

**ANNUAL STATEMENT**

OF THE

**THE FIRST**

---

**LIBERTY**

---

**INSURANCE**

---

**CORPORATION**

---

of **WEST DES MOINES**

---

in the state of **IOWA**

---

TO THE

**Insurance Department**

OF THE

STATE OF

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

PROPERTY AND CASUALTY

**2004**



33588200420100100

ANNUAL STATEMENT

For the Year Ended December 31, 2004

OF THE CONDITION AND AFFAIRS OF THE

The First Liberty Insurance Corporation

NAIC Group Code 0111 0111 NAIC Company Code 33588 Employer's ID Number 04-3058503

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

Country of Domicile United States of America

Incorporated: June 16, 1989 Commenced Business: June 22, 1989

Statutory Home Office: 2829 Westown Parkway Suite 300 West Des Moines, IA 50265

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

Mail Address: 175 Berkeley Street Boston, MA 02117

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

Internet Website Address: www.LibertyMutual.com

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

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

OFFICERS

Table with 2 columns: Name, Title. Rows include Edmund Francis Kelly (Chairman of the Board, President & CEO), Dexter Robert Legg (Vice President & Secretary), Laurance Henry Soyer Yahia (Vice President & Treasurer).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents and their titles.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Lists directors or trustees and their titles.

State of Massachusetts
County of Suffolk ss

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

(Signature) Edmund Francis Kelly (Printed Name) Chairman of the Board, President & CEO (Title)
(Signature) Dexter Robert Legg (Printed Name) Vice President & Secretary (Title)
(Signature) Laurance Henry Soyer Yahia (Printed Name) Vice President & 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)	32,438,979		32,438,979	26,535,858
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	1,215,238		1,215,238	1,114,841
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E-Part 1), cash equivalents (\$ 0, Schedule E-Part 2) and short-term investments (\$ 1,420,734, Schedule DA)	1,420,734		1,420,734	1,869,166
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivable for securities	100,239		100,239	
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	35,175,190		35,175,190	29,519,865
11. Investment income due and accrued	450,927		450,927	408,304
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	707,915	36,526	671,389	885,403
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	1,917,783	2,004	1,915,779	1,540,199
12.3 Accrued retrospective premiums	852,598	85,769	766,829	796,594
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	3,791	3,791		
15.1 Current federal and foreign income tax recoverable and interest thereon				42,315
15.2 Net deferred tax asset	1,033,000	312,552	720,448	739,708
16. Guaranty funds receivable or on deposit	56,281		56,281	45,793
17. Electronic data processing equipment and software				
18. Furniture and equipment, including health care delivery assets (\$ 0 )				
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates				4,134,137
21. Health care (\$ 0 ) and other amounts receivable				
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	530,973	37,748	493,225	472,847
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	40,728,458	478,390	40,250,068	38,585,165
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	40,728,458	478,390	40,250,068	38,585,165

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903 + 0998) (Line 9 above)				
2301. Other assets	73,421	31,464	41,957	31,404
2302. Cash surrender value-life insurance	189,409		189,409	165,507
2303. Equities and deposits in pools and associations	30,191		30,191	48,129
2398. Summary of remaining write-ins for Line 23 from overflow page	237,952	6,284	231,668	227,807
2399. Totals (Lines 2301 through 2303 + 2398) (Line 23 above)	530,973	37,748	493,225	472,847

<b>LIABILITIES, SURPLUS AND OTHER FUNDS</b>	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	13,390,241	13,187,318
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	2,554,020	2,607,666
4. Commissions payable, contingent commissions and other similar charges	136,039	122,657
5. Other expenses (excluding taxes, licenses and fees)	490,729	391,176
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	303,559	358,275
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	66,305	
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 \$ 158,015,239 and including warranty reserves of \$ 0 )	4,033,919	3,835,261
10. Advance premium	37,502	38,336
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	11,011	3,508
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	44,223	33,360
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	368,072	406,853
19. Payable to parent, subsidiaries and affiliates	469,772	
20. Payable for securities		355
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ 0 and interest thereon \$ 0		
23. Aggregate write-ins for liabilities	(1,321,853)	(1,382,490)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	20,583,539	19,602,275
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	20,583,539	19,602,275
27. Aggregate write-ins for special surplus funds	1,139,371	1,115,597
28. Common capital stock	3,600,000	3,600,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	7,400,000	7,400,000
33. Unassigned funds (surplus)	7,527,158	6,867,293
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0 )		
34.2 0 shares preferred (value included in Line 29 \$ 0 )		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	19,666,529	18,982,890
36. TOTALS (Page 2, Line 26, Col. 3)	40,250,068	38,585,165

<b>DETAILS OF WRITE-INS</b>		
2301. Other liabilities	213,308	230,642
2302. Retroactive reinsurance reserve - ceded	(2,210,166)	(2,156,751)
2303. Amounts held under uninsured plans	673,133	542,948
2398. Summary of remaining write-ins for Line 23 from overflow page	1,872	671
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	(1,321,853)	(1,382,490)
2701. Special surplus from retroactive reinsurance	1,139,371	1,115,597
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)	1,139,371	1,115,597
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)		

<b>UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME</b>	1	2
<b>UNDERWRITING INCOME</b>	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	9,700,174	8,758,859
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 34, Column 7)	6,448,849	5,817,902
3. Loss expenses incurred (Part 3, Line 25, Column 1)	1,582,748	1,674,918
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,414,390	2,139,726
5. Aggregate write-ins for underwriting deductions	(1,872)	671
6. Total underwriting deductions (Lines 2 through 5)	10,444,115	9,633,217
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(743,941)	(874,358)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,767,343	1,946,313
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	197,720	415,464
11. Net investment gain (loss) (Lines 9 + 10)	1,965,063	2,361,777
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ 924 amount charged off \$ 47,633 )	(46,709)	(46,289)
13. Finance and service charges not included in premiums	59,458	53,391
14. Aggregate write-ins for miscellaneous income	(195,878)	(334,035)
15. Total other income (Lines 12 through 14)	(183,129)	(326,933)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	1,037,993	1,160,486
17. Dividends to policyholders	39,433	(2,401)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	998,560	1,162,887
19. Federal and foreign income taxes incurred	296,265	857,191
20. Net income (Line 18 minus Line 19) (to Line 22)	702,295	305,696
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	18,982,890	18,662,327
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20)	702,295	305,696
23. Change in net unrealized capital gains or (losses)	18,168	39,531
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	26,868	(949)
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(78,985)	(10,822)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders		
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus	15,293	(12,893)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	683,639	320,563
38. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 37) (Page 3, Line 35)	19,666,529	18,982,890
<b>DETAILS OF WRITE-INS</b>		
0501. North Carolina private passenger auto escrow	(1,872)	671
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)	(1,872)	671
1401. Other income/(expense)	(219,506)	(285,014)
1402. Retroactive reinsurance gain (loss)	23,628	(49,021)
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)	(195,878)	(334,035)
3601. Change in accumulated translation adjustment		(12,893)
3602. Other surplus items	15,293	
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)	15,293	(12,893)

<b>CASH FLOW</b>		1	2
<b>Cash from Operations</b>		Current Year	Prior Year
1. Premiums collected net of reinsurance		9,743,470	8,999,817
2. Net investment income		1,724,749	2,008,551
3. Miscellaneous income		(164,961)	(382,662)
4. Total (Lines 1 through 3)		11,303,258	10,625,706
5. Benefit and loss related payments		6,245,926	5,074,944
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions		4,000,620	3,600,175
8. Dividends paid to policyholders		31,930	50,669
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		187,645	(2,328,817)
10. Total (Lines 5 through 9)		10,466,121	6,396,971
11. Net cash from operations (Line 4 minus Line 10)		837,137	4,228,735
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		8,928,657	11,160,615
12.2 Stocks			107,803
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds			355
12.8 Total investment proceeds (Lines 12.1 to 12.7)		8,928,657	11,268,773
13. Cost of investments acquired (long-term only):			
13.1 Bonds		14,634,069	7,985,482
13.2 Stocks		82,248	92,109
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications		100,594	
13.7 Total investments acquired (Lines 13.1 to 13.6)		14,816,911	8,077,591
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)		(5,888,254)	3,191,182
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock		23,774	
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)		4,578,911	(6,863,649)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		4,602,685	(6,863,649)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)		(448,432)	556,268
19. Cash and short-term investments:			
19.1 Beginning of year		1,869,166	1,312,898
19.2 End of year (Line 18 plus Line 19.1)		1,420,734	1,869,166

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	178,512	77,588	93,279	162,821
2. Allied lines	58,831	31,560	34,111	56,280
3. Farmowners multiple peril	(3,802)	3,802		
4. Homeowners multiple peril	1,126,732	642,284	690,036	1,078,980
5. Commercial multiple peril	164,620	141,739	84,754	221,605
6. Mortgage guaranty				
8. Ocean marine	26,897	46,435	42,003	31,329
9. Inland marine	58,696	37,860	35,962	60,594
10. Financial guaranty				
11.1 Medical malpractice - occurrence	(19)	14	1	(6)
11.2 Medical malpractice - claims-made				
12. Earthquake	30,695	12,851	14,105	29,441
13. Group accident and health	(8,192)	1,168		(7,024)
14. Credit accident and health (group and individual)				
15. Other accident and health	141	2	9	134
16. Workers' compensation	3,126,196	(327,441)	(260,325)	3,059,080
17.1 Other liability - occurrence	481,407	130,203	153,924	457,686
17.2 Other liability - claims-made	93,584	69,112	65,719	96,977
18.1 Products liability - occurrence	38,556	(975)	8,813	28,768
18.2 Products liability - claims-made	2,363	54		2,417
19.1, 19.2 Private passenger auto liability	2,371,035	1,074,344	1,166,881	2,278,498
19.3, 19.4 Commercial auto liability	426,882	135,730	136,976	425,636
21. Auto physical damage	1,423,608	752,620	784,078	1,392,150
22. Aircraft (all perils)	63,937	11,048	18,692	56,293
23. Fidelity	3,741	2,031	1,841	3,931
24. Surety	141,008	95,860	99,291	137,577
26. Burglary and theft	385	304	293	396
27. Boiler and machinery	2,011	1,255	1,105	2,161
28. Credit				
29. International				
30. Reinsurance-Nonproportional Assumed Property	39,687	2,836	2,614	39,909
31. Reinsurance-Nonproportional Assumed Liability	81,271	12,420	7,159	86,532
32. Reinsurance-Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	9,928,782	2,954,704	3,181,321	9,702,165

DETAILS OF WRITE-INS				
3301. Aggregate write-ins for other lines of business				
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	87,347	5,932			93,279
2. Allied lines	33,161	950			34,111
3. Farmowners multiple peril					
4. Homeowners multiple peril	690,030	6			690,036
5. Commercial multiple peril	83,355	1,400			84,755
6. Mortgage guaranty					
8. Ocean marine	42,003				42,003
9. Inland marine	35,883	79			35,962
10. Financial guaranty					
11.1 Medical malpractice - occurrence	1				1
11.2 Medical malpractice - claims-made					
12. Earthquake	13,379	727			14,106
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	9				9
16. Workers' compensation	433,408	55,174		(748,909)	(260,327)
17.1 Other liability - occurrence	160,763	38,062		(44,901)	153,924
17.2 Other liability - claims-made	65,719				65,719
18.1 Products liability - occurrence	8,499	18,739		(18,425)	8,813
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability	1,166,884				1,166,884
19.3, 19.4 Commercial auto liability	179,084	1		(42,110)	136,975
21. Auto physical damage	783,792	289		(2)	784,079
22. Aircraft (all perils)	18,692				18,692
23. Fidelity	1,830	11			1,841
24. Surety	54,925	42,617		1,749	99,291
26. Burglary and theft	290	4			294
27. Boiler and machinery	954	150			1,104
28. Credit					
29. International					
30. Reinsurance-Nonproportional Assumed Property	2,614				2,614
31. Reinsurance-Nonproportional Assumed Liability	7,159				7,159
32. Reinsurance-Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	3,869,781	164,141		(852,598)	3,181,324
35. Accrued retrospective premiums based on experience					852,598
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					4,033,922

DETAILS OF WRITE-INS					
3301. Aggregate write-ins for other lines of business					
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	115,929	178,512		115,929		178,512
2. Allied lines	165,929	58,831		165,929		58,831
3. Farmowners multiple peril		(3,802)				(3,802)
4. Homeowners multiple peril	72,768,810	1,126,732		72,768,810		1,126,732
5. Commercial multiple peril	13,087	164,620		13,087		164,620
6. Mortgage guaranty						
8. Ocean marine	35,670	26,897		35,670		26,897
9. Inland marine	1,343,802	58,696		1,343,802		58,696
10. Financial guaranty						
11.1 Medical malpractice - occurrence		(19)				(19)
11.2 Medical malpractice - claims-made						
12. Earthquake	42,862	30,695		42,862		30,695
13. Group accident and health		(8,192)				(8,192)
14. Credit accident and health (group and individual)						
15. Other accident and health		141				141
16. Workers' compensation	82,053,861	3,126,196		82,053,861		3,126,196
17.1 Other liability - occurrence	57,434	481,407		57,434		481,407
17.2 Other liability - claims-made		93,584				93,584
18.1 Products liability - occurrence	(1,502)	38,556		(1,502)		38,556
18.2 Products liability - claims-made		2,363				2,363
19.1, 19.2 Private passenger auto liability	111,923,670	2,371,035		111,923,670		2,371,035
19.3, 19.4 Commercial auto liability	430,820	426,882		430,820		426,882
21. Auto physical damage	72,140,083	1,423,608		72,140,083		1,423,608
22. Aircraft (all perils)		63,937				63,937
23. Fidelity	945	3,741		945		3,741
24. Surety		141,008				141,008
26. Burglary and theft	(33)	385		(33)		385
27. Boiler and machinery		2,011				2,011
28. Credit						
29. International						
30. Reinsurance-Nonproportional Assumed Property	X X X	39,687				39,687
31. Reinsurance-Nonproportional Assumed Liability	X X X	81,271				81,271
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X					
33. Aggregate write-ins for other lines of business						
34. TOTALS	341,091,367	9,928,782		341,091,367		9,928,782

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	10,561	47,817	10,561	47,817	71,855	72,066	47,606	29.238
2. Allied lines	758,393	34,283	758,393	34,283	40,916	35,155	40,044	71.151
3. Farmowners multiple peril		2,931		2,931		2,931		
4. Homeowners multiple peril	42,266,033	651,479	42,266,033	651,479	309,211	266,382	694,308	64.349
5. Commercial multiple peril	19,500	191,499	19,500	191,499	255,353	375,390	71,462	32.247
6. Mortgage guaranty								
8. Ocean marine	74,694	20,862	74,694	20,862	64,016	56,714	28,164	89.898
9. Inland marine	335,550	25,388	335,550	25,388	42,870	41,960	26,298	43.400
10. Financial guaranty								
11.1 Medical malpractice - occurrence		75		75	110	156	29	(483.333)
11.2 Medical malpractice - claims - made								
12. Earthquake		118		118	1,286	7,323	(5,919)	(20.105)
13. Group accident and health		459,512		459,512	3,881	506,654	(43,261)	615.903
14. Credit accident and health (group and individual)								
15. Other accident and health		919		919	3,613	4,688	(156)	(116.418)
16. Workers' compensation	29,049,477	1,594,307	29,049,476	1,594,308	7,023,556	6,469,923	2,147,941	70.215
17.1 Other liability - occurrence	44,632	447,044	44,632	447,044	1,715,445	1,534,815	627,674	137.141
17.2 Other liability - claims - made		16,806		16,806	212,157	138,514	90,449	93.269
18.1 Products liability - occurrence		89,144		89,144	559,112	593,146	55,110	191.567
18.2 Products liability - claims - made		753		753	5,403	4,660	1,496	61.895
19.1, 19.2 Private passenger auto liability	47,156,925	1,626,413	47,156,925	1,626,413	1,994,637	2,178,053	1,442,997	63.331
19.3, 19.4 Commercial auto liability	395,198	286,207	395,198	286,207	601,399	632,303	255,303	59.982
21. Auto physical damage	35,115,685	668,180	35,115,686	668,179	(49,042)	(62,119)	681,256	48.936
22. Aircraft (all perils)		26,929		26,929	63,249	52,452	37,726	67.017
23. Fidelity		1,899		1,899	7,421	6,045	3,275	83.312
24. Surety		46,274		46,274	65,721	49,708	62,287	45.274
26. Burglary and theft		240		240	1,917	2,832	(675)	(170.455)
27. Boiler and machinery		238		238	104	1,646	(1,304)	(60.342)
28. Credit					15	89	(74)	
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X	(52,819)		(52,819)	118,734	17,997	47,918	120.068
31. Reinsurance-Nonproportional Assumed Liability	X X X	57,478		57,478	275,435	196,464	136,449	157.686
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	314		314	1,867	1,369	812	
33. Aggregate write-ins for other lines of business								
34. TOTALS	155,226,648	6,244,290	155,226,648	6,244,290	13,390,241	13,187,316	6,447,215	66.451

**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		41,133		41,133	6,983	30,722	6,983	71,855	7,004
2. Allied lines	6,003	37,980	6,003	37,980	19,556	2,936	19,556	40,916	3,502
3. Farmowners multiple peril									88
4. Homeowners multiple peril	7,355,183	189,724	7,355,183	189,724	1,496,926	119,487	1,496,926	309,211	83,453
5. Commercial multiple peril	225,000	199,815	225,000	199,815	11	55,539	11	255,354	83,145
6. Mortgage guaranty									
8. Ocean marine		44,808		44,808	1,082	19,208	1,082	64,016	9,662
9. Inland marine	93,305	26,246	93,305	26,246	(12,785)	16,624	(12,785)	42,870	8,747
10. Financial guaranty									
11.1 Medical malpractice - occurrence		1,030		1,030		(919)		111	10
11.2 Medical malpractice - claims - made									
12. Earthquake		547		547	1,079	739	1,079	1,286	626
13. Group accident and health		4,880		4,880		(999)		(a) 3,881	302
14. Credit accident and health (group and individual)									
15. Other accident and health		969		969		2,644		(a) 3,613	138
16. Workers' compensation	51,791,985	5,063,643	51,791,985	5,063,643	59,026,979	1,959,909	59,026,979	7,023,552	863,064
17.1 Other liability - occurrence	161,771	1,188,835	161,771	1,188,835	121,211	526,610	121,211	1,715,445	523,037
17.2 Other liability - claims - made		67,731		67,731		144,425		212,156	72,728
18.1 Products liability - occurrence		388,292		388,292	16,664	170,821	16,664	559,113	252,651
18.2 Products liability - claims - made		2,378		2,378		3,025		5,403	3,112
19.1, 19.2 Private passenger auto liability	36,170,011	1,361,815	36,170,011	1,361,815	14,730,408	632,822	14,730,408	1,994,637	458,229
19.3, 19.4 Commercial auto liability	2,053,140	335,708	2,053,140	335,708	125,751	265,692	125,751	601,400	88,628
21. Auto physical damage		(356)		(356)	(1,454,141)	(48,684)	(1,454,141)	(49,040)	53,847
22. Aircraft (all perils)		45,876		45,876		17,372		63,248	13,009
23. Fidelity		1,314		1,314	6,303	6,107	6,303	7,421	1,938
24. Surety		17,566		17,566	(4,113)	48,155	(4,113)	65,721	18,975
26. Burglary and theft		299		299	1,062	1,618	1,062	1,917	223
27. Boiler and machinery		1,683		1,683		(1,579)		104	451
28. Credit						15		15	1
29. International									
30. Reinsurance-Nonproportional Assumed Property	X X X	51,750		51,750	X X X	66,984		118,734	1,247
31. Reinsurance-Nonproportional Assumed Liability	X X X	189,095		189,095	X X X	86,340		275,435	6,203
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X	1,896		1,896	X X X	(29)		1,867	
33. Aggregate write-ins for other lines of business									
34. TOTALS	97,856,398	9,264,657	97,856,398	9,264,657	74,082,976	4,125,584	74,082,976	13,390,241	2,554,020

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	13,733,520			13,733,520
1.2 Reinsurance assumed	690,194			690,194
1.3 Reinsurance ceded	13,733,520			13,733,520
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	690,194			690,194
2. Commission and brokerage:				
2.1 Direct excluding contingent		4,535,837		4,535,837
2.2 Reinsurance assumed excluding contingent		48,078		48,078
2.3 Reinsurance ceded excluding contingent		4,535,837		4,535,837
2.4 Contingent-direct		4,959		4,959
2.5 Contingent-reinsurance assumed		38,428		38,428
2.6 Contingent-reinsurance ceded		4,959		4,959
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)		86,506		86,506
3. Allowances to manager and agents	1	4		5
4. Advertising	8,744	77,234	28	86,006
5. Boards, bureaus and associations	2,359	26,055	1	28,415
6. Surveys and underwriting reports	23	30,253		30,276
7. Audit of assureds' records		1		1
8. Salary and related items:				
8.1 Salaries	535,230	1,060,280	8,104	1,603,614
8.2 Payroll taxes	30,524	82,523	403	113,450
9. Employee relations and welfare	73,389	210,935	459	284,783
10. Insurance	47,638	12,225	14	59,877
11. Directors' fees	4	276		280
12. Travel and travel items	32,990	79,100	160	112,250
13. Rent and rent items	38,619	101,366	135	140,120
14. Equipment	33,147	75,184	189	108,520
15. Cost or depreciation of EDP equipment and software	8,481	14,599	121	23,201
16. Printing and stationery	8,848	21,456	39	30,343
17. Postage, telephone and telegraph, exchange and express	26,761	71,938	450	99,149
18. Legal and auditing	3,864	19,328	651	23,843
19. Totals (Lines 3 to 18)	850,622	1,882,757	10,754	2,744,133
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 11,394		360,310		360,310
20.2 Insurance department licenses and fees		9,176		9,176
20.3 Gross guaranty association assessments		6,110		6,110
20.4 All other (excluding federal and foreign income and real estate)		17,659		17,659
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		393,255		393,255
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	41,933	51,872	1,074	94,879
25. Total expenses incurred	1,582,749	2,414,390	11,828	(a) 4,008,967
26. Less unpaid expenses-current year	2,554,020	930,326		3,484,346
27. Add unpaid expenses-prior year	2,607,666	872,108		3,479,774
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)	1,636,395	2,356,172	11,828	4,004,395

DETAILS OF WRITE-INS				
2401. Change in unallocated expense reserves	(2,299)			(2,299)
2402. Other expenses	44,232	51,872	1,074	97,178
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	41,933	51,872	1,074	94,879

(a) Includes management fees of \$ 11,828 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) 637,185	697,539
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 989,174	971,305
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	89,566	89,566
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 20,294	20,432
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	329	329
10. Total gross investment income	1,736,548	1,779,171
11. Investment expenses		(g) 11,828
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		11,828
17. Net investment income (Line 10 minus Line 16)		1,767,343
<b>DETAILS OF WRITE-INS</b>		
0901. Miscellaneous Income/(Expense)	329	329
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)	329	329
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 \$ 47,365 accrual of discount less \$ 47,394 amortization of premium and less \$ 44,600 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	197,739			197,739
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)		(19)	18,168	18,149
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	197,739	(19)	18,168	215,888

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

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivable for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Investment income due and accrued			
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	36,526	13,258	(23,268)
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,004		(2,004)
12.3 Accrued retrospective premiums	85,769	83,962	(1,807)
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	3,791	4,352	561
15.1 Current federal and foreign income tax recoverable and interest thereon			
15.2 Net deferred tax asset	312,552	266,424	(46,128)
16. Guaranty funds receivable or on deposit			
17. Electronic data processing equipment and software			
18. Furniture and equipment, including health care delivery assets			
19. Net adjustment in assets and liabilities due to foreign exchange rates			
20. Receivable from parent, subsidiaries and affiliates			
21. Health care and other amounts receivable			
22. Other assets nonadmitted			
23. Aggregate write-ins for other than invested assets	37,748	31,409	(6,339)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	478,390	399,405	(78,985)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	478,390	399,405	(78,985)

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	31,464	23,803	(7,661)
2302. Cash surrender value-life insurance			
2303. Equities and deposits in pools and associations			
2398. Summary of remaining write-ins for Line 23 from overflow page	6,284	7,606	1,322
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	37,748	31,409	(6,339)

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## NOTES TO FINANCIAL STATEMENTS

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

#### A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the Iowa Insurance Commissioner, the accompanying financial statements of The First Liberty Insurance Corporation (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.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Mortgage-backed/asset backed securities are stated at amortized value. Prepayment assumptions for single class mortgage-backed/asset backed securities and multi-class securities were obtained from internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all single class mortgage-backed/asset-backed securities and multi-class securities. Non-investment grade mortgage-backed/asset backed securities are stated at the lower of amortized value or fair value.
7. The Company has no investments in subsidiaries.
8. The Company has no investments in joint ventures, limited 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 Iowa. Effective January 1, 2001, the Iowa Division of Insurance required that insurance companies domiciled in Iowa 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 Iowa Insurance Commissioner.

### **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

## NOTES TO FINANCIAL STATEMENTS

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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 IDSI, Bloomberg, and Lehman Index data in determining the market value of the vast majority of its loan-backed securities. A small number of securities are priced in other ways, such as contacting brokers.
4. The Company had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements

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

F. Real Estate

The Company does not own real estate.

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

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

B. The 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	1,268,172	1,231,995	36,177
Total of deferred tax liabilities	(235,172)	(225,863)	(9,309)
Net deferred tax asset	1,033,000	1,006,132	26,868
Net deferred tax asset non-admitted	(312,552)	(266,424)	(46,129)
Net admitted deferred tax asset	<b>720,448</b>	<b>739,708</b>	<b>(19,260)</b>

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

	2004	2003
Federal	296,265	857,191
Net operating loss benefit	0	0
Foreign	0	0
Federal and foreign income tax incurred	296,265	857,191

The Company's deferred tax assets and liabilities result primarily from discounting of unpaid loss and LAE reserves, limits on unearned premium reserve deductions, deferred compensation deductions, reversal of discount accretion on bonds, deferred inter-company gain, fixed asset depreciation differences, state accruals, bad debt expense and statutory non-admitted assets.

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of foreign operations, revisions to prior year estimates, and changes in deferred taxes related to statutory non-admitted assets.
- E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses are 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

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## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Insurance Company (the "Parent Company"), a Massachusetts company. Liberty Mutual Insurance Company is wholly owned by Liberty Mutual Group, Inc., a Massachusetts company.
- B. All non-insurance transactions which the Company had with its affiliates involved less than ½ of 1% of the total admitted assets of the reporting entity.
- C. There have been no material transactions with the Company's affiliates during 2004.
- D. At December 31, 2004, the Company reported \$469,772 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has made no guarantee or initiated undertaking for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. See Note 26 for information regarding intercompany pooling arrangement

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

- G. The Company is part of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of an upstream company, either directly or indirectly.
- I. The Company has no investments in subsidiary, controlled or affiliated companies greater than 10% of admitted assets.
- J. Impairment of subsidiary, controlled and affiliated companies

Not applicable.

### **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, Dividend restrictions and Quasi-Reorganizations**

1. The Company has 30,000 shares authorized, issued, and outstanding as of December 31, 2004. All shares have a stated par value of \$120.
2. Preferred Stock  
Not applicable
3. Dividend Restrictions  
There are no dividend restrictions.

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## NOTES TO FINANCIAL STATEMENTS

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4. The maximum amount of dividends which can be paid by Iowa-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the greater of (a) 10% of policyholders' surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2005 is \$1,966,653.
5. As of December 31, 2004, the Company has restricted surplus of \$1,139,371 resulting from retroactive reinsurance contracts.
6. The Company had no advances to surplus.
7. The Company did not hold stock for special purposes.
8. The Company had changes in special surplus funds since December 31, 2001 resulting from retroactive reinsurance contracts.
9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Cumulative Increase (Decrease) in Surplus	Current Year Increase (Decrease) in Surplus
a. Unrealized gains/(losses)	\$75,458	\$18,168
b. Nonadmitted asset values	(478,390)	(78,985)
c. Provision for reinsurance	0	0
<b>Total</b>	<b>(\$402,932)</b>	<b>\$(60,817)</b>

## 10. Surplus Notes

Not applicable

## 11. Quasi re-organization (dollar impact)

Not applicable

## 12. Quasi re-organization (effective date)

Not applicable

**Note 14- Contingencies**

## A. Contingent Commitments

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

## B. Assessments

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

The Company has accrued a liability for guaranty fund and other assessments of \$248,422 that is offset by future premium tax credits of \$56,281. This represents management's best estimate based on information received from the states in which the Company writes business and may change due to factors including the company's share of the ultimate cost of current insolvencies. Current assessments are expected to be paid out in the next five years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2005.

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

On October 3, 2001, the Company received notification of the insolvency of the Reliance Insurance Group. It is expected the insolvency will result in a guaranty fund assessment against the company of \$42,797 that has been charged to operations in the prior year, and any remaining unpaid balance is included in the liability above.

## C. Gain Contingencies

Not applicable

## D. All other Contingencies

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

**Note 15- Leases**

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

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

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**NOTES TO FINANCIAL STATEMENTS**


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follows:

<u>Year(s)</u>	<u>Sale Lease-back</u>	<u>All Other Operating Lease Arrangements</u>
2005	\$43,941	\$107,071
2006	42,831	86,953
2007	24,113	62,395
2008	22,081	41,121
2009	17,411	27,386
2010 & thereafter	108,504	169,903
Total	<u>\$258,881</u>	<u>\$494,829</u>

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

Not applicable

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

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

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

- A. Transfers of Receivables reported as sales:

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

- B. Transfers and servicing of financial assets:

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

- C. Wash Sales

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

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

- A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses over actual expenses on uninsured plans was \$555. There was no other income or expense, resulting in a net gain of \$555. Claim payment volume was \$27,565.

- B. Administrative Services Contract (ASC) Plans

Not applicable

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

Not applicable

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

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

**Note 20 – September 11 Events**

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

	Direct	Assumed	Gross	Ceded	Net
Paid Loss and ALAE	\$256,000	\$104,000	\$360,000	\$322,000	\$38,000
Loss and ALAE Reserves	\$112,000	\$26,000	\$138,000	\$71,000	\$67,000
Incurred Loss and ALAE	\$368,000	\$130,000	\$498,000	\$393,000	\$105,000

**Note 21- Other Items**

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

- B. Troubled Debt Restructuring for Debtors

Not applicable

- C. Other Disclosures

## NOTES TO FINANCIAL STATEMENTS

### 1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2004 and \$0 in 2003.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$4,332 in 2004 and \$5,387 in 2004.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$1,121,069 in 2004 and \$1,104,227 in 2003.

2) Assets in the amount of \$8,907,500 and \$8,874,328 as of December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

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

### E. Business Interruption Insurance Recoveries

There were no reported losses that exceeded the policy deductible.

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

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

### **Note 23- Reinsurance**

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

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	\$4,033,919	\$53,643	\$158,015,239	\$2,101,289	\$(153,981,320)	\$(2,047,646)
All Other	0	0	0	0	0	0
Total	\$4,033,919	\$53,643	\$158,015,239	\$2,101,289	\$(153,981,320)	\$(2,047,646)

Direct Unearned Premium Reserve: \$158,015,239

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

Description	Direct	Assumed	Ceded	Net
Contingent commissions	\$0	\$34,116	\$0	\$34,116
Sliding scale adjustments	0	0	0	0
Other profit commissions	0	(195,000)	0	(195,000)
Totals	\$0	\$(160,884)	\$0	\$(160,884)

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

- D. The Company has not written off any uncollectible balances in the current year.
- E. The Company has not recorded any commutations in the current year.

**NOTES TO FINANCIAL STATEMENTS**

- F. The Company has one assumed retroactive contract as a result of the intercompany pooling arrangement with Liberty Mutual Insurance Company.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial Reserves	\$(2,139,493)	\$0
	2. Adjustment – Prior Year(s)	106,128	0
	3. Adjustment – Current Year	18,199	0
	4. Total	\$(2,015,166)	\$0
b.	Consideration Paid or Received:		
	1. Initial Reserves	\$(923,295)	\$0
	2. Adjustment – Prior Year(s)	(38,948)	0
	3. Adjustment – Current Year	-	0
	4. Total	\$(962,243)	\$0
c.	Amounts Recovered / Paid - Cumulative		
	1. Initial Reserves	\$9,904	\$0
	2. Adjustment – Prior Year(s)	(84,247)	0
	3. Adjustment – Current Year	(12,104)	0
	4. Total	\$(86,447)	\$0
d.	Special Surplus from Retroactive Reinsurance		
	1. Initial Reserves	\$1,206,294	\$0
	2. Adjustment – Prior Year(s)	(60,829)	0
	3. Adjustment – Current Year	(6,095)	0
	4. Total	\$1,139,370	\$0
e.	Other insurers included in the above transactions:		
		Assumed	Ceded
	Liberty Mutual Insurance Company, 23043	\$(2,015,166)	\$0

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

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

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

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

Total accrued retro premium	\$852,598
Less: Non-admitted amount	85,769
Admitted amount	<u>\$766,829</u>

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### Note 26- Intercompany Pooling Arrangements

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

- A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of \$1,825,010 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 \$1,825,010 as of December 31, 2003.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the company has not obtained a release of liability from the claimant is as follows:

<u>Life Ins. Company and Location</u>	<u>Licensed in Company's State of Domicile Yes/No</u>	<u>Statement Value of Annuities</u>
The Prudential Insurance Company of America Newark, New Jersey	Yes	\$ 659,590
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	\$ 552,146

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

Not applicable

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

Not applicable

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

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

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

As of December 31, 2004, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$3,803,670 and the amount billed and recoverable on paid claims was \$236,796.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2004, liabilities include \$9,172,731 of liabilities carried at a discounted value of \$7,876,000 representing a discount of \$1,296,731.

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

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

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

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

#### **Factors Contributing to Uncertainty in Establishing Adequate Reserves**

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



## NOTES TO FINANCIAL STATEMENTS

environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectibility of reinsurance.

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

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

### Uncertainty Regarding Reserving Methodologies

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

During the fourth quarter of 2004, the Company completed a comprehensive ground-up study of its environmental reserves. The study was performed with the assistance of an independent actuarial firm, and focused on the implications of claim and litigation trends and other significant developments. The study encompassed the Company's liabilities with respect to both National Priority List (NPL) claims and direct site claims involving the presence of hazardous waste at sites owned or operated by the insured. As a result of the ground-up study, the Company increased net loss and ALAE reserves by \$315,986.

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

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

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

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

### Asbestos:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Gross of Reinsurance Basis (all Liberty Pooled companies)</b>					
Beginning Reserves	\$1,263,028,000	\$1,394,737,000	\$1,465,333,000	\$1,666,019,000	\$1,840,688,000
Incurring losses and LAE	341,317,000	290,738,629	494,293,434	542,256,000	674,113,842
Calendar year payments	209,608,000	220,142,629	293,607,434	367,587,000	322,748,521
Ending Reserves	<u>\$1,394,737,000</u>	<u>\$1,465,333,000</u>	<u>\$1,666,019,000</u>	<u>\$1,840,688,000</u>	<u>\$2,192,053,321</u>
<b>Net of Reinsurance Basis</b>					
Beginning Reserves	\$704,954	\$778,990	\$842,963	\$960,014	\$1,124,589
Incurring losses and LAE	218,671	177,855	290,328	313,003	3,532
Calendar year payments	144,635	113,882	173,277	148,428	176,653
Ending Reserves	<u>\$778,990</u>	<u>\$842,963</u>	<u>\$960,014</u>	<u>\$1,124,589</u>	<u>\$951,468</u>
<b>Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)</b>					
Gross of Reinsurance Basis					\$1,050,100,011
Net of Reinsurance Basis:					\$345,117
<b>Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)</b>					
Gross of Reinsurance Basis					\$501,539,904
Net of Reinsurance Basis:					\$169,965

**NOTES TO FINANCIAL STATEMENTS****Environmental:**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Gross of Reinsurance Basis (all Liberty pooled companies)</b>					
Beginning Reserves	\$1,060,390,000	\$829,472,000	\$681,226,000	\$564,371,000	\$377,622,000
Incurring losses and LAE	(114,622,000)	(89,983)	52,734,816	(111,199,000)	480,461,172
Calendar year payments	116,296,000	148,156,017	169,589,816	75,550,000	77,017,816
Ending Reserves	<u>\$829,472,000</u>	<u>\$681,226,000</u>	<u>\$564,371,000</u>	<u>\$377,622,000</u>	<u>\$781,065,356</u>
<b>Net of Reinsurance Basis</b>					
Beginning Reserves	\$665,300	\$447,444	\$425,393	\$306,459	\$257,738
Incurring losses and LAE	(132,003)	89,541	(10,889)	(8,000)	315,986
Calendar year payments	85,853	111,592	108,045	40,721	47,010
Ending Reserves	<u>\$447,444</u>	<u>\$425,393</u>	<u>\$306,459</u>	<u>\$257,738</u>	<u>\$526,713</u>
<b>Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)</b>					
Gross of Reinsurance Basis					\$553,985,554
Net of Reinsurance Basis:					\$368,745
<b>Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)</b>					
Gross of Reinsurance Basis					\$305,171,037
Net of Reinsurance Basis:					\$219,993

**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	8,488,685	24.133	8,488,685	24.133
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	7,240,136	20.583	7,240,136	20.583
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	75,317	0.214	75,317	0.214
1.512 Issued or guaranteed by FNMA and FHLMC	2,396,734	6.814	2,396,734	6.814
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	13,242,236	37.647	13,242,236	37.647
2.2 Unaffiliated foreign securities	995,871	2.831	995,871	2.831
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	1,215,238	3.455	1,215,238	3.455
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities	100,240	0.285	100,240	0.285
8. Cash, cash equivalents and short-term investments	1,420,734	4.039	1,420,734	4.039
9. Other invested assets				
10. Total invested assets	35,175,191	100.000	35,175,191	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? Iowa
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/27/2001
- 3.4 By what department or departments? Iowa \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 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
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO
		NO	NO	NO	NO	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Ernst & Young, LLP  
 200 Clarendon St. Boston, MA 02116

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Robert T. Muleski, VP & Corporate Actuary  
 175 Berkeley St. Boston, MA 02117  
 Liberty Mutual Insurance Company

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

11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

11.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

#### BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No [ ]

#### FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers	\$ _____
15.12 To stockholders not officers	\$ _____
15.13 Trustees, supreme or grand (Fraternal only)	\$ _____

15.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers	\$ _____
15.22 To stockholders not officers	\$ _____
15.23 Trustees, supreme or grand (Fraternal only)	\$ _____

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

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

16.21 Rented from others	\$ _____
16.22 Borrowed from others	\$ _____
16.23 Leased from others	\$ _____
16.24 Other	\$ _____

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment	\$ _____
17.22 Amount paid as expenses	\$ _____
17.23 Other amounts paid	\$ _____

## GENERAL INTERROGATORIES

### INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes [ ] No [X]	Yes [ ] No [X]
Common	30,000	30,000	120	X X X	X X X X X X	X X X X X X

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

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

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

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

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

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

## GENERAL INTERROGATORIES

### INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

24.2 If yes, complete the following schedule:

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

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

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

## GENERAL INTERROGATORIES

### INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
25.1 Bonds	33,859,713	34,947,512	1,087,799
25.2 Preferred stocks			
25.3 Totals	33,859,713	34,947,512	1,087,799

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

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

26.2 If no, list exceptions:

.....

.....

.....

### OTHER

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

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

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

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

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

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

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

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

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



**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

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

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 79	\$ 31,925
2.2 Premium Denominator	\$ 9,698,313	\$ 8,758,859
2.3 Premium Ratio (2.1/2.2)		
2.4 Reserve Numerator	\$ 1,652	\$ 6,372
2.5 Reserve Denominator	\$ 15,944,261	\$ 15,944,984
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 \$ 341,047,608  
 3.22 Non-participating policies \$ 43,759

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: In 2001 the Company purchased a Worker's Compensation Catastrophe treaty with limits of \$400mm xs \$100mm.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The Company employs industry-recognized catastrophe modeling software to estimate its probable loss. For property exposures it employs RiskLink v 4.4 from RMS and AIR v. 6.0.0 from AIR for Windstorm and earthquake. For WC is employs Risk Link v. 4.3 from RMS. Relative exposure concentrations can be found in the Northeast and Florida.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? In addition to the Worker's Compensation Catastrophe treaty, the company purchased a Property Catastrophe treaty with limits of \$884mm part of \$1bb xs \$250mm in 2004. The company participated in the Flirda Hurrican Catasprophe Ft to the maximum extent allowed and participated in the California Earthquake Authority. Coverage is sufficient to protect against the company's 250 year modeled event
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? YES [X] 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 [X]
- 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 [X]
- 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 [X] NO [ ] N/A [ ]
- 10.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: YES [ ] NO [X]
- 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   | \$ | 1,591,848 |
| 11.12 | Unpaid underwriting expenses (including loss adjustment expenses) | \$ | 183,330   |
- 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? \$ 423,208
- 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 [X] NO [ ] N/A [ ]
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |       |      |          |
|-------|------|----------|
| 11.41 | From | 4.000 %  |
| 11.42 | To   | 10.000 % |
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? YES [X] NO [ ]
- 11.6 If yes, state the amount thereof at December 31 of current year:
- |       |                            |    |           |
|-------|----------------------------|----|-----------|
| 11.61 | Letters of Credit          | \$ | 7,018,369 |
| 11.62 | Collateral and other funds | \$ | 704,609   |
- 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 [X]
- 12.3 If yes, what amount? \$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 97,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? YES [ ] NO [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 5

**GENERAL INTERROGATORIES**  
(Continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

## FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	201,004,287	162,053,056	122,216,412	83,917,582	66,746,213
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	75,559,299	51,144,761	42,975,864	32,666,035	24,439,140
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	74,197,962	34,267,827	23,161,725	16,617,899	12,421,553
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	137,643	177,677	539,889	551,124	610,227
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	120,958	221,419	145,554	45,394	81,753
6. Total (Line 34)	351,020,149	247,864,740	189,039,444	133,798,034	104,298,886
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	6,540,004	5,758,979	5,024,653	4,373,287	4,361,951
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,750,727	1,630,741	1,529,967	1,410,303	1,278,748
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,380,395	1,441,430	1,178,911	1,022,742	1,016,520
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	136,698	176,827	538,050	546,687	608,061
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	120,958	221,419	145,554	45,394	81,753
12. Total (Line 34)	9,928,782	9,229,396	8,417,135	7,398,413	7,347,033
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(743,941)	(874,358)	(692,966)	(2,349,828)	(1,232,951)
14. Net investment gain (loss) (Line 11)	1,965,063	2,361,777	2,088,658	2,228,202	2,146,465
15. Total other income (Line 15)	(183,129)	(326,933)	(186,378)	679,785	345,831
16. Dividends to policyholders (Line 17)	39,433	(2,401)	64,876	77,260	93,793
17. Federal and foreign income taxes incurred (Line 19)	296,265	857,191	408,368	152,031	288,240
18. Net income (Line 20)	702,295	305,696	736,070	328,868	877,312
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	40,250,068	38,585,165	39,594,632	38,185,217	36,160,058
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	671,389	885,403	875,846	781,823	844,443
20.2 Deferred and not yet due (Line 12.2)	1,915,779	1,540,199	1,295,425	1,043,137	1,034,989
20.3 Accrued retrospective premiums (Line 12.3)	766,829	796,594	699,471	721,051	623,210
21. Total liabilities excluding protected cell business (Page 3, Line 24)	20,583,539	19,602,275	20,932,305	20,522,436	18,708,801
22. Losses (Page 3, Lines 1 and 2)	13,390,241	13,187,318	12,450,689	12,908,829	12,349,036
23. Loss adjustment expenses (Page 3, Line 3)	2,554,020	2,607,666	2,372,925	2,505,906	2,581,211
24. Unearned premiums (Page 3, Line 9)	4,033,919	3,835,261	3,225,673	2,756,206	2,558,938
25. Capital paid up (Page 3, Lines 28 & 29)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 35)	19,666,529	18,982,890	18,662,327	17,662,781	17,451,257
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital	19,666,529	18,982,890	18,662,327	17,662,781	17,451,257
28. Authorized control level risk-based capital	1,365,315	1,295,996	1,175,106	1,129,783	1,009,853
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	92.2	89.9	92.7	92.8	87.7
30. Stocks (Lines 2.1 & 2.2)	3.5	3.8	3.1	0.1	0.3
31. Mortgage loans on real estate (Lines 3.1 and 3.2)					
32. Real estate (Lines 4.1, 4.2 & 4.3)					
33. Cash and short-term investments (Line 5)	4.0	6.3	4.1	7.0	12.0
34. Contract loans (Line 6)			XXX	XXX	XXX
35. Other invested assets (Line 7)					
36. Receivable for securities (Line 8)	0.3				
37. Aggregate write-ins for invested assets (Line 9)					
38. Cash and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)					
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43. Affiliated mortgage loans on real estate					
44. All other affiliated					
45. Total of above Lines 39 to 44					
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)					

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 23)	18,168	39,531	(23,007)	(52,202)	88,804
48. Dividends to stockholders (Line 34)					
49. Change in surplus as regards policyholders for the year (Line 37)	683,639	320,563	999,546	211,524	939,097
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	80,706,981	69,376,692	58,030,269	51,016,835	40,886,428
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	36,996,215	27,727,561	23,707,556	22,637,210	18,986,367
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	43,254,165	13,069,475	8,206,358	8,865,839	8,345,354
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	508,604	295,467	433,972	373,289	379,177
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	4,973	101,801	105,617	72,039	85,875
55. Total (Line 34)	161,470,938	110,570,996	90,483,772	82,965,212	68,683,201
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,060,750	3,403,564	3,926,380	3,863,680	3,967,214
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	776,025	762,298	764,268	876,270	822,394
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	893,938	594,226	667,936	783,517	642,757
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	508,604	295,467	433,972	373,289	379,177
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	4,973	101,801	105,617	72,039	85,875
61. Total (Line 34)	6,244,290	5,157,356	5,898,173	5,968,795	5,897,417
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	66.5	66.4	68.6	89.1	76.6
64. Loss expenses incurred (Line 3)	16.3	19.1	16.4	17.0	16.0
65. Other underwriting expenses incurred (Line 4)	24.9	24.4	100.2	25.9	24.5
66. Net underwriting gain (loss) (Line 8)	(7.7)	(10.0)	(8.8)	(32.0)	(17.1)
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	26.1	26.7	24.5	16.5	19.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.8	85.5	85.1	106.1	92.7
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	50.5	48.6	45.1	41.9	42.1
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	336	736	614	1,204	333
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)	1.8	3.9	3.5	6.9	2.0
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	1,640	1,349,245	2,317	1,585	(9)
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)	8.8	8.7	13.3	9.6	(0.1)

### SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States	15,804,138	16,208,744	15,913,658	15,918,012
	2. Canada				
	3. Other Countries				
	4. Totals	15,804,138	16,208,744	15,913,658	15,918,012
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	2,396,734	2,459,975	2,396,760	2,406,690
	14. Canada				
	15. Other Countries				
	16. Totals	2,396,734	2,459,975	2,396,760	2,406,690
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	13,242,236	13,880,789	13,266,848	13,016,000
	22. Canada				
	23. Other Countries	995,871	1,076,750	989,860	1,000,000
	24. Totals	14,238,107	14,957,539	14,256,708	14,016,000
Parent, Subsidiaries and Affiliates	25. Totals				
<b>26. Total Bonds</b>		<b>32,438,979</b>	<b>33,626,258</b>	<b>32,567,126</b>	<b>32,340,702</b>
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
<b>40. Total Preferred Stocks</b>					
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States	1,215,238	1,215,238	1,139,761	
	50. Canada				
	51. Other Countries				
	52. Totals	1,215,238	1,215,238	1,139,761	
Parent, Subsidiaries and Affiliates	53. Totals				
<b>54. Total Common Stocks</b>		<b>1,215,238</b>	<b>1,215,238</b>	<b>1,139,761</b>	
<b>55. Total Stocks</b>		<b>1,215,238</b>	<b>1,215,238</b>	<b>1,139,761</b>	
<b>56. Total Bonds and Stocks</b>		<b>33,654,217</b>	<b>34,841,496</b>	<b>33,706,887</b>	

### SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	27,650,699	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3	14,716,318	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	(21,772)	6.3 Column 16, Part 2, Section 2	
3.2 Column 18, Part 2, Section 1		6.4 Column 15, Part 4	
3.3 Column 15, Part 2, Section 2	18,168	7. Book/adjusted carrying value at end of current period	33,654,217
3.4 Column 14, Part 4	21,724	8. Total valuation allowance	
4. Total gain (loss), Column 19, Part 4	197,737	9. Subtotal (Lines 7 plus 8)	33,654,217
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	8,928,657	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	33,654,217

**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	743	288	225	87	40	25	14	608	X X X
2. 1995	9,208	1,599	7,609	6,167	992	425	39	681	4	180	6,238	X X X
3. 1996	8,675	1,287	7,388	6,197	884	470	38	660	2	202	6,403	X X X
4. 1997	8,459	1,053	7,406	6,254	835	549	55	682	4	199	6,591	X X X
5. 1998	8,919	1,075	7,844	7,050	887	547	58	758	7	236	7,403	X X X
6. 1999	8,854	1,274	7,580	6,983	962	555	64	763	11	221	7,264	X X X
7. 2000	9,337	1,509	7,828	6,768	1,094	502	64	724	9	158	6,827	X X X
8. 2001	9,698	1,562	8,136	6,320	1,219	391	51	681	5	185	6,117	X X X
9. 2002	11,072	2,092	8,980	5,368	680	279	29	762	4	293	5,696	X X X
10. 2003	12,330	2,801	9,529	4,411	809	183	7	778	2	278	4,554	X X X
11. 2004	12,827	3,126	9,701	2,847	643	65	7	667	25	163	2,904	X X X
12. Totals	X X X	X X X	X X X	59,108	9,293	4,191	499	7,196	98	2,129	60,605	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	5,222	1,472	1,550	992	311	270	660	302	119		63	4,826	X X X
2. 1995	269	75	64	50	7	2	41	22	5		5	237	X X X
3. 1996	282	54	69	42	5		24	7	7		6	284	X X X
4. 1997	391	65	100	75	12	1	34	10	10		7	396	X X X
5. 1998	541	86	138	104	16	3	45	9	14		9	552	X X X
6. 1999	654	177	159	119	16	3	71	18	15		12	598	X X X
7. 2000	750	215	278	211	19	5	83	20	20		16	699	X X X
8. 2001	974	505	354	244	23	5	133	40	28		24	718	X X X
9. 2002	1,180	576	708	571	27	9	227	32	44		38	998	X X X
10. 2003	1,337	382	1,605	841	38	12	371	47	66		81	2,135	X X X
11. 2004	1,722	449	3,512	1,161	37	8	644	69	277		223	4,505	X X X
12. Totals	13,322	4,056	8,537	4,410	511	318	2,333	576	605		484	15,948	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	4,308	518
2. 1995	7,659	1,184	6,475	83.178	74.046	85.097			0.100	208	29
3. 1996	7,714	1,027	6,687	88.922	79.798	90.512			0.100	255	29
4. 1997	8,032	1,045	6,987	94.952	99.240	94.342			0.100	351	45
5. 1998	9,109	1,154	7,955	102.130	107.349	101.415			0.100	489	63
6. 1999	9,216	1,354	7,862	104.089	106.279	103.720			0.100	517	81
7. 2000	9,144	1,618	7,526	97.933	107.223	96.142			0.100	602	97
8. 2001	8,904	2,069	6,835	91.813	132.458	84.009			0.100	579	139
9. 2002	8,595	1,901	6,694	77.628	90.870	74.543			0.100	741	257
10. 2003	8,789	2,100	6,689	71.281	74.973	70.196			0.100	1,719	416
11. 2004	9,771	2,362	7,409	76.175	75.560	76.374			0.100	3,624	881
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	13,393	2,555

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	13,852	13,434	13,662	13,396	12,872	12,625	13,238	13,729	14,230	14,817	587	1,088
2. 1995	6,257	6,083	5,926	5,876	5,829	5,820	5,850	5,826	5,812	5,843	31	17
3. 1996	X X X	6,175	5,902	5,921	5,957	6,027	6,012	6,011	6,010	6,076	66	65
4. 1997	X X X	X X X	5,877	5,849	6,066	6,164	6,281	6,288	6,298	6,371	73	83
5. 1998	X X X	X X X	X X X	6,464	6,689	6,852	7,067	7,141	7,196	7,277	81	136
6. 1999	X X X	X X X	X X X	X X X	6,362	6,561	6,809	6,984	7,111	7,166	55	182
7. 2000	X X X	X X X	X X X	X X X	X X X	6,119	6,402	6,443	6,660	6,837	177	394
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	6,304	6,142	6,251	6,160	(91)	18
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,253	5,902	5,910	8	(343)
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	6,537	5,886	(651)	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	6,563	X X X	X X X
12. Totals											336	1,640

**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	2,368	4,182	5,570	6,359	7,044	7,438	8,178	8,773	9,366	X X X	X X X
2. 1995	2,428	3,669	4,323	4,750	5,051	5,244	5,362	5,444	5,499	5,561	X X X	X X X
3. 1996	X X X	2,577	3,751	4,407	4,904	5,237	5,453	5,587	5,656	5,745	X X X	X X X
4. 1997	X X X	X X X	2,370	3,579	4,389	4,972	5,359	5,609	5,762	5,913	X X X	X X X
5. 1998	X X X	X X X	X X X	2,595	4,164	5,093	5,780	6,175	6,444	6,652	X X X	X X X
6. 1999	X X X	X X X	X X X	X X X	2,578	4,097	5,052	5,730	6,188	6,512	X X X	X X X
7. 2000	X X X	X X X	X X X	X X X	X X X	2,704	4,244	5,050	5,606	6,112	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	2,847	4,294	5,012	5,441	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	2,679	4,106	4,938	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	2,472	3,778	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	2,262	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	6,136	4,551	3,866	2,994	2,021	1,790	1,436	1,114	1,142	955
2. 1995	2,278	1,240	764	480	293	213	174	93	51	44
3. 1996	X X X	2,064	1,069	607	368	275	185	92	39	61
4. 1997	X X X	X X X	1,939	949	560	373	301	171	84	78
5. 1998	X X X	X X X	X X X	2,094	939	538	320	235	109	111
6. 1999	X X X	X X X	X X X	X X X	2,067	981	490	299	173	135
7. 2000	X X X	X X X	X X X	X X X	X X X	1,694	649	286	196	157
8. 2001	X X X	X X X	X X X	X X X	X X X	X X X	1,764	721	432	221
9. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,887	745	336
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	2,707	1,113
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	2,988



**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	4,357,785	3,474,773		1,496,342	2,109,248	1,879,250	7,219
2. Alaska	AK	YES	13,102	12,073		2,814	5,982	4,679	
3. Arizona	AZ	YES	515,242	439,362		187,004	214,913	201,563	3,961
4. Arkansas	AR	YES	305,063	231,611	104	188,008	282,296	158,743	1,029
5. California	CA	YES	2,260,562	2,011,556	(23,588)	1,279,114	2,186,540	4,229,089	24
6. Colorado	CO	YES	1,220,430	1,083,177		679,243	1,184,598	957,487	6,115
7. Connecticut	CT	YES	3,496,186	3,345,553		1,854,177	1,462,369	4,617,886	15,132
8. Delaware	DE	YES	1,025,230	955,813		491,952	620,856	1,052,121	2,929
9. Dist. Columbia	DC	YES	324,202	262,296		187,210	435,702	435,488	280
10. Florida	FL	YES	119,739,362	106,211,575	506,100	68,590,452	87,963,323	53,277,537	71,640
11. Georgia	GA	YES	15,654,830	7,572,667	8,262	3,115,673	5,352,489	3,413,398	43,927
12. Hawaii	HI	YES	386,911	543,072	(92)	110,885	287,176	451,587	
13. Idaho	ID	YES	78,738	68,819		70,837	30,401	13,455	663
14. Illinois	IL	YES	1,600,484	1,500,168		975,854	1,176,786	1,570,431	3,488
15. Indiana	IN	YES	4,977,078	5,086,276		2,038,859	4,121,057	3,924,382	4,405
16. Iowa	IA	YES	5,204,412	4,820,091		2,600,310	2,618,265	1,006,064	35,931
17. Kansas	KS	YES	2,628,583	2,276,225		1,205,815	1,937,095	2,289,278	1,134
18. Kentucky	KY	YES	1,524,328	1,086,227		429,761	1,392,250	1,530,693	3,610
19. Louisiana	LA	YES	1,168,405	812,385		150,586	394,744	396,093	591
20. Maine	ME	YES	576,014	421,169		244,967	420,554	317,630	4,422
21. Maryland	MD	YES	3,547,686	2,553,273		1,259,248	2,277,540	2,563,259	9,853
22. Massachusetts	MA	YES	1,284,998	941,095	(5,817)	1,390,262	(131,109)	2,496,765	
23. Michigan	MI	YES	2,188,127	2,416,652		870,608	489,155	617,168	
24. Minnesota	MN	YES	580,517	407,908		110,119	217,464	201,649	2,701
25. Mississippi	MS	YES	2,236,918	1,977,921	386	371,060	1,119,074	1,453,042	742
26. Missouri	MO	YES	438,766	351,494		213,670	242,635	639,101	2,247
27. Montana	MT	YES	69,605	24,815		39,528	51,673	13,651	850
28. Nebraska	NE	YES	400,489	299,362		76,031	195,937	520,690	415
29. Nevada	NV	YES	417,500	310,250		288,399	652,255	584,431	1,878
30. New Hampshire	NH	YES	1,350,351	1,228,595		830,357	1,227,508	817,532	18,405
31. New Jersey	NJ	YES	5,962,968	6,130,637		2,312,137	6,227,249	11,541,455	6
32. New Mexico	NM	YES	272,708	170,845		70,647	101,367	102,462	918
33. New York	NY	YES	14,602,260	6,200,142	2	1,638,183	2,556,153	2,368,732	48,652
34. No. Carolina	NC	YES	2,359,863	1,863,624	(3,843)	1,214,840	2,058,062	2,916,225	
35. No. Dakota	ND	YES	13,554	9,575		150	(194)	(224)	168
36. Ohio	OH	YES	663,379	512,472		188,697	264,811	120,319	5,125
37. Oklahoma	OK	YES	934,926	723,851	42,694	424,214	807,349	1,294,224	3,447
38. Oregon	OR	YES	567,957	509,242		338,039	363,528	125,441	3,361
39. Pennsylvania	PA	YES	82,392,138	61,556,594		34,071,008	33,806,379	32,504,752	513,001
40. Rhode Island	RI	YES	(15,536)	(20,653)		20,112	54,703	79,524	
41. So. Carolina	SC	YES	3,124,598	3,097,263	4,202	2,016,526	2,600,147	3,239,583	40
42. So. Dakota	SD	YES	13,071	10,095		(404)	(2,178)	5,864	4
43. Tennessee	TN	YES	6,144,427	5,073,074	(19,965)	1,823,156	3,074,571	2,779,310	16,430
44. Texas	TX	YES	5,271,468	4,669,322	(441)	2,710,706	3,552,248	7,652,106	(760)
45. Utah	UT	YES	91,623	75,205		262,911	314,164	104,345	535
46. Vermont	VT	YES	405,752	322,659		198,290	147,524	129,503	2,747
47. Virginia	VA	YES	36,776,848	29,296,664	(13,159)	14,807,510	17,817,011	11,171,709	231,616
48. Washington	WA	YES	17,537	16,527		5,209	13,689	8,669	
49. West Virginia	WV	YES	149,380	102,088		65,634	78,396	21,583	767
50. Wisconsin	WI	YES	1,704,274	1,745,812	464,370	1,706,687	2,390,065	4,137,395	2,882
51. Wyoming	WY	YES	68,508	46,937		3,256	8,161	5,111	112
52. American Samoa	AS	NO							
53. Guam	GU	YES							
54. Puerto Rico	PR	NO	(98)	(100)			(20)	58	
55. U.S. Virgin Islands	VI	YES							
56. Canada	CN	NO							
57. Aggregate other alien	OT	X X X	(2,142)	(4,743)	(256)		(2,205)	(2,918)	
58. Totals	(a) 53		341,091,367	274,833,385	958,959	155,226,653	196,769,756	171,939,370	1,072,642

DETAILS OF WRITE-INS									
5701. Other Alien	X X X		(2,142)	(4,743)	(256)		(2,205)	(2,918)	
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		(2,142)	(4,743)	(256)		(2,205)	(2,918)	

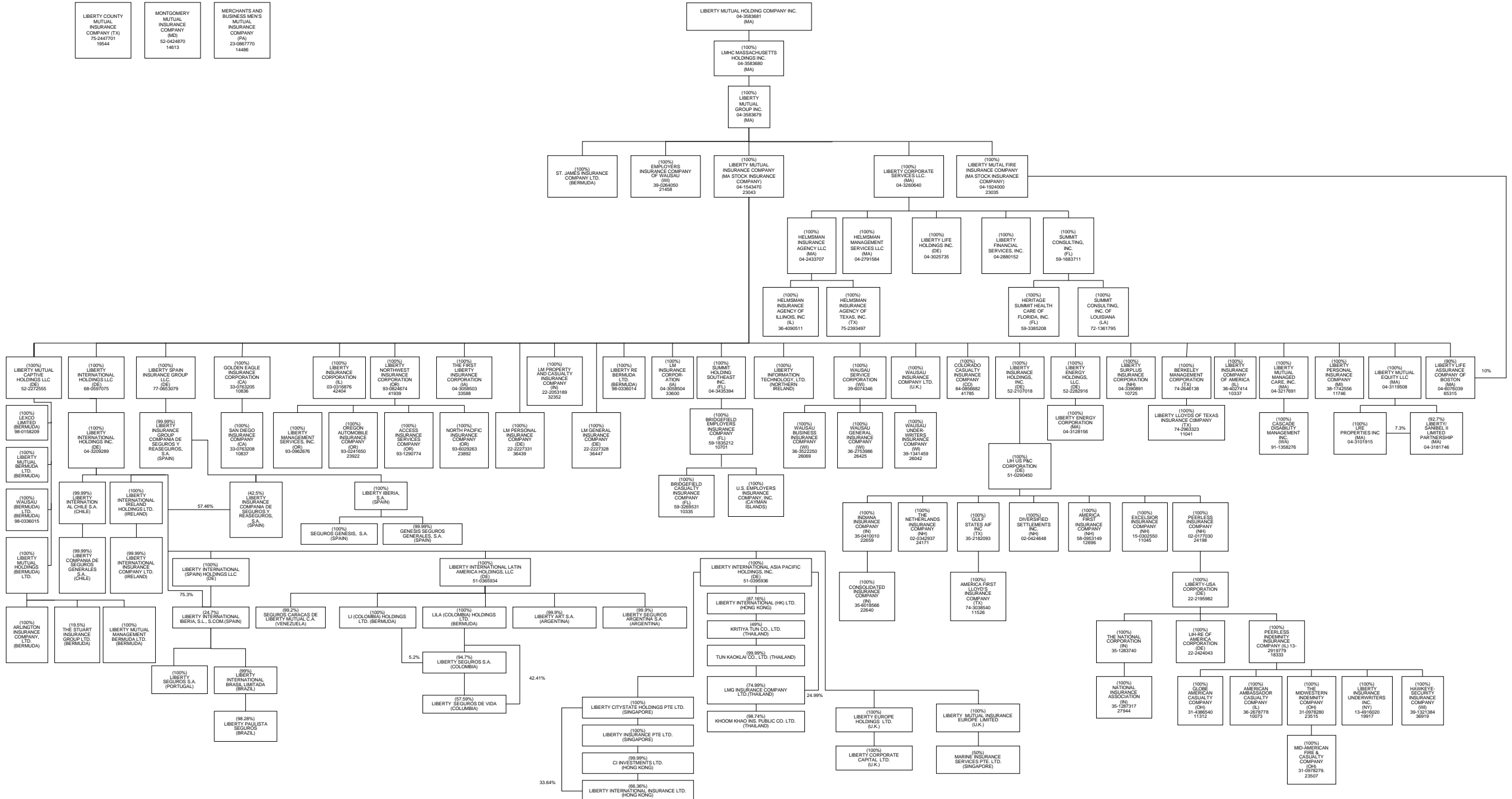
**Explanation of basis of allocation of premiums by states, etc.**

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

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

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

## PART 1 - ORGANIZATIONAL CHART



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**OVERFLOW PAGE FOR WRITE-INS**

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**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation  
ASSETS**

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

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

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

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

2304. Amounts receivable under high deductible policies	237,952	6,284	231,668	227,807
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)	237,952	6,284	231,668	227,807

**OVERFLOW PAGE FOR WRITE-INS**

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

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

2304. North Carolina private passenger auto escrow	1,872	671
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)	1,872	671

**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)		

**OVERFLOW PAGE FOR WRITE-INS**

**Page 13 - Continuation  
EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Non-admitted Assets (Col. 2 - Col. 1)

**REMAINING WRITE-INS AGGREGATED AT LINE 09 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 13, Line 0998)			

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

2304. Amounts receivable under high deductible policies	6,284	7,606	1,322
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 13, Line 2398)	6,284	7,606	1,322