	7,206
8. 2001	612,806	107,007	505,799	77.557	98.549	74.213			41.600	33,655	12,027
9. 2002	727,169	168,044	559,125	69.829	68.621	70.200			41.600	108,925	23,548
10. 2003	708,161	138,665	569,496	60.181	70.404	58.126			41.600	128,200	32,242
11. 2004	771,066	56,131	714,935	64.651	56.205	65.423			41.600	359,048	83,234
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	715,720	171,597

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

SCHEDULE P-PART 2-SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	One Year	Two Year
1. Prior	261,814	251,409	250,672	257,560	260,537	259,062	249,710	263,239	262,626	264,832	2,206	1,593
2. 1995	372,575	354,100	349,801	349,182	349,947	349,525	346,693	348,496	348,380	346,387	(1,993)	(2,109)
3. 1996	X X X	410,338	404,934	405,765	404,018	404,938	405,713	407,368	406,536	403,726	(2,810)	(3,642)
4. 1997	X X X	X X X	391,003	403,670	403,897	403,730	403,728	404,423	405,666	406,736	1,070	2,313
5. 1998	X X X	X X X	X X X	430,370	429,798	429,747	430,469	429,084	431,344	436,505	5,161	7,421
6. 1999	X X X	X X X	X X X	X X X	431,460	441,432	447,602	453,940	459,432	464,292	4,860	10,352
7. 2000	X X X	X X X	X X X	X X X	X X X	428,361	447,784	456,114	465,067	465,396	329	9,282
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	447,581	438,174	446,260	454,986	8,726	16,812
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	515,140	521,376	519,963	(1,413)	4,823
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	513,271	507,007	(6,264)	X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	645,553	X X X	X X X
12. Totals											9,872	46,845

SCHEDULE P-PART 3-SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1. Prior	000	84,053	62,119	172,205	190,757	201,833	210,768	219,975	224,191	226,504	X X X	X X X
2. 1995	167,361	254,010	290,602	314,225	328,654	336,312	340,813	342,317	343,436	343,488	X X X	X X X
3. 1996	X X X	217,610	305,015	341,898	369,679	384,335	394,772	398,706	399,922	398,938	X X X	X X X
4. 1997	X X X	X X X	195,319	291,894	337,882	366,756	383,681	391,878	396,738	400,069	X X X	X X X
5. 1998	X X X	X X X	X X X	208,732	313,472	363,781	390,743	407,166	416,629	423,505	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	219,309	330,458	382,878	417,204	435,104	450,065	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	217,678	336,251	390,027	421,748	440,136	X X X	X X X
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	221,576	331,972	377,788	411,555	X X X	X X X
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	208,383	331,080	392,064	X X X	X X X
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	239,229	356,250	X X X	X X X
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	227,832	X X X	X X X

SCHEDULE P-PART 4-SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves On Net Losses and Defense and Cost Containment Expenses Reported At Year End (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	76,448	39,293	30,006	26,020	18,436	14,614	10,570	15,915	27,189	14,523
2. 1995	104,654	36,395	19,495	10,543	6,936	4,631	1,752	2,164	3,015	712
3. 1996	X X X	94,359	39,261	22,560	8,440	5,712	2,303	2,314	2,491	1,141
4. 1997	X X X	X X X	90,134	45,366	20,656	12,181	5,596	3,344	3,147	2,357
5. 1998	X X X	X X X	X X X	104,737	40,269	25,350	15,705	7,183	5,258	6,260
6. 1999	X X X	X X X	X X X	X X X	87,374	38,807	22,679	12,073	7,133	8,745
7. 2000	X X X	X X X	X X X	X X X	X X X	79,706	44,340	25,914	16,188	13,029
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	90,637	47,123	22,332	23,823
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	181,836	93,338	38,258
10. 2003	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	120,097	59,086
11. 2004	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	228,365

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	100	35	2,477	18,037	20,142	1	
2. Alaska	AK	YES	200	28					
3. Arizona	AZ	YES	1,618,392	1,383,828	139,260	637,566	707,343	8,871	
4. Arkansas	AR	YES	2,601,803	2,412,630	1,216,568	2,098,250	997,883	14,261	
5. California	CA	YES	252,704,778	248,388,115	66,003,178	92,812,396	124,847,721	1,385,109	
6. Colorado	CO	YES	2,386	434	7,340	(22,600)	44,296	13	
7. Connecticut	CT	YES	71,897,307	69,620,852	89,822	26,517,915	31,649,899	43,661,059	394,079
8. Delaware	DE	YES	7,214,373	6,923,098	36,057	1,653,519	3,802,283	4,495,766	39,543
9. Dist. Columbia	DC	YES	3,578,819	3,647,535	6,299	814,212	1,886,060	2,645,330	19,616
10. Florida	FL	YES	73,568	45,619		257,545	(1,791,135)	201,926	403
11. Georgia	GA	YES	22,569,390	21,147,720		6,776,411	6,332,859	4,348,399	123,706
12. Hawaii	HI	NO		2					
13. Idaho	ID	YES	(50)	102					
14. Illinois	IL	YES	14,264,826	13,706,193		3,400,791	6,668,919	7,279,938	78,187
15. Indiana	IN	YES	25,206,534	24,235,502	28,294	8,265,137	15,280,390	13,392,348	138,160
16. Iowa	IA	YES	818,988	882,598		210,553	246,523	366,227	4,489
17. Kansas	KS	YES	2,553,154	2,701,330		589,289	960,725	896,669	13,994
18. Kentucky	KY	YES	5,725,168	6,097,233		1,430,519	3,381,675	4,753,986	31,380
19. Louisiana	LA	YES	6,096,207	5,785,919		1,351,678	1,971,560	1,325,735	33,414
20. Maine	ME	YES	67,963,973	65,415,681	59,559	21,621,556	28,337,204	32,222,306	372,520
21. Maryland	MD	YES	38,649,642	36,588,367	50,770	8,812,769	14,716,301	18,013,319	211,844
22. Massachusetts	MA	YES	20,554,973	16,503,721	2,397	3,937,170	8,606,891	9,216,755	112,665
23. Michigan	MI	YES	5,685,832	8,962,034		1,808,778	5,964,828	6,647,830	31,165
24. Minnesota	MN	YES	5,560,822	5,668,107		2,742,782	2,796,974	3,965,112	30,480
25. Mississippi	MS	YES		1,531			(2,500)		
26. Missouri	MO	YES	14,385,197	16,523,422		4,327,089	9,115,981	7,733,198	78,847
27. Montana	MT	YES	(100)	176					
28. Nebraska	NE	YES	1,905,880	1,821,222		595,167	1,013,814	707,030	10,446
29. Nevada	NV	YES		56		10,987	125,538	114,550	
30. New Hampshire	NH	YES	109,822,498	106,499,356	118,977	43,125,236	42,580,853	45,585,250	601,952
31. New Jersey	NJ	NO	26,620	23,624		80,440	33,948	144,982	146
32. New Mexico	NM	YES	652	296			29	62	4
33. New York	NY	YES	85,456,051	77,355,924	154,025	34,269,668	40,478,375	46,791,723	468,396
34. No. Carolina	NC	YES	81,127,426	79,051,635	40,191	42,387,796	43,901,636	33,030,509	444,670
35. No. Dakota	ND	YES	(150)	499					
36. Ohio	OH	YES	7,051,809	6,993,277		1,518,104	2,195,296	2,322,326	38,652
37. Oklahoma	OK	YES	6,247,578	5,405,936		1,619,686	3,608,607	2,925,426	34,244
38. Oregon	OR	YES	950	629		74,973	(74,679)	13,239	5
39. Pennsylvania	PA	YES	115,265,866	110,095,515	5,989	38,964,366	70,516,165	57,029,805	631,788
40. Rhode Island	RI	YES	30,052,602	28,821,066	3,003	15,338,550	17,191,358	21,974,781	164,722
41. So. Carolina	SC	YES	15,503,782	15,351,533		4,831,020	9,802,206	8,795,780	84,978
42. So. Dakota	SD	YES		6					
43. Tennessee	TN	YES	5,239,380	4,624,121	255	696,186	5,804,644	5,828,340	28,718
44. Texas	TX	YES	10,412,875	8,959,171		1,191,732	3,838,876	3,259,719	57,074
45. Utah	UT	YES							
46. Vermont	VT	YES	39,702,058	38,606,485	73,154	12,287,799	15,802,071	22,135,195	217,612
47. Virginia	VA	YES	39,837,148	44,022,111	44,466	38,569,463	36,200,461	18,868,831	218,353
48. Washington	WA	YES	1,251	2,388		(195)	117	312	7
49. West Virginia	WV	YES	871	1,513			37	37	5
50. Wisconsin	WI	YES	1,757,619	1,685,672	3,301	445,311	(58,394)	153,567	9,635
51. Wyoming	WY	YES		57					
52. American Samoa	AS	NO							
53. Guam	GU	NO							
54. Puerto Rico	PR	NO							
55. U.S. Virgin Islands	VI	NO							
56. Canada	CN	NO							
57. Aggregate other alien	OT	X X X							
58. Totals	(a)	49	1,119,139,048	1,085,963,904	716,559	397,892,825	528,432,544	557,462,252	6,134,154

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

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

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

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

OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

**Page 2 - Continuation
ASSETS**

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

REMAINING WRITE-INS AGGREGATED AT LINE 9 FOR INVESTED ASSETS

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

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

2304. Other assets	3,879,415	1,869,917	2,009,498	1,182,154
2305.				
2306.				
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	3,879,415	1,869,917	2,009,498	1,182,154

OVERFLOW PAGE FOR WRITE-INS

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

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

2304. Restructure liability - OneBeacon	2,121,318	4,762,755
2305.		
2306.		
2307.		
2308.		
2309.		
2310.		
2311.		
2312.		
2313.		
2314.		
2315.		
2316.		
2317.		
2318.		
2319.		
2320.		
2321.		
2322.		
2323.		
2324.		
2325.		
2397. Totals (Lines 2304 through 2325) (Page 3, Line 2398)	2,121,318	4,762,755

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

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

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

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