



ANNUAL STATEMENT
For the Year Ended December 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

TRAVELERS CASUALTY AND SURETY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 19038 Employer's ID Number 06-6033504
(Current Period) (Prior Period)

Organized under the Laws of Connecticut, State of Domicile or Port of Entry Connecticut, Country of Domicile US

INCORPORATED/ORGANIZED, MAY, 1883 COMMENCED BUSINESS, MAY, 1907

Statutory Home Office: One Tower Square, Hartford, CT 06183
Main Administrative Office: One Tower Square, Hartford, CT 06183 (860) 277-0111
Mail Address: One Tower Square, Hartford, CT 06183-6014
Primary Location of Books and Records: One Tower Square, Hartford, CT 06183 (860) 277-0111
Internet Website Address: stpaultravelers.com
Statutory Statement Contact: Michael J. Doody (860) 277-3966
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(E-Mail Address) (Fax Number)
Policyowner Relations Contact: One Tower Square, 5GS, Hartford, CT 06183 (860) 277-1561

OFFICERS

Table with 5 columns: Name, Title, Name, Title, Title. Lists officers including Brian William MacLean, Jay Steven Benet, Charles Joseph Clarke, William Herbert Heyman, John Joseph Albano, Andy Francis Besette, John Patrick Clifford, Jr., William Patrick Hannon, Joseph Patrick Lacher, Jr., Samuel Gersten Liss, Maria Olivo, Kathleen Lynch Preston, Doreen Spadorcia, Kenneth Franklin Spence, III, Bruce Allen Backberg, Douglas Keith Bell, Wade Thomas Overgaard, Douglas Kenneth Russell, and Scott William Rynda.

DIRECTORS

JAY STEVEN BENET BRIAN WILLIAM MacLEAN
WILLIAM HERBERT HEYMAN DOREEN SPADORCIA
JOSEPH PATRICK LACHER, JR.

Effective January 22, 2007
Effective January 1, 2007

STATE OF CONNECTICUT }
COUNTY OF HARTFORD } 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.

Handwritten signatures of Brian W. MacLean, Bruce A. Backberg, and Douglas K. Russell.
Brian W. MacLean, President
Bruce A. Backberg, Secretary
Douglas K. Russell, Controller

Subscribed and sworn to before me this

1st day of February, 2007

Notary Public signature and commission expiration date: My Commission Expires September 30, 2007



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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	9,097,159,717	0	9,097,159,717	8,869,888,573
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	111,596,576	0	111,596,576	139,420,726
2.2 Common stocks.....	2,690,686,764	0	2,690,686,764	2,360,718,296
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	8,940,838	0	8,940,838	12,049,496
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	7,765,849	0	7,765,849	7,033,602
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....24,221,217, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....412,632,741, Sch. DA).....	436,853,957	0	436,853,957	234,753,241
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	510,979,636	77,645	510,901,991	198,792,396
8. Receivables for securities.....	468,012	0	468,012	430,975,000
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	12,864,451,349	77,645	12,864,373,705	12,253,631,330
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	116,268,014	0	116,268,014	110,945,598
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	231,967,412	24,841,594	207,125,818	200,546,493
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$....15,906,751 earned but unbilled premiums).....	807,161,718	6,317,243	800,844,474	777,767,098
13.3 Accrued retrospective premiums.....	28,338,010	1,510,647	26,827,363	40,087,247
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	0	0	0	0
14.2 Funds held by or deposited with reinsured companies.....	6,101,455	0	6,101,455	6,153,162
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0	80,705,306
16.2 Net deferred tax asset.....	660,017,560	425,621,357	234,396,203	265,346,709
17. Guaranty funds receivable or on deposit.....	1,858,843	0	1,858,843	2,108,067
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	13,626,139	0	13,626,139	69,325,471
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	418,839,953	331,925,196	86,914,757	79,995,449
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	15,148,630,453	790,293,683	14,358,336,770	13,886,611,930
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	15,148,630,453	790,293,683	14,358,336,770	13,886,611,930

DETAILS OF WRITE-INS

0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Suspense, undistributed payments.....	50,537,291	0	50,537,291	26,102,696
2302. Equities and deposits in pools and associations.....	25,016,166	0	25,016,166	20,340,029
2303. Amounts receivable under high deductible policies.....	17,292,299	12,551,116	4,741,183	27,307,370
2398. Summary of remaining write-ins for Line 23 from overflow page.....	325,994,197	319,374,080	6,620,117	6,245,354
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	418,839,953	331,925,196	86,914,757	79,995,449

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	6,263,010,745	6,477,340,134
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	673,942	457,018
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,392,834,379	1,415,248,260
4. Commissions payable, contingent commissions and other similar charges.....	121,162,301	116,019,496
5. Other expenses (excluding taxes, licenses and fees).....	99,622,400	66,696,627
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	89,843,938	102,621,717
7.1 Current federal and foreign income taxes (including \$.....(1,549,629) on realized capital gains (losses)).....	3,197,172	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....400,056 and interest thereon \$.....29,914.....	429,970	562,110
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....178,070,953 and including warranty reserves of \$.....0).....	1,609,304,822	1,566,386,305
10. Advance premiums.....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	4,546,467	5,293,889
12. Ceded reinsurance premiums payable (net of ceding commissions).....	72,804,104	78,461,856
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	29,495,156	36,457,059
15. Remittances and items not allocated.....	(3,056,635)	23,786,665
16. Provision for reinsurance (Schedule F, Part 7).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Payable for securities.....	33,156,080	45,965,156
21. Liability for amounts held under uninsured plans.....	0	0
22. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
23. Aggregate write-ins for liabilities.....	183,217,906	244,717,689
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	9,900,242,744	10,180,013,982
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	9,900,242,744	10,180,013,982
27. Aggregate write-ins for special surplus funds.....	20,560,739	18,712,127
28. Common capital stock.....	25,000,000	25,000,000
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	2,041,092,700	2,041,092,700
33. Unassigned funds (surplus).....	2,371,440,586	1,621,793,122
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....	0	0
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39).....	4,458,094,025	3,706,597,948
36. TOTALS (Page 2, Line 26, Col. 3).....	14,358,336,770	13,886,611,930

DETAILS OF WRITE-INS

2301. Interest deposit liability.....	253,844,699	330,689,716
2302. Escheat liability.....	2,133,138	15,446
2303. Retrospective premium reserve.....	1,102,536	1,102,536
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(73,862,467)	(87,090,008)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	183,217,906	244,717,689
2701. Special surplus from retroactive reinsurance.....	20,560,739	18,712,127
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	20,560,739	18,712,127
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

TRAVELERS CASUALTY AND SURETY COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	3,476,689,412	3,462,812,532
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	1,603,398,581	2,124,505,563
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	425,249,375	476,047,717
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,045,264,838	989,501,529
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,073,912,794	3,590,054,808
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	402,776,618	(127,242,276)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	607,510,211	976,305,919
10. Net realized capital gains (losses) less capital gains tax of \$.....(6,135,792) (Exhibit of Capital Gains (Losses)).....	(123,400,333)	6,303,015
11. Net investment gain (loss) (Lines 9 + 10).....	484,109,879	982,608,935
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....(6,009,527) amount charged off \$.....108,112).....	(6,117,638)	(7,015,033)
13. Finance and service charges not included in premiums.....	18,100,913	17,432,309
14. Aggregate write-ins for miscellaneous income.....	(36,159,612)	(43,658,037)
15. Total other income (Lines 12 through 14).....	(24,176,337)	(33,240,761)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	862,710,159	822,125,897
17. Dividends to policyholders.....	3,214,144	3,245,718
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	859,496,015	818,880,179
19. Federal and foreign income taxes incurred.....	192,392,176	38,686,140
20. Net income (Line 18 minus Line 19) (to Line 22).....	667,103,839	780,194,040
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	3,706,597,948	3,343,509,864
22. Net income (from Line 20).....	667,103,839	780,194,040
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....13,311,992.....	552,093,542	(142,469,624)
25. Change in net unrealized foreign exchange capital gain (loss).....	6,423,538	(12,539,169)
26. Change in net deferred income tax.....	(64,740,908)	295,963
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	90,616,066	32,723,638
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	4,883,236
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	(500,000,000)	(300,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	751,496,077	363,088,084
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	4,458,094,025	3,706,597,948
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Retroactive reinsurance gain/loss.....	2,806,069	15,573,909
1402. Fines and penalties of regulatory authorities.....	(15,187,553)	(702)
1403. Profit and loss, miscellaneous.....	(23,778,128)	(59,231,243)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(36,159,612)	(43,658,037)
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,507,007,196	3,504,123,974
2. Net investment income.....	632,969,769	993,191,005
3. Miscellaneous income.....	(24,176,337)	(33,240,761)
4. Total (Lines 1 through 3).....	4,115,800,628	4,464,074,218
5. Benefit and loss related payments.....	1,817,459,340	1,692,878,975
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,467,295,577	1,456,045,286
8. Dividends paid to policyholders.....	3,961,567	(1,801,042)
9. Federal and foreign income taxes paid (recovered) \$.....145,914 net of tax on capital gains (losses).....	102,353,906	240,595,715
10. Total (Lines 5 through 9).....	3,391,070,390	3,387,718,933
11. Net cash from operations (Line 4 minus Line 10).....	724,730,238	1,076,355,285
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,060,727,359	1,426,968,941
12.2 Stocks.....	121,626,586	38,999,749
12.3 Mortgage loans.....	3,108,658	21,708,260
12.4 Real estate.....	0	0
12.5 Other invested assets.....	46,172,719	86,691,375
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(16,714)	32,433
12.7 Miscellaneous proceeds.....	430,506,988	(398,022,439)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,662,125,596	1,176,378,319
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,319,333,323	1,750,516,294
13.2 Stocks.....	23,802,170	139,708,721
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	914,931	7,089,884
13.5 Other invested assets.....	328,965,240	62,036,053
13.6 Miscellaneous applications.....	12,809,076	27,263,684
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,685,824,739	1,986,614,636
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(23,699,143)	(810,236,317)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	(3,919)	(37,500)
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	500,000,000	300,000,000
16.6 Other cash provided (applied).....	1,073,540	(182,768,167)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(498,930,379)	(482,805,667)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	202,100,716	(216,686,699)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	234,753,241	451,439,941
19.2 End of year (Line 18 plus Line 19.1).....	436,853,957	234,753,241
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Security moved from Bond to Stock on Schedule D.....	50,279,305	0
20.0002 Security moved from Bond to Stock on Schedule D.....	12,364,252	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	109,466,144	46,844,040	51,473,709	104,836,475
2. Allied lines.....	96,125,378	38,090,601	42,229,114	91,986,866
3. Farmowners multiple peril.....	21,953,367	9,739,632	10,410,449	21,282,550
4. Homeowners multiple peril.....	511,241,470	246,757,994	271,813,840	486,185,624
5. Commercial multiple peril.....	627,111,840	288,425,522	293,416,590	622,120,773
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	60,756,347	21,626,307	22,830,687	59,551,967
9. Inland marine.....	155,691,372	63,593,284	67,876,054	151,408,602
10. Financial guaranty.....	0	0	0	0
11.1 Medical malpractice - occurrence.....	289,496	(75)	6,940	282,481
11.2 Medical malpractice - claims-made.....	99,670	339,392	303,862	135,200
12. Earthquake.....	13,966,903	6,561,817	7,212,032	13,316,688
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	435,684,132	130,979,861	162,903,244	403,760,749
17.1 Other liability - occurrence.....	350,933,791	152,899,206	141,764,982	362,068,015
17.2 Other liability - claims-made.....	150,296,966	86,438,718	84,328,350	152,407,334
18.1 Products liability - occurrence.....	22,053,577	11,124,294	9,508,683	23,669,188
18.2 Products liability - claims-made.....	3,166,914	1,300,121	1,419,638	3,047,397
19.1, 19.2 Private passenger auto liability.....	357,344,253	127,933,848	131,461,501	353,816,600
19.3, 19.4 Commercial auto liability.....	257,151,874	120,437,090	118,482,592	259,106,373
21. Auto physical damage.....	290,303,880	110,527,990	112,029,556	288,802,314
22. Aircraft (all perils).....	5,560	116,334	116,334	5,560
23. Fidelity.....	16,079,811	10,100,957	11,069,762	15,111,007
24. Surety.....	8,155,403	16,878,063	4,510,816	20,522,650
26. Burglary and theft.....	1,209,883	1,245,522	1,033,056	1,422,349
27. Boiler and machinery.....	36,294,427	16,223,598	16,641,264	35,876,760
28. Credit.....	54,006	83,782	41,501	96,287
29. International.....	(1,612,673)	344,793	171,314	(1,439,195)
30. Reinsurance - nonproportional assumed property.....	1,214,566	(256,476)	(158,658)	1,116,747
31. Reinsurance - nonproportional assumed liability.....	5,970,692	3,818,021	3,408,521	6,380,192
32. Reinsurance - nonproportional assumed financial lines.....	(169,407)	76,230	94,963	(188,140)
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	3,530,839,643	1,512,250,465	1,566,400,696	3,476,689,412

DETAILS OF WRITE-INS

3301.	0	0	0	0
3302.	0	0	0	0
3303.	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running more than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	50,306,416	1,357,314	(190,022)	.0	51,473,709
2.	Allied lines.....	41,257,027	1,031,296	(59,208)	.0	42,229,114
3.	Farmowners multiple peril.....	10,490,577	(80,128)	0	.0	10,410,449
4.	Homeowners multiple peril.....	271,813,840	.0	0	.0	271,813,840
5.	Commercial multiple peril.....	295,001,848	(91,051)	(1,485,294)	(8,913)	293,416,590
6.	Mortgage guaranty.....	.0	.0	0	.0	.0
8.	Ocean marine.....	24,213,057	428,694	(1,811,064)	.0	22,830,687
9.	Inland marine.....	57,701,341	11,966,978	(1,792,265)	.0	67,876,054
10.	Financial guaranty.....	.0	.0	0	.0	.0
11.1	Medical malpractice - occurrence.....	6,940	.0	0	.0	6,940
11.2	Medical malpractice - claims-made.....	1,352	.0	(8)	302,518	303,862
12.	Earthquake.....	6,861,881	350,151	0	.0	7,212,032
13.	Group accident and health.....	.0	.0	0	.0	.0
14.	Credit accident and health (group and individual).....	.0	.0	0	.0	.0
15.	Other accident and health.....	.0	.0	0	.0	.0
16.	Workers' compensation.....	188,960,453	71,082	(2,963,783)	(23,164,508)	162,903,244
17.1	Other liability - occurrence.....	147,894,712	1,040,787	(3,497,905)	(3,672,612)	141,764,982
17.2	Other liability - claims-made.....	68,093,488	16,625,675	(390,813)	.0	84,328,350
18.1	Products liability - occurrence.....	9,827,499	252,457	(298,777)	(272,495)	9,508,683
18.2	Products liability - claims-made.....	1,401,614	18,769	(746)	.0	1,419,638
19.1, 19.2	Private passenger auto liability.....	131,461,502	.0	0	(0)	131,461,501
19.3, 19.4	Commercial auto liability.....	118,853,479	306,599	(504,789)	(172,698)	118,482,592
21.	Auto physical damage.....	111,979,416	96,772	(37,964)	(8,667)	112,029,556
22.	Aircraft (all perils).....	116,334	.0	0	.0	116,334
23.	Fidelity.....	5,773,446	5,296,316	0	.0	11,069,762
24.	Surety.....	(237,642)	7,622,570	(2,874,113)	.0	4,510,816
26.	Burglary and theft.....	507,730	525,326	0	.0	1,033,056
27.	Boiler and machinery.....	16,258,085	383,179	0	.0	16,641,264
28.	Credit.....	41,501	.0	0	.0	41,501
29.	International.....	171,314	.0	0	.0	171,314
30.	Reinsurance - nonproportional assumed property.....	(158,658)	.0	0	.0	(158,658)
31.	Reinsurance - nonproportional assumed liability.....	3,187,325	221,197	0	.0	3,408,521
32.	Reinsurance - nonproportional assumed financial lines.....	94,579	384	0	.0	94,963
33.	Aggregate write-ins for other lines of business.....	.0	.0	0	.0	.0
34.	TOTALS.....	1,561,880,455	47,424,367	(15,906,751)	(26,997,375)	1,566,400,696
35.	Accrued retrospective premiums based on experience.....					26,997,375
36.	Earned but unbilled premiums.....					15,906,751
37.	Balance (sum of Lines 34 through 36).....					1,609,304,822

DETAILS OF WRITE-INS

3301.	.....	.0	.0	0	.0	.0
3302.	.....	.0	.0	0	.0	.0
3303.	.....	.0	.0	0	.0	.0
3398.	Summary of remaining write-ins for Line 33 from overflow page...	.0	.0	0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	0	.0	.0

(a) State here basis of computation used in each case: Daily pro rata; pools and associations as submitted

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	3,897,167	109,466,144	1,972,083	5,869,250	0	109,466,144
2. Allied lines.....	556,094	96,125,378	4,347,849	4,903,943	0	96,125,378
3. Farmowners multiple peril.....	0	21,953,367	0	0	0	21,953,367
4. Homeowners multiple peril.....	58,815,185	511,241,470	2,417,530	61,232,715	0	511,241,470
5. Commercial multiple peril.....	157,839	627,111,840	0	157,839	0	627,111,840
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	2,884	60,756,347	0	2,884	0	60,756,347
9. Inland marine.....	616,776	155,691,372	0	616,776	0	155,691,372
10. Financial guaranty.....	296,869	0	397,916	694,785	0	0
11.1 Medical malpractice - occurrence.....	0	289,496	0	0	0	289,496
11.2 Medical malpractice - claims-made.....	0	99,670	0	0	0	99,670
12. Earthquake.....	40,462	13,966,903	0	40,462	0	13,966,903
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	232,122,482	435,684,132	36,003	232,158,485	0	435,684,132
17.1 Other liability - occurrence.....	510,562	350,933,791	44,103	554,665	0	350,933,791
17.2 Other liability - claims-made.....	10,157,202	150,296,966	0	10,157,202	0	150,296,966
18.1 Products liability - occurrence.....	0	22,053,577	(3,127)	(3,127)	0	22,053,577
18.2 Products liability - claims-made.....	0	3,166,914	0	0	0	3,166,914
19.1, 19.2 Private passenger auto liability.....	0	357,344,253	0	0	0	357,344,253
19.3, 19.4 Commercial auto liability.....	(75,003)	257,151,874	0	(75,003)	0	257,151,874
21. Auto physical damage.....	0	290,303,880	0	0	0	290,303,880
22. Aircraft (all perils).....	0	5,560	6,386	6,386	0	5,560
23. Fidelity.....	674,825	16,079,811	0	674,825	0	16,079,811
24. Surety.....	37,867,929	8,155,403	136,607	38,004,536	0	8,155,403
26. Burglary and theft.....	108,736	1,209,883	21,816	130,552	0	1,209,883
27. Boiler and machinery.....	0	36,294,427	0	0	0	36,294,427
28. Credit.....	0	54,006	0	0	0	54,006
29. International.....	0	(1,612,673)	0	0	0	(1,612,673)
30. Reinsurance - nonproportional assumed property.....	XXX	1,214,566	5,792	5,792	0	1,214,566
31. Reinsurance - nonproportional assumed liability.....	XXX	5,970,692	31,111	31,111	0	5,970,692
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(169,407)	0	0	0	(169,407)
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	345,750,009	3,530,839,643	9,414,069	355,164,079	0	3,530,839,643

DETAILS OF WRITE-INS

3301.	0	0	0	0	0	0
3302.	0	0	0	0	0	0
3303.	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0

(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.....	1,730,784	46,578,004	2,837,875	45,470,912	59,208,460	47,855,962	56,823,410	54.2
2. Allied lines.....	748,843	66,069,740	2,767,721	64,050,863	56,891,959	99,509,776	21,433,046	23.3
3. Farmowners multiple peril.....	0	8,042,490	0	8,042,490	5,807,859	7,057,543	6,792,806	31.9
4. Homeowners multiple peril.....	18,648,472	208,568,101	19,526,308	207,690,264	121,382,078	172,078,199	156,994,143	32.3
5. Commercial multiple peril.....	8,505,453	286,656,984	8,505,453	286,656,984	626,122,036	707,156,977	205,622,043	33.1
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	27,180,315	3,072	27,177,244	30,987,707	35,487,913	22,677,037	38.1
9. Inland marine.....	216,039	52,782,626	216,039	52,782,626	64,523,678	74,469,551	42,836,752	28.3
10. Financial guaranty.....	(47,240)	0	(47,240)	0	0	0	0	0.0
11.1 Medical malpractice - occurrence.....	0	8,587,284	0	8,587,284	40,315,798	44,190,811	4,712,271	1,668.2
11.2 Medical malpractice - claims-made.....	0	33,675,049	0	33,675,049	67,339,235	96,602,762	4,411,522	3,263.0
12. Earthquake.....	101,456	(70,192)	101,456	(70,192)	(431,510)	5,781,985	(6,283,687)	(47.2)
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	0	0	0	0	0	0	0.0
16. Workers' compensation.....	122,139,327	201,472,388	122,565,237	201,046,477	1,885,904,851	1,808,856,500	278,094,828	68.9
17.1 Other liability - occurrence.....	184,438,525	189,861,270	184,490,957	189,808,838	1,383,292,933	1,277,947,704	295,154,067	81.5
17.2 Other liability - claims-made.....	10,489,728	84,536,668	10,489,728	84,536,668	296,502,161	279,159,396	101,879,433	66.8
18.1 Products liability - occurrence.....	13,324,544	33,314,239	13,344,041	33,294,742	330,111,025	440,029,739	(76,623,973)	(323.7)
18.2 Products liability - claims-made.....	0	(205,460)	0	(205,460)	7,828,747	7,383,373	239,914	7.9
19.1, 19.2 Private passenger auto liability.....	(361,602)	186,978,493	(361,602)	186,978,493	317,749,934	317,110,849	187,617,578	53.0
19.3, 19.4 Commercial auto liability.....	403,211	136,487,659	403,211	136,487,659	338,800,610	374,941,952	100,346,317	38.7
21. Auto physical damage.....	(27,181)	144,823,668	(27,181)	144,823,668	23,997,839	26,491,288	142,330,219	49.3
22. Aircraft (all perils).....	151,811	175,217	169,037	157,991	5,658,252	5,483,996	332,247	5,975.7
23. Fidelity.....	(122,491)	7,294,718	(131,164)	7,303,392	17,214,547	16,632,877	7,885,062	52.2
24. Surety.....	(7,450,034)	23,611,896	(10,622,856)	26,784,718	85,830,270	106,185,385	6,429,603	31.3
26. Burglary and theft.....	(313)	224,510	2,630	221,567	1,976,627	1,700,235	497,959	35.0
27. Boiler and machinery.....	0	6,980,303	0	6,980,303	10,891,777	15,612,425	2,259,655	6.3
28. Credit.....	0	223,330	0	223,330	2,636,738	2,781,716	78,353	81.4
29. International.....	0	3,928,657	0	3,928,657	20,350,532	28,054,380	(3,775,191)	262.3
30. Reinsurance - nonproportional assumed property.....	XXX	6,155,329	217,607	5,937,722	46,264,139	53,684,020	(1,482,159)	(132.7)
31. Reinsurance - nonproportional assumed liability.....	XXX	63,410,999	7,961,055	55,449,945	407,802,580	415,880,042	47,372,483	742.5
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(105,099)	0	(105,099)	8,050,171	7,873,893	71,178	(37.8)
33. Aggregate write-ins for other lines of business.....	0	10,839	0	10,839	(287)	1,338,885	(1,328,334)	0.0
34. TOTALS.....	352,889,332	1,827,250,024	362,411,383	1,817,727,973	6,263,010,745	6,477,340,134	1,603,398,583	46.1

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	10,839	0	10,839	(287)	1,338,885	(1,328,334)	0.0
3302.	0	0	0	0	0	0	0	0.0
3303.	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	XXX
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	10,839	0	10,839	(287)	1,338,885	(1,328,334)	0.0

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 Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	1,452,673	41,828,230	3,353,498	39,927,406	118,433	19,323,407	160,786	59,208,460	5,717,414
2. Allied lines.....	284,451	27,417,123	1,687,006	26,014,569	113,008	42,643,195	11,878,812	56,891,959	9,667,076
3. Farmowners multiple peril.....	0	2,518,484	0	2,518,484	4,430	3,289,374	4,430	5,807,859	2,925,641
4. Homeowners multiple peril.....	7,734,301	49,468,433	8,186,183	49,016,551	4,326,362	72,427,181	4,388,016	121,382,078	21,050,536
5. Commercial multiple peril.....	10,790,146	261,241,245	16,601,605	255,429,785	19,350,019	370,692,251	19,350,019	626,122,036	228,472,731
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	14,289	24,084,167	1,794,574	22,303,882	(1,472)	8,683,825	(1,472)	30,987,707	6,908,879
9. Inland marine.....	116,360	32,811,329	132,757	32,794,932	26,353	31,728,746	26,353	64,523,678	9,473,134
10. Financial guaranty.....	0	0	0	0	0	(0)	(0)	0	0
11.1 Medical malpractice - occurrence.....	841,591	42,218,285	841,591	42,218,285	3,400,722	(1,902,487)	3,400,722	40,315,798	5,618,670
11.2 Medical malpractice - claims-made.....	0	70,866,799	0	70,866,799	0	(3,527,563)	0	67,339,235	6,826,739
12. Earthquake.....	1,685	(123,605)	1,685	(123,605)	93,558	(307,905)	93,558	(431,510)	1,364,820
13. Group accident and health.....	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	1,141	0	1,141	(a) 0	0
16. Workers' compensation.....	854,994,968	1,045,551,834	860,779,679	1,039,767,122	571,608,430	850,444,684	575,915,386	1,885,904,851	227,016,038
17.1 Other liability - occurrence.....	258,178,824	300,726,294	261,637,643	297,267,475	1,570,764,963	1,086,275,262	1,571,014,767	1,383,292,933	429,465,959
17.2 Other liability - claims-made.....	25,047,083	103,974,568	25,047,083	103,974,568	19,761,044	195,772,056	23,005,507	296,502,161	68,820,696
18.1 Products liability - occurrence.....	27,322,256	69,099,086	28,088,019	68,333,323	683,064,273	262,068,039	683,354,611	330,111,025	205,057,783
18.2 Products liability - claims-made.....	0	1,039,827	0	1,039,827	0	6,788,919	0	7,828,747	4,832,162
19.1, 19.2 Private passenger auto liability.....	78,538,757	175,436,227	78,538,757	175,436,227	12,746,288	142,313,707	12,746,288	317,749,934	67,933,469
19.3, 19.4 Commercial auto liability.....	8,129,325	168,508,301	8,278,769	168,358,858	3,624,413	170,441,752	3,624,413	338,800,610	53,564,987
21. Auto physical damage.....	293,554	8,095,981	293,554	8,095,981	255,254	15,901,858	255,254	23,997,839	8,452,125
22. Aircraft (all perils).....	187,591	2,919,876	545,121	2,562,347	50,060	3,095,905	50,060	5,658,252	722,150
23. Fidelity.....	190	10,126,620	17,221	10,109,589	1,624,975	8,473,019	2,993,036	17,214,547	2,652,775
24. Surety.....	24,513,946	87,697,125	33,270,018	78,941,053	22,414,158	19,705,983	35,230,924	85,830,270	14,216,876
26. Burglary and theft.....	91	104,336	593	103,834	96,909	1,875,462	99,577	1,976,627	260,916
27. Boiler and machinery.....	0	5,966,314	33	5,966,281	0	4,925,496	0	10,891,777	2,063,714
28. Credit.....	0	2,002,289	0	2,002,289	0	634,450	0	2,636,738	26,354
29. International.....	0	5,089,582	0	5,089,582	0	15,260,950	0	20,350,532	36,513
30. Reinsurance - nonproportional assumed property.....	XXX	23,095,464	1,367,536	21,727,928	XXX	24,536,211	0	46,264,139	3,417,941
31. Reinsurance - nonproportional assumed liability.....	XXX	279,226,538	44,461,838	234,764,700	XXX	173,037,880	0	407,802,580	6,234,075
32. Reinsurance - nonproportional assumed financial lines.....	XXX	3,040,390	265,390	2,775,000	XXX	5,275,171	0	8,050,171	34,205
33. Aggregate write-ins for other lines of business.....	0	(287)	0	(287)	0	0	0	(287)	0
34. TOTALS.....	1,298,442,081	2,844,030,856	1,375,190,151	2,767,282,786	2,913,443,321	3,529,876,826	2,947,592,188	6,263,010,745	1,392,834,379

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	(287)	0	(287)	0	0	0	(287)	0
3302.	0	0	0	0	0	0	0	0	0
3303.	0	0	0	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	(287)	0	(287)	0	0	0	(287)	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	64,490,508	0	0	64,490,508
1.2 Reinsurance assumed.....	225,280,874	0	0	225,280,874
1.3 Reinsurance ceded.....	69,726,069	0	0	69,726,069
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	220,045,313	0	0	220,045,313
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	34,190,390	0	34,190,390
2.2 Reinsurance assumed, excluding contingent.....	0	462,653,682	0	462,653,682
2.3 Reinsurance ceded, excluding contingent.....	0	35,369,617	0	35,369,617
2.4 Contingent - direct.....	0	6,982,584	0	6,982,584
2.5 Contingent - reinsurance assumed.....	0	72,134,880	0	72,134,880
2.6 Contingent - reinsurance ceded.....	0	6,979,928	0	6,979,928
2.7 Policy and membership fees.....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	533,611,991	0	533,611,991
3. Allowances to managers and agents.....	0	163,265	0	163,265
4. Advertising.....	7,430	15,848,103	884	15,856,417
5. Boards, bureaus and associations.....	1,108,048	16,764,680	1,695	17,874,423
6. Surveys and underwriting reports.....	3,865	13,649,550	188	13,653,603
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	125,788,096	232,779,737	2,579,742	361,147,575
8.2 Payroll taxes.....	9,164,137	13,947,008	128,360	23,239,505
9. Employee relations and welfare.....	19,820,526	30,513,975	314,552	50,649,052
10. Insurance.....	9,819,286	5,365,747	28,874	15,213,908
11. Directors' fees.....	0	87	0	87
12. Travel and travel items.....	9,849,824	16,011,848	60,701	25,922,373
13. Rent and rent items.....	6,069,470	21,202,000	135,316	27,406,786
14. Equipment.....	1,932,599	6,749,023	40,326	8,721,948
15. Cost or depreciation of EDP equipment and software.....	1,718,430	21,184,414	370,365	23,273,209
16. Printing and stationery.....	1,190,424	3,943,834	57,275	5,191,533
17. Postage, telephone and telegraph, exchange and express.....	2,044,878	14,417,474	123,657	16,586,010
18. Legal and auditing.....	2,582,169	12,252,633	464,857	15,299,659
19. Totals (Lines 3 to 18).....	191,099,181	424,793,380	4,306,792	620,199,353
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....3,078,231.....	0	85,829,124	0	85,829,124
20.2 Insurance department licenses and fees.....	0	7,873,697	0	7,873,697
20.3 Gross guaranty association assessments.....	0	4,439,400	0	4,439,400
20.4 All other (excluding federal and foreign income and real estate).....	0	4,185,264	0	4,185,264
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	102,327,485	0	102,327,485
21. Real estate expenses.....	0	0	1,118,963	1,118,963
22. Real estate taxes.....	0	0	114,664	114,664
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	14,104,882	(15,468,016)	557,014	(806,120)
25. Total expenses incurred.....	425,249,376	1,045,264,840	6,097,434	(a).....1,476,611,650
26. Less unpaid expenses - current year.....	1,392,834,380	309,931,033	697,972	1,703,463,385
27. Add unpaid expenses - prior year.....	1,415,248,260	290,456,081	790,466	1,706,494,807
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	447,663,256	1,025,789,888	6,189,928	1,479,643,072

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	16,858,799	43,444,937	557,014	60,860,750
2402. Service reimbursements.....	(2,753,917)	(29,315,289)	0	(32,069,206)
2403. Costs of computer software developed for internal use.....	0	(29,597,664)	0	(29,597,664)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	14,104,882	(15,468,016)	557,014	(806,120)

(a) Includes management fees of \$.....0 to affiliates and \$....3,518 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....22,961,320	.....21,300,336
1.1 Bonds exempt from U.S. tax.....	(a).....257,324,277	.....264,358,441
1.2 Other bonds (unaffiliated).....	(a).....142,874,904	.....144,100,393
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....7,907,679	.....7,741,042
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....732,872	.....732,872
2.21 Common stocks of affiliates.....	.....104,657,443	.....104,657,443
3. Mortgage loans.....	(c).....1,265,655	.....1,219,945
4. Real estate.....	(d).....831,369	.....831,369
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....23,031,250	.....21,967,343
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....43,935,297	.....43,935,297
9. Aggregate write-ins for investment income.....	.....3,665,174	.....3,665,174
10. Total gross investment income.....	.....609,187,241	.....614,509,656
11. Investment expenses.....		(g).....6,097,434
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....719,326
14. Depreciation on real estate and other invested assets.....		(i).....182,684
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....6,999,444
17. Net investment income (Line 10 minus Line 16).....		.....607,510,212

DETAILS OF WRITE-INS

0901. Aetna agreement reimbursement.....	.....2,308,938	.....2,308,938
0902. Miscellaneous income.....	.....1,057,099	.....1,057,099
0903. Lending of security fees.....	.....299,137	.....299,137
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....3,665,174	.....3,665,174
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....12,145,330 accrual of discount less \$.....42,958,712 amortization of premium and less \$.....6,563,153 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....41,326 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 \$.....25,297 accrual of discount less \$.....1,860 amortization of premium and less \$.....41,406 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 \$.....182,684 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. government bonds.....	.....(155,192)	.....0	.....0	.....(155,192)
1.1 Bonds exempt from U.S. tax.....	.....(1,920,014)	.....0	.....0	.....(1,920,014)
1.2 Other bonds (unaffiliated).....	.....936,877	.....(41,266)	.....658,158	.....1,553,769
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....857,333	.....0	.....(9,177,811)	.....(8,320,478)
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....(1,553,725)	.....(661,687)	.....3,051,113	.....835,702
2.21 Common stocks of affiliates.....	.....(131,531,433)	.....0	.....538,984,944	.....407,453,511
3. Mortgage loans.....	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....1,506	.....(18,221)	.....0	.....(16,714)
7. Derivative instruments.....	.....5,396,407	.....0	.....8,452,767	.....13,849,174
8. Other invested assets.....	.....0	.....0	.....29,401,343	.....29,401,343
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(846,709)	.....458,558	.....(388,151)
10. Total capital gains (losses).....	.....(127,968,242)	.....(1,567,882)	.....571,829,072	.....442,292,948

DETAILS OF WRITE-INS

0901. Foreign exchange.....	.....0	.....(139,565)	.....458,558	.....318,993
0902. Recoverable on bonds written down.....	.....0	.....(707,144)	.....0	.....(707,144)
0903. ....	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....(846,709)	.....458,558	.....(388,151)

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	77,645	0	(77,645)
8. Receivables for securities.....	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	77,645	0	(77,645)
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued.....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	24,841,594	32,780,494	7,938,900
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	6,317,243	7,363,868	1,046,624
13.3 Accrued retrospective premiums.....	1,510,647	1,978,959	468,312
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers.....	0	0	0
14.2 Funds held by or deposited with reinsured companies.....	0	0	0
14.3 Other amounts receivable under reinsurance contracts.....	0	0	0
15. Amounts receivable relating to uninsured plans.....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	0	0	0
16.2 Net deferred tax asset.....	425,621,357	475,556,050	49,934,693
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	6,930	6,930
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
21. Receivable from parent, subsidiaries and affiliates.....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets.....	331,925,196	363,223,448	31,298,252
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	790,293,683	880,909,749	90,616,066
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	790,293,683	880,909,749	90,616,066

DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Amounts receivable under high deductible policies.....	12,551,116	4,490,082	(8,061,034)
2302. Other assets nonadmitted.....	319,374,080	358,733,366	39,359,286
2303.....	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	331,925,196	363,223,448	31,298,252

NOTES TO FINANCIAL STATEMENTS**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Travelers Casualty and Surety Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Connecticut. The State of Connecticut requires that insurance companies domiciled in Connecticut prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Connecticut Insurance Commissioner. The impact of any permitted accounting practices on statutory surplus was not material.
- B. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.
- C. Certain assets designated as nonadmitted are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned surplus. The costs of acquiring both new and renewal insurance business are charged to income as incurred. Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance. Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. A liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables. The provision for federal income taxes is comprised of two components, current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities, and are recognized in accordance with Statement of Statutory Accounting Principles (SSAP) No. 10, *Income Taxes*. Goodwill is recognized in accordance with SSAP No. 68, *Business Combinations and Goodwill*, and amortized to unrealized capital losses over a period not to exceed 10 years.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC.

Short-term investments are stated at amortized cost.

Bonds are generally stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC Class 3-6) which are stated at the lower of amortized cost or NAIC fair value. Amortization is calculated using the constant yield method.

Common stocks of non-affiliates are stated at NAIC fair value.

Redeemable preferred stocks (NAIC Class 1 and 2) are generally stated at amortized cost, whereas NAIC Class 3-6 are stated at the lower of cost, amortized cost, or NAIC fair value. Perpetual preferred stocks (NAIC Class 1 and 2) are generally stated at NAIC fair value, while NAIC Class 3-6 are stated at the lower of cost or NAIC fair value.

Mortgage loans are stated at the amount of principal outstanding, adjusted for unamortized premium or discount, net of encumbrances and specific impairments. Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

Loan-backed and structured securities are amortized using the retrospective method. The effective yield used to determine amortization is calculated based on actual historical and projected future cash flows, which are obtained from a widely-accepted securities data provider.

Investments in subsidiaries and affiliated entities are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

The Company also exercises 100% control over Travelers Lloyds of Texas Insurance Company, an unincorporated association, reported on Schedule BA based on the underlying statutory equity of its financial statements.

The Company's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains (losses).

For accounting policy in regards to derivative instruments, see Note 8.

The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

Property-casualty reserves are established for loss and LAE and include estimates of both reported and unreported claims incurred and related expenses. The reserves are regularly adjusted based upon experience. In determining loss and LAE reserves, the Company continually reviews its overall reserve position, its reserving techniques and its reinsurance. These reserves represent the estimated ultimate cost of all incurred losses and LAE net of reinsurance. Since the reserves are based on estimates, the ultimate liability may be more or less than such reserves. The effects of changes in such estimated reserves are included in net income in the period in which the estimates are changed. Such changes may be material to net income and could occur in a future period. For a discussion of loss and LAE related to asbestos and environmental reserves, see Note 33.

The Company has not modified its accounting policy regarding the capitalization of fixed assets from the prior period.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable.

3. BUSINESS COMBINATIONS AND GOODWILL**A. Statutory Purchase Method:**

- On January 1, 2005, the Company purchased from its affiliate, the St. Paul Fire and Marine Insurance Company, 100% of the St. Paul Guarantee Insurance Company (St. Paul Guarantee), a Canadian insurance company.

In conjunction with this purchase, a formal filing was made with the Office of the Superintendent of Financial Institutions in Canada in order to amalgamate St. Paul Guarantee and Travelers Casualty and Surety Company of Canada, a subsidiary of the Company. The effective date of the amalgamation was January 1, 2005 and St. Paul Guarantee was the surviving company.

- The purchase of St. Paul Guarantee was accounted for as a statutory purchase.
- The cost of St. Paul Guarantee was \$135 million resulting in goodwill in the amount of \$41.7 million.
- Goodwill amortization relating to the purchase of St. Paul Guarantee was \$4.2 million for the year ended December 31, 2006.

B. Statutory Merger:

Not applicable.

C. Impairment Loss:

Not applicable.

NOTES TO FINANCIAL STATEMENTS**4. DISCONTINUED OPERATIONS**

Not applicable.

5. INVESTMENTS**A. Mortgage Loans:**

The maximum percentage of any one loan-to-value of security at the time the loan was made, exclusive of any purchase money or insured or guaranteed mortgages was 83%.

Taxes, assessments and other amounts advanced by the Company, and excluded from the mortgage loan balance, totaled \$0 and \$134,824 at December 31, 2006 and 2005, respectively.

B. Debt Restructuring:

Not applicable.

C. Reverse Mortgages:

Not applicable.

D. Loan-Backed Securities:

The Company applies the retrospective method of revaluing loan-backed securities. The Company's loan-backed securities were recalculated using actual and anticipated cash flows, including anticipated prepayments, with the original cost.

For collateralized mortgage obligations and asset-backed securities, the Smith Barney Mortgage Prepayment Model provided by Yield Book® is used to project prepayments whenever it is available. For pass-through certificates and when collateralized mortgage obligations and asset-backed securities are not modeled in Yield Book® or no prepayment model is provided, a consensus forecast from Bloomberg L.P. is used if available, otherwise the average three-month prepayment history is used.

When unit prices published by the Securities Valuation Office were not available, the Company used Bloomberg and Financial Times Interactive Data, as well as broker quotes in determining the fair value of its loan-backed securities.

E. Repurchase Agreements:

Not applicable.

F. Real Estate

Not applicable.

G. Investments in Low-Income Housing Tax Credits (LIHTC):

Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

7. INVESTMENT INCOME

A. Surplus excludes due and accrued investment income if amounts are over 180 days past due for mortgage loans and over 90 days past due for all other invested assets.

B. At December 31, 2006, the Company had no past due accrued investment income.

8. DERIVATIVE INSTRUMENTS

The Company uses financial futures contracts as a means of hedging exposure to interest rate risk on existing assets. The Company does not hold or issue derivative instruments for trading purposes.

These derivative financial instruments have off-balance-sheet risk. Financial instruments with off-balance-sheet risk involve, to varying degrees, elements of credit and market risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of these instruments reflect the extent of involvement the Company has in a particular class of financial instrument. However, the maximum loss of cash flow associated with these instruments can be less than these amounts. Financial futures contracts have very little credit risk since organized exchanges are the counterparties.

The Company uses exchange traded financial futures contracts in connection with macrohedges intended to reduce interest rate risk by adjusting portfolio duration. See Schedule DB - Part D for additional information.

Margin payments are required to enter a futures contract and contract gains or losses are settled daily in cash. The contract amount of futures contracts represents the extent of the Company's involvement, but not future cash requirements, as open positions are typically closed out prior to the delivery date of the contract.

9. INCOME TAXES

A. The components of the net deferred tax asset (liability) recognized in the Company's assets, liabilities, surplus and other funds are as follows:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Total of gross deferred tax assets	\$ 721,599,625	\$ 791,579,779
Total of deferred tax liabilities	<u>(61,582,065)</u>	<u>(50,677,020)</u>
Net deferred tax asset (liability)	660,017,560	740,902,759
Deferred tax asset nonadmitted	<u>(425,621,357)</u>	<u>(475,556,050)</u>
Net admitted deferred tax asset (liability)	<u>\$ 234,396,203</u>	<u>\$ 265,346,709</u>
 (Increase) decrease in nonadmitted asset	 \$ 49,934,693	 \$ 7,500,987

B. As of December 31, 2006 the Company had undistributed earnings in certain foreign subsidiaries of \$60,807,000. The Company does not expect those unremitted earnings to reverse and become taxable to the Company in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

C. The provisions for incurred taxes on earnings are as follows:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Federal	\$ 189,821,703	\$ 38,834,676
Foreign	<u>2,570,474</u>	<u>(148,536)</u>
	192,392,177	38,686,140
Federal income taxes on net capital gains	<u>(6,135,792)</u>	<u>8,129,793</u>
Federal and foreign income taxes incurred	<u>\$ 186,256,385</u>	<u>\$ 46,815,933</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 369,056,397	\$ 409,410,803
Unearned premium reserves	111,365,042	108,360,748
Nonadmitted assets	127,635,314	141,873,796
Insurance related assessments	16,900,739	17,080,000
Employee benefits	3,087,639	14,937,141
Investments	45,092,081	50,810,658
Other	<u>48,462,413</u>	<u>49,106,633</u>
Total deferred tax assets	721,599,625	791,579,779
Nonadmitted deferred tax assets	<u>(425,621,357)</u>	<u>(475,556,050)</u>
Admitted deferred tax assets	<u>295,978,268</u>	<u>316,023,729</u>
Deferred tax liabilities:		
Investments	50,735,291	44,301,657
Guaranty fund assessments	5,843,727	2,062,940
Other	<u>5,003,047</u>	<u>4,312,423</u>
Total deferred tax liabilities	<u>61,582,065</u>	<u>50,677,020</u>
Net admitted tax asset	<u>\$ 234,396,203</u>	<u>\$ 265,346,709</u>

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

	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Change</u>
Total deferred tax assets	\$ 721,599,625	\$ 791,579,779	\$ (69,980,154)
Total deferred tax liabilities	<u>(61,582,065)</u>	<u>(50,677,020)</u>	<u>(10,905,045)</u>
Net deferred tax asset (liability)	<u>\$ 660,017,560</u>	<u>\$ 740,902,759</u>	(80,885,199)
Tax effect of unrealized gains (losses)			13,311,992
Liquidation of subsidiaries			<u>2,832,299</u>
Change in net deferred income taxes			<u>\$ (64,740,908)</u>

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income tax. The significant items causing this difference are as follows:

	<u>December 31, 2006</u>
Pretax net income (loss)	\$ 853,360,223
Taxes at statutory rate	\$ 298,676,078
Increase (decrease) attributable to:	
Nontaxable investment income	(115,602,963)
Nonadmitted assets	14,238,482
Subsidiary Liquidation	46,036,001
Other	<u>7,649,695</u>
Total statutory income taxes	<u>\$ 250,997,293</u>
Federal and foreign taxes incurred	\$ 186,256,385
Change in net deferred taxes	<u>64,740,908</u>
Total statutory income taxes	<u>\$ 250,997,293</u>
Effective tax rate	29.4%

- E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.
2. The Company has \$200,239,194 and \$39,290,979 of federal income tax from the current and prior tax year respectively, available for recoupment in the event of future losses.
- F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The St. Paul Travelers Companies, Inc. (STA). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.
2. The Company is a party to the STA tax allocation agreement, which sets forth the manner in which the total consolidated federal income tax is allocated. Member companies of the STA consolidated return group pay taxes annually on their separate taxable income. Companies with a current federal income tax receivable from STA will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by STA in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

In the event that the consolidated group develops an Alternative Minimum Tax (AMT), each company with an AMT on a separate company basis will be allocated a portion of the consolidated AMT. Settlement of the AMT will be made in the same manner and timing as the regular federal income tax.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A-C. The Company paid dividends of \$500 million and \$300 million to its parent company, Travelers Insurance Group Holdings Inc. (TIGHI) in 2006 and 2005, respectively.

The Company purchased St. Paul Guarantee from its affiliate St. Paul Fire and Marine Insurance Company (Fire and Marine) on January 1, 2005 for \$135.0 million. For further discussion see Note 3.

Schedule Y - Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Regulatory prior approval and/or prior notification has been satisfied for any transaction requiring such action.

The following are general business arrangements that result in or are used for transactions with affiliates in the normal course of business:

1. The principal banking functions for the property-casualty operations of STA and some or all of its affiliated property-casualty insurance companies are handled by The Travelers Indemnity Company (Indemnity). Settlements between the companies are made at least monthly.

NOTES TO FINANCIAL STATEMENTS

2. STA maintains a private short-term investment pool in which affiliated companies may participate. Effective January 1, 2005 the "Pooling Agreement for Travelers Money Market Liquidity" (MMLP) dated August 20, 2002 was amended to include additional STA entities. With this amendment the MMLP was renamed the "Pooling Agreement for St. Paul Travelers Money Market Liquidity" (STAMMLP). This pool is managed by Indemnity. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 2006 and 2005, the STAMMLP totaled \$4,146,238,219 and \$3,775,854,353, respectively.

D. At December 31, 2006 and 2005, the Company had \$13,626,139 and \$69,325,471 receivable from affiliates, respectively. Accounts between and among the Company and its affiliates are settled on a daily basis through the STAMMLP or cash. Any items open at the end of the month are settled in the following month.

E. Guarantees or undertakings for the benefit of an affiliate which result in a material contingent exposure for the Company or any affiliated insurer's assets to liabilities, to the extent not disclosed in Note 14, were as follows:

The Company guarantees that Travelers Excess and Surplus Lines Company will maintain at least the minimum capital and surplus required by the applicable laws and regulations of Maine.

F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements:

TYPE OF CONTRACT AND DESCRIPTION	SERVICING COMPANY	OTHER PARTY
Service Expense Reimbursement	Travelers Property Casualty Corp.	The Travelers Indemnity Company
Expense Allocation	The Travelers Indemnity Company	Travelers P&C ¹

¹ "Travelers P&C" includes Travelers Property Casualty Corp. and some or all of its indirectly owned insurance subsidiaries.

G. All of the issued and outstanding common stock of the Company is owned by TIGHI, which in turn is indirectly owned by STA, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plans:

Not applicable.

B. Defined Contribution Plans:

Not applicable.

C. Multiemployer Plans:

Not applicable.

D. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan in the form of a cash balance sponsored by STA for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by STA and by Travelers Property Casualty Corp. (TPC) which covers certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$5,274,812 and \$4,037,595 for 2006 and 2005, respectively.

2. Postretirement Benefit Plan:

The Company participates in a health care and life insurance benefit plan sponsored by STA for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$3,096,046 and \$3,557,497 for 2006 and 2005 respectively.

3. Deferred Compensation Plans:

The Company participates in a 401(k) savings plan sponsored by STA for substantially all employees of the Company and its property-casualty affiliates. STA, in September 2005, merged the 401(k) savings plan sponsored by TPC with its 401(k) to form one 401(k) savings plan. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was \$13,279,932 and \$11,458,635 for 2006 and 2005, respectively.

E. Postemployment Benefits and Compensated Absences:

Not applicable.

NOTES TO FINANCIAL STATEMENTS

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

The Company has 1,000 shares of common capital stock authorized, issued and outstanding with a par value of \$25,000 per share.

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by Connecticut insurance companies to shareholders without prior approval of the domiciliary Insurance Commissioner is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made during 2007 without prior approval is \$667,103,000.

There are no restrictions on the use of the Company's unassigned surplus and such surplus is held for the benefit of the shareholder.

The change in the balance of the special surplus funds is a result of retroactive reinsurance activity occurring in 2006. See Note 23F for additional detail.

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$1,515,513,285.

14. CONTINGENCIES**A. Contingent Commitments:**

At December 31, 2006, the Company had commitments to fund investments of \$336,585,202.

B. Assessments:

The Company has accrued liabilities of \$55.5 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.3 million at December 31, 2006. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

C. Gain Contingencies:

Not applicable.

D. All Other Contingencies:

The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 27.

In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2006, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

For a discussion of contingencies related to asbestos and environmental reserves, see Note 33.

15. LEASES**A. Lessee Leasing Arrangements:**

- At December 31, 2006 and 2005, the Company is a party to various lease agreements for office space and office equipment. The office space and office equipment leases are for various periods of time. Total rental expense under operating leases for the Company for 2006 and 2005 was \$16,732,675 and \$8,431,119, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

There are numerous leases with renewal terms, none of which are material to the Company.

- Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$28,201,332 at December 31, 2006. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2007	\$ 7,607,909
2008	5,114,586
2009	3,793,046
2010	3,774,221
2011	3,661,672

At December 31, 2006, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$2,329,766.

3. Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

Leasing is not a significant part of the Company's business activities.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company uses financial futures contracts as a means of hedging exposure to interest rate risk on existing assets. These derivative financial instruments have off-balance-sheet risk. See Note 8 for a discussion of these financial instruments, including credit and market risk, cash requirements and related accounting policy. For further details of the above instruments, including contract or notional principal amounts, see Schedule DB.

In the normal course of business, the Company has unfunded commitments to partnerships and limited liability companies. The off-balance-sheet risks of these financial instruments were \$336,585,202 at December 31, 2006.

In prior years, the Company underwrote insurance guaranteeing the securities of other issuers, primarily corporate bond issuers. The Company no longer writes such guarantees. At December 31, 2006 and 2005, the Company's aggregate net amount of guarantees of principal and interest for such securities was approximately \$0.5 million.

Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amounts of such financial guarantees was \$516 million and \$728 million at December 31, 2006 and 2005, respectively.

NOTES TO FINANCIAL STATEMENTS**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES****A. Transfers of Receivables Reported as Sales:**

Not applicable.

B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. Therefore, the Company does not recognize the receipt of the collateral held by the third party custodian or the obligation to return the collateral. The loaned securities remain a recorded asset of the Company. See Schedule LS for additional information.

C. Wash Sales:

The Company does not engage in the practice of wash sales, however, in isolated cases in the course of the Company's asset management activities, a security may be sold and repurchased within thirty days of the sale when an opportunity to significantly enhance the Company's total return on the investment is present.

During the year ended December 31, 2006, the Company's wash sales for securities with a NAIC designation 3 or below were as follows:

	Number of Transactions	Book Value of Securities Sold	Cost of Securities Repurchased	Gain/(Loss)
Bonds:				
NAIC 4	1	\$ 2,803,065	\$ 3,090,000	\$ 259,433

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

19. DIRECT PREMIUMS WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company did not have any direct premiums written through managing general agents (as defined in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*) or third party administrators.

20. SEPTEMBER 11 EVENTS

Through December 31, 2006, the St. Paul Travelers Reinsurance Pool (STA Pool) has recorded the following charges, before tax, for the estimated ultimate loss for both reported and unreported claims and related LAE and reinstatement premiums associated with the terrorist attack on September 11, 2001. This estimate is based on a variety of actuarial techniques, coverage interpretation and claims estimation methodologies as well as ongoing analysis of both paid and reported claims related to the attack. Since the reserves and related reinsurance recoverables are based on estimates, the ultimate net liability may be more or less than these amounts. The Company's pro rata participation percentage of the STA Pool is 21.14%.

(in millions)	Case + IBNR Reserve	Total Incurred
Gross Loss & LAE	\$ 719.2	\$ 2,544.7
Ceded Loss & LAE	<u>(446.4)</u>	<u>(1,538.5)</u>
Net Loss & LAE	<u>\$ 272.8</u>	\$ 1,006.2
Additional & reinstatement premiums		(41.0)
Reduction in reinsurance		
contingent commission expense		<u>(91.0)</u>
Total STA Pool Net Pretax Cost		<u>\$ 874.2</u>
Company's retention from		
21.14% participation in the STA Pool		<u>\$ 184.8</u>

21. OTHER ITEMS**A. Extraordinary Items:**

Not applicable.

B. Troubled Debt Restructuring:

Not applicable.

C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this statement.

2006 Schedule P:

The 1996 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

Schedule P	Accident Years				
	1996	1995	1994	1993	1992 & Prior
Part 1A	\$ 1,013	\$ 511	\$ 117	\$ 148	\$ 500
Part 1B	376	110	125	138	63,218
Part 1C	1,487	1,044	81	687	4,142
Part 1D	53,436	53,203	44,692	48,281	594,536
Part 1E	8,745	6,556	4,588	4,608	72,522
Part 1F - Section 1	671	646	160	253	2,876
Part 1F - Section 2	3,859	1,237	1,306	517	3,291
Part 1G	562	376	364	80	1,246
Part 1H - Section 1	24,898	14,329	24,687	59,451	587,377

NOTES TO FINANCIAL STATEMENTS

Part 1H - Section 2	3,887	1,902	3,433	2,565	4,564
Part 1M	0	0	2	33	475
Part 1N	522	434	766	28	1,131
Part 1O	4,616	7,035	51,377	2,123	136,543
Part 1P	230	29	22	0	89
Part 1R - Section 1	8,760	9,135	6,209	5,255	318,660
Part 1R - Section 2	507	214	387	127	1,519

The following loss and/or LAE reserves have been ceded under retroactive reinsurance agreements. They are reported here by line of business and accident year to facilitate loss discounting under Internal Revenue Code Section 846 (in thousands):

	<u>1997</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Commercial Auto	\$ 0	\$ (900)	\$ (417)	\$ (531)
Workers' Compensation	0	(529)	(2,151)	(2,072)
Commercial Multiple Peril	0	(9,226)	0	0
Medical Malpractice - CM	0	(11,310)	(2,482)	0
Special Liability	0	(320)	0	(18)
Other Liability - Occ	(117)	(24,929)	(5)	(3,270)
Other Liability - CM	0	(5,067)	(153)	(7)
Special Property	0	0	0	(131)
Other	0	0	0	(21)
Reinsurance A	0	0	0	(965)
Reinsurance B	0	0	0	(8,262)

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. Hybrid Securities:

At December 31, 2006 the Company held hybrid securities that are reported in Schedule D, Part 2, Section 1 as follows:

<u>CUSIP</u>	<u>Issuer/Description</u>	<u>Type</u>	<u>Carrying Value</u>
055967AA1	BOI Capital Funding II 144A	Perpetual	\$ 976,610
233048AA5	DBS Bank LTD Singapore Notes	Redeemable	4,845,550
87019XAA1	Swedbank 9.00% 144A	Perpetual	4,384,800
91731KAA8	USB Capital IX	Non Redeemable	<u>2,022,700</u>
Total			<u>\$12,229,660</u>

G. State Transferable Tax Credits:

Not applicable.

H. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17):

Not applicable.

22. EVENTS SUBSEQUENT

On February 13, 2007, STA announced that it intends to change its name to The Travelers Companies, Inc. The name change is expected to be completed during the first quarter 2007.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables:

1. Affiliated Company Recoverables:

The Company participates in the STA Pool (see Note 26) and/or other reinsurance programs with affiliates and takes credit for reinsurance ceded directly and indirectly to these companies. The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums at December 31, 2006, in connection with reinsurance agreements among affiliated insurers, were as follows:

Reinsurance balances ceded to affiliates and recoverable by The Travelers Indemnity Company (06-0566050):

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 11,552,949,504
Travelers Casualty and Surety Company	06-6033504	9,265,149,945
The Phoenix Insurance Company	06-0303275	2,274,651,288
The Standard Fire Insurance Company	06-6033509	2,204,527,159
United States Fidelity and Guaranty Company	52-0515280	2,007,303,063
Travelers Casualty Insurance Company of America	06-0876835	1,240,320,452
Farmington Casualty Company	06-1067463	674,944,698
The Travelers Indemnity Company of Connecticut	06-0336212	622,351,605
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	622,351,604
The Charter Oak Fire Insurance Company	06-0291290	578,524,027
St. Paul Surplus Lines Insurance Company	41-1230819	398,830,958
The Travelers Indemnity Company of America	58-6020487	350,620,622
St. Paul Protective Insurance Company	36-2542404	262,965,467
Travelers Commercial Insurance Company	06-1286268	214,755,131
Travelers Casualty Company of Connecticut	06-1286266	214,755,131
Travelers Commercial Casualty Company	95-3634110	214,755,131
Travelers Property Casualty Company of America	36-2719165	162,162,038
Travelers Property Insurance Company	06-1286274	135,865,491
Athena Assurance Company	41-1435765	131,482,733
St. Paul Medical Liability Insurance Company	41-1435766	131,482,733
Travelers Personal Security Insurance Company	06-1286264	122,717,218
Travelers Personal Insurance Company	36-3703200	122,717,218
Travelers Excess and Surplus Lines Company	06-1203698	122,717,218
TravCo Insurance Company	35-1838077	122,717,218
The Travelers Home and Marine Insurance Company	35-1838079	122,717,218

NOTES TO FINANCIAL STATEMENTS

Discover Property & Casualty Insurance Company	36-2999370	65,741,367
Discover Specialty Insurance Company	52-1925132	<u>65,741,367</u>
Total		<u>\$ 34,005,817,604</u>

Reinsurance balances assumed by The Travelers Indemnity Company and recoverable by the following affiliated insurers:

Company	F.E.I.N.	Amount
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 10,482,685,611
Travelers Property Casualty Company of America	36-2719165	9,532,163,725
Travelers Casualty and Surety Company	06-6033504	5,092,956,949
United States Fidelity and Guaranty Company	52-0515280	3,270,500,020
The Travelers Indemnity Company of Connecticut	06-0336212	2,352,389,203
The Travelers Indemnity Company of America	58-6020487	2,230,264,164
The Standard Fire Insurance Company	06-6033509	1,912,108,762
The Charter Oak Fire Insurance Company	06-0291290	1,699,728,193
The Phoenix Insurance Company	06-0303275	1,356,977,782
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	920,303,475
Discover Property & Casualty Insurance Company	36-2999370	825,755,400
St. Paul Surplus Lines Insurance Company	41-1230819	751,600,443
Travelers Casualty Insurance Company of America	06-0876835	436,846,768
Farmington Casualty Company	06-1067463	347,193,158
Travelers Property Casualty Insurance Company	06-1286274	280,840,528
The Travelers Home and Marine Insurance Company	35-1838079	224,281,672
TravCo Insurance Company	35-1838077	200,100,302
St. Paul Protective Insurance Company	36-2542404	180,729,934
Travelers Commercial Casualty Company	95-3634110	167,473,466
Travelers Personal Insurance Company	36-3703200	149,413,064
Travelers Commercial Insurance Company	06-1286268	107,256,450
Travelers Excess and Surplus Lines Company	06-1203698	104,265,928
Travelers Casualty Company of Connecticut	06-1286266	93,549,747
Athena Assurance Company	41-1435765	79,002,604
Travelers Personal Security Insurance Company	06-1286264	71,439,864
Discover Specialty Insurance Company	52-1925132	45,651,847
St. Paul Medical Liability Insurance Company	41-1435766	<u>39,346,544</u>
Total		<u>\$ 42,954,825,603</u>

In addition, the Company had \$171,082,974 of unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums, that exceeded 3% of its surplus as regards policyholders, recoverable from Travelers Casualty and Surety Company of America.

2. Unaffiliated Company Recoverables:

The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2006, that exceeded 3% of the Company's surplus as regards policyholders, were as follows:

NONE

Additional detail on reinsurance recoverable balances by reinsurer is shown in Schedule F - Part 3.

B. Reinsurance Recoverable in Dispute:

Not applicable.

C. Reinsurance Assumed and Ceded:

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 1,609,304,822	\$ 192,605,450	\$ 178,070,953	\$ 21,311,958	\$ 1,431,233,869	\$ 171,293,492
All Other	<u>5,528,507</u>	<u>661,665</u>	<u>0</u>	<u>0</u>	<u>5,528,507</u>	<u>661,665</u>
Total	<u>\$ 1,614,833,329</u>	<u>\$ 193,267,115</u>	<u>\$ 178,070,953</u>	<u>\$ 21,311,958</u>	<u>\$ 1,436,762,376</u>	<u>\$ 171,955,157</u>

Direct Unearned Premium Reserve \$ 172,542,446

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$84,499,136 at December 31, 2006. This balance represents the Company's 21.14% pro rata share of the net amount of the STA Pool (see Note 26):

Direct Business	\$ 8,209,783
Add: Reinsurance Assumed	84,499,136
Less: Reinsurance Ceded	<u>8,209,783</u>
Net	<u>\$ 84,499,136</u>

D. Uncollectible Reinsurance:

Not applicable.

E. Commutation of Ceded Reinsurance:

Not applicable.

Retroactive Reinsurance:

1.	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 1,987,160	\$102,599,317
(2) Adjustments - Prior Year(s)	(634,200)	2,797,806
(3) Adjustments - Current Year	<u>0</u>	<u>3,247,117</u>
(4) Current Total	<u>\$ 1,352,960</u>	<u>\$108,644,240</u>

NOTES TO FINANCIAL STATEMENTS

b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,210,205	\$ 90,914,746
(2) Adjustments - Prior Year(s)	0	(301,668)
(3) Adjustments - Current Year	0	0
(4) Current Total	<u>\$ 2,210,205</u>	<u>\$ 90,613,078</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 795,259	\$ 18,066,368
(2) Current Year	13,722	15,819,926
(3) Current Total	<u>\$ 808,981</u>	<u>\$ 33,886,294</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 223,045	\$ 11,684,571
(2) Adjustments - Prior Year(s)	634,200	3,099,474
(3) Adjustments - Current Year	0	3,247,117
(4) Current Year Restricted Surplus	<u>\$ 857,245</u>	<u>\$ 19,703,494</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 0</u>	<u>\$ (1,672,332)</u>

e. List the other insurers included in the above transactions:

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 1,352,960	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	2,473,380
General Reinsurance Corporation (22039)	-	63,420,000
nSpire Re Limited (AA-1784124)	-	15,472,580
Platinum Underwriters Reinsurance Inc. (10357)	-	22,530,748
Various	-	4,747,532
Total	<u>\$ 1,352,960</u>	<u>\$108,644,240</u>

f. Paid Loss/LAE Recoverable:

<u>Company</u>	<u>Paid Loss/LAE Recoverables</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
Platinum Underwriters Reinsurance Inc. (10357)	\$ 161,639	\$ 0	\$ 0
Various	1,656,115	423,316	93,741
Total	<u>\$ 1,817,754</u>	<u>\$ 423,316</u>	<u>\$ 93,741</u>

Reinsurance Accounted for as a Deposit:

In connection with the 1992 sale of American Re-Insurance Company (Am Re), a reinsurance agreement was entered into that provides that to the extent Am Re incurred losses in 1991 and prior that were still outstanding at January 1, 1992, in excess of \$2.7 billion, the Company has an 80% participation in payments on those losses up to a maximum of \$500 million. This agreement has been accounted for as a deposit since 1996 and a liability has been established for the expected payout under the agreement. The effective yield as of December 31, 2006 was determined to be 13.8%.

<u>Year</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
1995			\$ (151,300,000)
1996	\$ (9,300,000)		(160,600,000)
1997	(13,200,000)		(173,800,000)
1998	(15,500,000)		(189,300,000)
1999	(13,000,000)		(202,300,000)
2000	(15,200,000)		(217,500,000)
2001	(22,500,000)		(240,000,000)
2002	(34,000,000)		(274,000,000)
2003	(50,500,000)		(324,500,000)
2004	(48,000,000)		(372,500,000)
2005	(53,000,000)	\$ 94,810,284	(330,689,716)
2006	(25,841,076)	102,686,093	(253,844,699)

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. Accrued retrospective premiums (Page 2, Line 13.3) 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. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted. The amount shown in Part D below is the Company's proportionate share of the accrued retrospective premiums of the STA Pool (see Note 26).

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. See Schedule P - Part 7A.

D. Calculation of nonadmitted retrospective premium:

1. Total accrued retro premium	\$ 28,338,010
2. Unsecured amount	15,106,473
3. Less: Nonadmitted amount (10%)	<u>1,510,647</u>
4. Admitted amount (1) - (3)	<u>\$ 26,827,363</u>

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

In 2006, reserves for incurred loss and loss adjustment expenses for claims arising in prior years decreased by \$66,012,681, primarily due to homeowners/farmowners, private passenger auto liability, commercial auto liability, workers' compensation, commercial multiple peril, special property and products liability – occurrence, partially offset by an increase in other liability – occurrence, other liability – claims made and reinsurance assumed liability loss and loss adjustment expense provisions.

The decrease in homeowners/farmowners is due to lower than expected additional living expenses related to Hurricane Katrina as well as better than expected non-catastrophe frequency and severity, due in part to changes in the marketplace, such as higher deductibles and fewer small-dollar claims, and continued evidence of a less than expected impact from demand surge. The decrease in private passenger auto liability is primarily driven by better than expected results from changes in claim handling practices as well as initiatives to fight fraud. The decrease in commercial auto liability is attributable to an improving tort environment, claim handling initiatives and improvements in auto safety technology. The decrease in workers' compensation is due to a reduction in adjusting and other loss expense reserves. The decrease in commercial multiple peril is primarily due to an improving tort environment, as well as better than expected results from enhanced risk control, underwriting and claim process initiatives. The decrease in special property is primarily

NOTES TO FINANCIAL STATEMENTS

attributable to a smaller than expected impact of demand surge.

The increase in other liability – claims made is due to worse than expected large loss activity and additional information from detailed claim reviews, primarily associated with accident years 2002 and 2003. The increase in reinsurance assumed liability is primarily due to changes in projected loss development driven by an unanticipated slowdown in the claim settlement patterns of the underlying casualty exposures.

The increase in other liability - occurrence and the partially offsetting decrease in products liability – occurrence is primarily due to asbestos and environmental reserve changes including a reallocation between the lines of business.

The remaining changes are generally the result of ongoing analysis of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies and will not have a material impact on surplus due to accompanying premium adjustments.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is a participant in the St. Paul Travelers Reinsurance Pool (the STA Pool), an intercompany pooling arrangement. The lead company of the STA Pool is Indemnity. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with Indemnity. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of Indemnity and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pool percentages of the companies participating in the STA Pool are as follows:

<u>STA Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
St. Paul Fire and Marine Insurance Company	24767	26.36
The Travelers Indemnity Company	25658	22.41
Travelers Casualty and Surety Company	19038	21.14
The Phoenix Insurance Company	25623	5.19
The Standard Fire Insurance Company	19070	5.03
United States Fidelity and Guaranty Company	25887	4.58
Travelers Casualty Insurance Company of America	19046	2.83
Farmington Casualty Company	41483	1.54
The Automobile Insurance Company of Hartford, Connecticut	19062	1.42
The Travelers Indemnity Company of Connecticut	25682	1.42
The Charter Oak Fire Insurance Company	25615	1.32
St. Paul Surplus Lines Insurance Company	30481	0.91
The Travelers Indemnity Company of America	25666	0.80
St. Paul Protective Insurance Company	19224	0.60
Travelers Casualty Company of Connecticut	36170	0.49
Travelers Commercial Casualty Company	40282	0.49
Travelers Commercial Insurance Company	36137	0.49
Travelers Property Casualty Company of America	25674	0.37
Travelers Property Casualty Insurance Company	36161	0.31
Athena Assurance Company	41769	0.30
St. Paul Medical Liability Insurance Company	41750	0.30
TravCo Insurance Company	28188	0.28
Travelers Excess and Surplus Lines Company	29696	0.28
The Travelers Home and Marine Insurance Company	27998	0.28
Travelers Personal Security Insurance Company	36145	0.28
Travelers Personal Insurance Company	38130	0.28
Discover Property & Casualty Insurance Company	36463	0.15
Discover Specialty Insurance Company	10213	0.15

All of the above STA Pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

27. STRUCTURED SETTLEMENTS

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company is the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims.

The following life insurance companies held reserves at December 31, 2006, for structured settlement annuities purchased by members of the STA Pool (see Note 26), of which \$689,554,838 is attributable to the Company:

<u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
Fidelity and Guaranty Life Insurance Co, Baltimore, MD	Yes	\$752,466,581
MetLife Life and Annuity Company of Connecticut, Hartford, CT	Yes	359,644,692
Symetra Life Insurance Company, Bellevue, WA	Yes	281,520,031
First Colony Life Insurance Company, Lynchburg, VA	Yes	221,771,341
Genworth Life Insurance Company, Wilmington, DE	Yes	205,667,583
All other companies		1,440,778,578

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2006, the Company had liabilities of \$0 related to premium deficiency reserves. See Note 1 Part C, regarding the consideration of investment income in the calculation of this premium deficiency reserve.

31. HIGH DEDUCTIBLES

At December 31, 2006, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,575,035,808 and the amount billed and outstanding on paid claims was \$23,180,053. These amounts represent the Company's proportionate share of the STA Pool (see Note 26).

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32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

- A. Tabular workers' compensation reserves have been discounted at a maximum rate of 5% using tables appropriate to the state laws under which the benefits are paid, generally the following United States Life Tables:

Non-Fatal Cases: United States Life Tables Total Population 1969-71 - MI
 United States Life Tables Total Population 1979-81 - TX
 United States Life Tables Total Population 1999 - FL, NJ & NY
 United States Life Tables Total Male or Total Female 1989-91 - CA & MA
 United States Life Tables Total Male or Total Female 2000 - MN
 United States Life Tables Total Male or Total Female 1999 - all other states

Fatal Cases: United States Life Tables Total Female 1969-71 - MI *
 United States Life Tables Total Female 1979-81 - TX *
 United States Life Tables Total Female 1989-91 - CA & MA *
 * and the 1979 NCCI Remarriage Table
 New York Mandated Mortality & Remarriage Table - NY
 United States Life Tables Total Female 2000 - MN **
 United States Life Tables Total Female 1999 - all other states **
 ** and the Railroad Retirement Board Remarriage Table

Other liability reserves relating to excess coverage on workers' compensation life table claims have been discounted on the same basis as workers' compensation reserves.

The December 31, 2006 liabilities of the Company and its affiliates listed below included the following amounts of such discounted liabilities:

Company	Workers' Compensation	Other Liability
St. Paul Fire and Marine Insurance Company	\$ 426,354,230	\$ 10,476,081
The Travelers Indemnity Company	362,465,793	8,906,264
Travelers Casualty and Surety Company	341,924,447	8,401,536
The Phoenix Insurance Company	83,944,554	2,062,629
The Standard Fire Insurance Company	81,356,668	1,999,041
United States Fidelity and Guaranty Company	74,078,239	1,820,200
Travelers Casualty Insurance Company of America	45,773,235	1,124,709
Farmington Casualty Company	24,908,403	612,032
The Automobile Insurance Company of Hartford, Connecticut	22,967,489	564,342
The Travelers Indemnity Company of Connecticut	22,967,489	564,342
The Charter Oak Fire Insurance Company	21,350,060	524,599
St. Paul Surplus Lines Insurance Company	14,718,602	361,656
The Travelers Indemnity Company of America	12,939,430	317,939
St. Paul Protective Insurance Company	9,704,573	238,454
Travelers Casualty Company of Connecticut	7,925,401	194,738
Travelers Commercial Casualty Company	7,925,401	194,738
Travelers Commercial Insurance Company	7,925,401	194,738
Travelers Property Casualty Company of America	5,984,487	147,047
Travelers Property Casualty Insurance Company	5,014,029	123,201
St. Paul Medical Liability Insurance Company	4,852,286	119,227
Athena Assurance Company	4,852,286	119,227
TravCo Insurance Company	4,528,801	111,279
Travelers Excess and Surplus Lines Company	4,528,801	111,279
The Travelers Home and Marine Insurance Company	4,528,801	111,279
Travelers Personal Security Insurance Company	4,528,801	111,279
Travelers Personal Insurance Company	4,528,801	111,279
Discover Property & Casualty Insurance Company	2,426,143	59,614
Discover Specialty Insurance Company	2,426,143	59,614
Total	<u>\$ 1,617,428,794</u>	<u>\$ 39,742,363</u>

The amount of tabular discount for workers' compensation and other liability reserves at December 31, 2006 was as follows:

Tabular Discount Included in Schedule P - Part 1

Company	Workers' Compensation		Other Liability	
	Case	IBNR	Case	IBNR
St. Paul Fire and Marine Insurance Company	\$135,691,527	\$ 93,995,800	\$ 4,436,388	\$ 1,758,212
The Travelers Indemnity Company	115,358,388	79,910,699	3,771,603	1,494,747
Travelers Casualty and Surety Company	108,820,898	75,382,069	3,557,862	1,410,038
The Phoenix Insurance Company	26,716,200	18,506,762	873,477	346,173
The Standard Fire Insurance Company	25,892,579	17,936,226	846,549	335,501
United States Fidelity and Guaranty Company	23,576,145	16,331,593	770,814	305,486
Travelers Casualty Insurance Company of America	14,567,793	10,091,356	476,289	188,761
Farmington Casualty Company	7,927,350	5,491,409	259,182	102,718
The Automobile Insurance Company of Hartford, CT	7,309,635	5,063,507	238,986	94,714
The Travelers Indemnity Company of Connecticut	7,309,635	5,063,507	238,986	94,714
The Charter Oak Fire Insurance Company	6,794,872	4,706,922	222,156	88,044
St. Paul Surplus Lines Insurance Company	4,684,343	3,244,924	153,153	60,697
The Travelers Indemnity Company of America	4,118,104	2,852,680	134,640	53,360
St. Paul Protective Insurance Company	3,088,578	2,139,510	100,980	40,020
Travelers Casualty Company of Connecticut	2,522,339	1,747,267	82,467	32,683
Travelers Commercial Casualty Company	2,522,339	1,747,267	82,467	32,683
Travelers Commercial Insurance Company	2,522,339	1,747,267	82,467	32,683
Travelers Property Casualty Company of America	1,904,623	1,319,365	62,271	24,679
Travelers Property Casualty Insurance Company	1,595,765	1,105,414	52,173	20,677
St. Paul Medical Liability Insurance Company	1,544,289	1,069,755	50,490	20,010
Athena Assurance Company	1,544,289	1,069,755	50,490	20,010
TravCo Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Excess and Surplus Lines Company	1,441,336	998,438	47,124	18,676
The Travelers Home and Marine Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Personal Security Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Personal Insurance Company	1,441,336	998,438	47,124	18,676
Discover Property & Casualty Insurance Company	772,145	534,878	25,245	10,005
Discover Specialty Insurance Company	772,145	534,878	25,245	10,005
Total	<u>\$514,763,000</u>	<u>\$356,585,000</u>	<u>\$16,830,000</u>	<u>\$ 6,670,000</u>

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B. Non-tabular reserves have not been discounted.

C. No changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

33. ASBESTOS/ENVIRONMENTAL RESERVES

The following represents the Company's allocable share of the pooled property-casualty business of the St Paul Travelers Insurance Pool (the STA Pool), based on its pro rata participation percentage of 21.14%.

A. Does the company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes (X) No ()

Exposure for asbestos losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

With respect to reserving procedures, the Special Liability Group staff members are in daily contact with each other on pending asbestos claim activities and anticipated development. The Company also conducts an annual in-depth review of the asbestos exposures with representatives of the claim, legal, reinsurance, finance and actuarial areas to specifically review pending asbestos claims, other relevant facts and applicable law. In addition, management reviews asbestos exposures on a quarterly basis. Based on these annual and quarterly reviews, asbestos reserves are established for the Company's future exposure. Beginning in 2007 the Company will supplement the existing annual in-depth and quarterly asbestos review processes with additional aggregate quarterly reserve analyses. These additional analyses will enhance the Company's ability to detect and respond to emerging trends on a quarterly basis.

Because each policyholder presents different liability and coverage issues, the Company generally reviews the exposure presented by each policyholder annually on a policyholder-by-policyholder basis. In the course of this review, the Company considers, among other factors: available insurance coverage, including the role of any umbrella or excess insurance the Company has issued to the policyholder; limits and deductibles; an analysis of each policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and 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. For those policyholders for which an estimate of the gross ultimate exposure for indemnity and related claim adjustment expense is determined, the Company calculates, by each policy year, a ceded reinsurance projection based on any applicable facultative and treaty reinsurance, past ceded experience and reinsurance collections. Conventional actuarial methods are not utilized to establish asbestos reserves. The Company's evaluations have not resulted in any data from which a meaningful average asbestos defense or indemnity payment may be determined.

The Company also compares its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1. <u>Direct Basis - Asbestos:</u>					
a. Beginning reserves:	\$ 255,146,000	\$ 1,048,288,000	\$ 786,589,000	\$ 862,300,000	\$ 934,646,000
b. Incurred losses and LAE:	942,753,000	29,566,000	172,147,000	164,349,000	16,446,000
c. Calendar year payments for losses and LAE:	<u>149,611,000</u>	<u>291,265,000</u>	<u>96,436,000</u>	<u>92,003,000</u>	<u>88,689,000</u>
d. Ending reserves:	<u>\$ 1,048,288,000</u>	<u>\$ 786,589,000</u>	<u>\$ 862,300,000</u>	<u>\$ 934,646,000</u>	<u>\$ 862,403,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>					
a. Beginning reserves:	\$ 51,801,000	\$ 85,046,000	\$ 80,129,000	\$ 104,111,000	\$ 114,446,000
b. Incurred losses and LAE:	40,099,000	2,281,000	30,095,000	27,313,000	26,978,000
c. Calendar year payments for losses and LAE:	<u>6,854,000</u>	<u>7,198,000</u>	<u>6,113,000</u>	<u>16,978,000</u>	<u>19,580,000</u>
d. Ending reserves:	<u>\$ 85,046,000</u>	<u>\$ 80,129,000</u>	<u>\$ 104,111,000</u>	<u>\$ 114,446,000</u>	<u>\$ 121,844,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>					
a. Beginning reserves:	\$ 250,596,000	\$ 878,845,000	\$ 691,427,000	\$ 815,550,000	\$ 920,302,000
b. Incurred losses and LAE:	755,122,000	22,663,000	191,795,000	189,203,000	34,644,000
c. Calendar year payments for losses and LAE:	<u>126,873,000</u>	<u>210,081,000</u>	<u>67,672,000</u>	<u>84,451,000</u>	<u>99,072,000</u>
d. Ending reserves:	<u>\$ 878,845,000</u>	<u>\$ 691,427,000</u>	<u>\$ 815,550,000</u>	<u>\$ 920,302,000</u>	<u>\$ 855,874,000</u>

B. Ending loss and LAE reserves for unreported claims included in Part A above:

1. Direct Basis:	\$ 762,819,000
2. Assumed Reinsurance Basis:	\$ 65,308,000
3. Net of Ceded Reinsurance Basis:	\$ 735,333,000

C. Ending LAE reserves for reported and unreported claims included in Part A above:

1. Direct Basis:	\$ 218,710,000
2. Assumed Reinsurance Basis:	\$ 420,000
3. Net of Ceded Reinsurance Basis:	\$ 202,003,000

D. Does the company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (X) No ()

Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

The Company's reserves for environmental claims are not established on a claim-by-claim basis. The Company carries an aggregate bulk reserve for all of the Company's environmental claims that are in dispute, until the dispute is resolved. This bulk reserve is established and adjusted based upon the aggregate volume of in-process environmental claims and the Company's experience in resolving those claims and includes unresolved and incurred but not reported environmental claims for which the Company has not received any specific claims as well as for the anticipated cost of coverage litigation disputes relating to these claims. Case reserves are established solely for resolved claims.

The resolution of environmental exposures by the Company generally occurs by settlement on a policyholder-by-policyholder basis as opposed to a claim-by-claim basis. Generally, the Company strives to extinguish any obligations it may have under any policy issued to the policyholder for past, present and future environmental liabilities and extinguish any pending coverage litigation dispute with the policyholder. This form of settlement is commonly referred to as a "buy-back" of policies for future environmental liability. In addition, many of the agreements have also extinguished any insurance obligation which the Company may have for other claims, including but not limited to asbestos and other cumulative injury claims. The Company and its policyholders may also agree to settlements which extinguish any future liability arising from known specified sites or claims. Provisions of these agreements also include appropriate indemnities and hold harmless provisions to protect the Company. The Company's general purpose in executing these agreements is to reduce the Company's potential environmental exposure and eliminate the risks presented by coverage litigation with the policyholder and related costs.

In establishing environmental reserves, the Company evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Company considers the probable liability, available coverage, relevant judicial interpretations and historical

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value of similar exposures. In addition, the Company considers the many variables presented, such as the nature of the alleged activities of the policyholder at each site; the allegations of environmental harm at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Company and the policyholder, including the role of any umbrella or excess insurance the Company has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims, in any resolution process; and the applicable law in each jurisdiction. Conventional actuarial techniques are not used to estimate these reserves.

Historically, the Company's experience has indicated that policyholders with potentially significant environmental exposures may often have asbestos or other general liability exposures or claims pending with the Company. Due to this experience and the fact that settlement agreements with policyholders may extinguish the Company's obligations for all claims, the Company evaluates and considers the environmental reserves in conjunction with the asbestos and other general liability reserves.

The Company also compares its historical direct and net loss and expense paid experience year-by-year, to assess any emerging trends, fluctuations or characteristics suggested by the aggregate paid activity.

1. <u>Direct Basis - Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 185,719,000	\$ 132,003,000	\$ 91,648,000	\$ 111,844,000	\$ 71,489,000
b. Incurred losses and LAE:	(2,569,000)	20,268,000	60,608,000	9,117,000	23,083,000
c. Calendar year payments for losses and LAE:	<u>51,147,000</u>	<u>60,623,000</u>	<u>40,412,000</u>	<u>49,472,000</u>	<u>37,776,000</u>
d. Ending reserves:	<u>\$ 132,003,000</u>	<u>\$ 91,648,000</u>	<u>\$ 111,844,000</u>	<u>\$ 71,489,000</u>	<u>\$ 56,796,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 29,879,000	\$ 29,466,000	\$ 28,075,000	\$ 31,345,000	\$ 29,568,000
b. Incurred losses and LAE:	4,245,000	2,103,000	6,977,000	912,000	329,000
c. Calendar year payments for losses and LAE:	<u>4,658,000</u>	<u>3,494,000</u>	<u>3,707,000</u>	<u>2,689,000</u>	<u>2,011,000</u>
d. Ending reserves:	<u>\$ 29,466,000</u>	<u>\$ 28,075,000</u>	<u>\$ 31,345,000</u>	<u>\$ 29,568,000</u>	<u>\$ 27,886,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 189,643,000	\$ 141,741,000	\$ 107,213,000	\$ 131,164,000	\$ 89,715,000
b. Incurred losses and LAE:	434,000	16,030,000	57,945,000	10,533,000	25,566,000
c. Calendar year payments for losses and LAE:	<u>48,336,000</u>	<u>50,558,000</u>	<u>33,994,000</u>	<u>51,982,000</u>	<u>26,846,000</u>
d. Ending reserves:	<u>\$ 141,741,000</u>	<u>\$ 107,213,000</u>	<u>\$ 131,164,000</u>	<u>\$ 89,715,000</u>	<u>\$ 88,435,000</u>

E. Ending loss and LAE reserves for unreported claims included in Part D above:

1. Direct Basis:	\$ 47,991,000
2. Assumed Reinsurance Basis:	\$ 18,299,000
3. Net of Ceded Reinsurance Basis	\$ 71,207,000

F. Ending LAE reserves for reported and unreported claims included in Part D above:

1. Direct Basis:	\$ 18,226,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis	\$ 18,156,000

As a result of the processes and procedures described above, management believes that the reserves carried for asbestos and environmental claims at December 31, 2006 are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. The continuing uncertainties include, without limitation, the risks and lack of predictability inherent in complex litigation, any impact from the bankruptcy protection sought by various asbestos producers and other asbestos defendants, a further increase or decrease in asbestos and environmental claims beyond that which is anticipated, the role of any umbrella or excess policies the Company has issued, the resolution or adjudication of some disputes pertaining to the amount of available coverage for asbestos and environmental claims in a manner inconsistent with the Company's previous assessment of these claims, the number and outcome of direct actions against the Company and future developments pertaining to the Company's ability to recover reinsurance for asbestos and environmental claims. In addition, the Company's asbestos-related claims and claim adjustment expense experience has been impacted by the exhaustion or unavailability due to insolvency of other insurance sources potentially available to policyholders along with the insolvency or bankruptcy of other defendants, although the Company has noted a recent decrease in the number and volatility of asbestos-related bankruptcies. It is also not possible to predict changes in the legal and legislative environment and their impact on the future development of asbestos and environmental claims. This development will be affected by future court decisions and interpretations, as well as changes in applicable legislation, including legislation related to asbestos reform. It is also difficult to predict the ultimate outcome of large coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos reserves, which includes an annual ground-up review of asbestos policyholders, the Company continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the current asbestos and environmental reserves. In addition, the Company's estimate of ultimate claims and claim adjustment expenses may change. These additional liabilities or increases in estimates could result in income statement charges that could be material to the Company's operating results in future periods.

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

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.....	190,536,811	1.5	190,536,811	1.5
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	100,000	0.0	100,000	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	7,364,630	0.1	7,364,630	0.1
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,425,061,855	11.1	1,425,061,855	11.1
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	1,620,008,049	12.6	1,620,008,049	12.6
1.43 Revenue and assessment obligations.....	3,266,029,182	25.4	3,266,029,182	25.4
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	131,214,907	1.0	131,214,907	1.0
1.512 Issued or guaranteed by FNMA and FHLMC.....	603,059,339	4.7	603,059,339	4.7
1.513 All other.....	27,162,582	0.2	27,162,582	0.2
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	374,738,525	2.9	374,738,525	2.9
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.....	0	0.0	0	0.0
1.523 All other.....	354,090,937	2.8	354,090,937	2.8
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	984,966,167	7.7	984,966,167	7.7
2.2 Unaffiliated foreign securities.....	112,826,733	0.9	112,826,733	0.9
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	111,596,576	0.9	111,596,576	0.9
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	588,353	0.0	588,353	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	2,689,904,865	20.9	2,689,904,865	20.9
3.42 Unaffiliated.....	193,545	0.0	193,545	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	8,940,836	0.1	8,940,836	0.1
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	7,765,849	0.1	7,765,849	0.1
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	468,012	0.0	468,012	0.0
8. Cash, cash equivalents and short-term investments.....	436,853,957	3.4	436,853,957	3.4
9. Other invested assets.....	510,901,991	4.0	510,901,991	4.0
10. Total invested assets.....	12,864,373,700	100.0	12,864,373,700	100.0

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? Connecticut

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: _____

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004

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. 12/31/2004

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). 01/27/2006

3.4 By what department or departments? Connecticut

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 a 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 Co. Code	3 State of Domicile
	00000	

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] 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,0.000 %

7.21 State the percentage of foreign control.

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company. _____

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Wade T. Overgaard, F.C.A.S. & M.A.A.A. (Senior Vice President and Chief Corporate Actuary) The St. Paul Travelers Companies, Inc. One Tower Square, Hartford, CT 06183

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

11.11 Name of real estate holding company _____

11.12 Number of parcels involved0

11.13 Total book/adjusted carrying value \$.0

11.2 If yes, provide explanation. _____

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

BOARD OF DIRECTORS

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

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 16.11 To directors or other officers \$.....0
 16.12 To stockholders not officers \$.....0
 16.13 Trustees, supreme or grand (Fraternal only) \$.....0
 16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
 16.21 To directors or other officers \$.....0
 16.22 To stockholders not officers \$.....0
 16.23 Trustees, supreme or grand (Fraternal only) \$.....0
 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
 17.2 If yes, state the amount thereof at December 31 of the current year:
 17.21 Rented from others \$.....0
 17.22 Borrowed from others \$.....0
 17.23 Leased from others \$.....0
 17.24 Other \$.....0
 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
 18.2 If answer is yes:
 18.21 Amount paid as losses or risk adjustment \$.....0
 18.22 Amount paid as expenses \$.....0
 18.23 Other amounts paid \$.....0
 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes [X] No []
 20.2 If no, give full and complete information relating thereto.

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [X] No []
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Loaned to others \$.....121,138,193
 21.22 Subject to repurchase agreements \$.....0
 21.23 Subject to reverse repurchase agreements \$.....0
 21.24 Subject to dollar repurchase agreements \$.....0
 21.25 Subject to reverse dollar repurchase agreements \$.....0
 21.26 Pledged as collateral \$.....0
 21.27 Placed under option agreements \$.....0
 21.28 Letter stock or securities restricted as to sale \$.....0
 21.29 Other \$.....0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [X] No []
 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [X] No [] N/A []
 If no, attach a description with this statement.
 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
 23.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

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

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Citigroup Global Markets	233 South Wacker Drive Sears Tower, Chicago, IL 60606	Future Account Agreements

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

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

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

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/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
N/A		

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

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
		0
25.2999. TOTAL		0

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
		0	

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	9,509,792,458	9,670,271,120	160,478,662
26.2 Preferred stocks.....	111,596,576	116,034,064	4,437,488
26.3 Totals.....	9,621,389,034	9,786,305,184	164,916,150

26.4 Describe the sources or methods utilized in determining the fair values:

Fair values of bonds and preferred stocks are based on prices published in the NAIC Valuation of Securities.
 If this unit price is not available the fair value is based upon quoted market prices or dealer quotes, or, if quoted prices are not available, based on valuation determined, in good faith, by The St. Paul Travelers Companies, Inc.

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

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....9,356,196

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

1 Name	2 Amount Paid
Insurance Services Office	4,614,717

29.1 Amount of payments for legal expenses, if any? \$.....23,640,027

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

1 Name	2 Amount Paid
Simpson, Thatcher & Bartlett	8,168,619

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....348,985

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

1 Name	2 Amount Paid
	0

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$.....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$.....0
- 1.6 Individual policies:
 - Most current three years:
 - 1.61 Total premium earned \$.....0
 - 1.62 Total incurred claims \$.....0
 - 1.63 Number of covered lives0
 - All years prior to most current three years:
 - 1.64 Total premium earned \$.....0
 - 1.65 Total incurred claims \$.....0
 - 1.66 Number of covered lives0
- 1.7 Group policies:
 - Most current three years:
 - 1.71 Total premium earned \$.....0
 - 1.72 Total incurred claims \$.....0
 - 1.73 Number of covered lives0
 - All years prior to most current three years:
 - 1.74 Total premium earned \$.....0
 - 1.75 Total incurred claims \$.....0
 - 1.76 Number of covered lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....3,476,689,412	\$.....3,462,812,532
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....9,265,823,887	\$.....9,459,431,718
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 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 \$.....28,661,710
 - 3.22 Non-participating policies \$.....3,502,177,933
- 4. For Mutual Reporting Entities and Reciprocal Exchanges only:
 - 4.1 Does the reporting entity issue assessable policies? Yes [] No []
 - 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
 - 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?0.0 %
 - 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0
- 5. For Reciprocal Exchanges only:
 - 5.1 Does the exchange appoint local agents? Yes [] No []
 - 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 - 5.22 As a direct expense of the exchange Yes [] No [] N/A []
 - 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 []
- 5.5 If yes, give full information: _____

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 order to manage its risk, the Company monitors the concentration of insured employees on a location basis.
Although the Company currently has no workers' compensation treaty reinsurance, the Company reviews available treaty reinsurance coverages quarterly and makes purchase decisions as it deems appropriate. Facultative reinsurance purchases are also made as deemed appropriate.

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 uses Risk Link, a product developed by Risk Management Solutions, Inc., to estimate its Probable Maximum Loss (PML). Property exposures are modeled using Risk Link to determine locations of concentration including California, Florida, New Madrid, the Northeast, the Gulf States and the Mid Atlantic States. For terrorism risk, the Company uses RMS-PTM, a product developed by Risk Management Solutions, Inc. Conventional attack PML's are examined for combined property and workers' compensation exposures to be contained inside aggregate corporate guidelines. Buildings with large exposures have a site engineering analysis performed.

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 property insurance loss?

The Company purchases both excess of loss and pro rata reinsurance to protect itself from an excessive catastrophe loss.

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. _____

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.13
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [X] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates? Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 - (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 - (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance 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 []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
-
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....20,153,789
 - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....5,038,447
- 12.2 Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....14,119,567
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From0.0 %
 - 12.42 To0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....1,381,901,917
 - 12.62 Collateral and other funds \$.....207,550,572
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....3,614,940
- 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 this amount.1

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 Per the Company's Reinsurance Allocation Agreement and Pooling Agreement.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
 14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financial premium accounts? Yes No
 15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes No
 If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....	0	0	0	0	0
16.12 Products.....	0	0	0	0	0
16.13 Automobile.....	0	0	0	0	0
16.14 Other*.....	0	0	0	0	0

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes No
 Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2006	2005	2004	2003	2002
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,819,812,897	1,883,579,128	1,621,953,028	1,536,175,493	1,291,303,777
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	678,324,543	588,888,357	760,025,971	725,422,027	676,991,161
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,318,762,835	1,003,522,692	1,641,777,407	1,418,999,065	1,238,280,409
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	62,050,692	132,847,026	30,776,936	38,709,702	28,639,572
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	7,052,754	13,328,216	5,235,935	26,606,175	20,174,274
6. Total (Line 34).....	3,886,003,722	3,622,165,419	4,059,769,277	3,745,912,461	3,255,389,193
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,577,020,674	1,687,251,621	1,441,706,330	1,349,726,158	1,175,030,412
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	666,763,560	575,944,991	746,808,176	714,364,402	668,230,996
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,257,363,011	945,129,724	1,591,489,656	1,382,740,154	1,210,041,560
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	22,676,546	105,479,857	1,117,664	560,503	(6,805,509)
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	7,015,852	13,276,367	5,143,432	26,517,458	20,073,890
12. Total (Line 34).....	3,530,839,643	3,327,082,559	3,786,265,258	3,473,908,676	3,066,571,350
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	402,776,618	(127,242,276)	308,115,311	211,000,187	(959,854,588)
14. Net investment gain (loss) (Line 11).....	484,109,879	982,608,935	748,635,414	559,511,174	662,261,417
15. Total other income (Line 15).....	(24,176,337)	(33,240,761)	(31,156,264)	(37,856,114)	(51,991,365)
16. Dividends to policyholders (Line 17).....	3,214,144	3,245,718	(6,179,666)	1,810,725	3,851,477
17. Federal and foreign income taxes incurred (Line 19).....	192,392,176	38,686,140	253,834,292	52,892,003	(38,558,185)
18. Net income (Line 20).....	667,103,839	780,194,040	777,939,836	677,952,519	(314,877,828)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	14,358,336,770	13,886,611,930	13,576,189,533	12,809,640,338	13,390,844,615
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	207,125,818	200,546,493	237,365,053	194,857,134	203,454,556
20.2 Deferred and not yet due (Line 13.2).....	800,844,474	777,767,098	886,770,703	882,927,392	791,789,306
20.3 Accrued retrospective premiums (Line 13.3).....	26,827,363	40,087,247	75,698,426	70,188,304	76,885,505
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	9,900,242,744	10,180,013,982	10,232,679,669	9,763,807,463	10,818,098,186
22. Losses (Page 3, Line 1).....	6,263,010,745	6,477,340,134	6,046,905,725	5,825,363,984	5,741,455,389
23. Loss adjustment expenses (Page 3, Line 3).....	1,392,834,379	1,415,248,260	1,328,036,286	1,250,541,390	1,302,345,594
24. Unearned premiums (Page 3, Line 9).....	1,609,304,822	1,566,386,305	1,730,276,309	1,590,705,748	1,395,599,457
25. Capital paid up (Page 3, Lines 28 & 29).....	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	4,458,094,025	3,706,597,948	3,343,509,864	3,045,832,875	2,572,746,429
Risk-Based Capital Analysis					
27. Total adjusted capital.....	4,458,094,025	3,706,597,948	3,343,509,864	3,045,832,875	2,572,746,429
28. Authorized control level risk-based capital.....	962,410,457	944,429,362	803,090,516	730,069,259	740,951,582
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1).....	70.7	72.4	72.3	72.8	70.3
30. Stocks (Lines 2.1 & 2.2).....	21.8	20.4	21.6	22.3	19.3
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.1	0.1	0.3	0.5	0.8
32. Real estate (Lines 4.1, 4.2 & 4.3).....	0.1	0.1	0.0	0.0	0.1
33. Cash, cash equivalents and short-term investments (Line 5).....	3.4	1.9	3.8	2.3	7.3
34. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	XXX
35. Other invested assets (Line 7).....	4.0	1.6	1.7	2.0	2.0
36. Receivable for securities (Line 8).....	0.0	3.5	0.3	0.1	0.2
37. Aggregate write-ins for invested assets (Line 9).....	0.0	0.0	0.0	0.0	0.0
38. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	0	0	0	0	0
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	2,689,904,865	2,348,191,218	2,376,473,214	2,250,706,063	1,952,661,267
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....	0	0	0	0	0
43. Affiliated mortgage loans on real estate.....	0	0	0	0	0
44. All other affiliated.....	56,448,177	59,136,577	82,760,092	59,211,876	112,655,303
45. Total of above lines 39 to 44.....	2,746,353,042	2,407,327,795	2,459,233,306	2,309,917,939	2,065,316,570
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).....	61.6	64.9	73.6	75.8	76.9

TRAVELERS CASUALTY AND SURETY COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2006	2005	2004	2003	2002
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24).....	552,093,542	(142,469,624)	123,629,139	342,432,189	(35,534,240)
48. Dividends to stockholders (Line 35).....	(500,000,000)	(300,000,000)	(677,000,000)	(457,000,000)	(400,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	751,496,077	363,088,084	297,676,990	473,086,445	(426,018,919)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,205,141,322	1,344,165,110	1,366,351,752	1,418,656,545	1,263,086,389
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	313,177,984	264,106,167	286,507,285	291,634,288	296,600,926
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	564,909,146	754,579,427	589,991,026	567,291,195	529,732,945
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	27,449,675	(88,072,942)	22,317,459	54,046,738	73,895,383
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	69,461,229	(133,011,962)	57,001,749	40,049,260	52,598,675
55. Total (Line 34).....	2,180,139,356	2,141,765,800	2,322,169,271	2,371,678,026	2,215,914,318
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	874,209,750	964,143,123	794,658,555	917,364,939	792,787,701
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	307,279,444	258,106,360	279,401,459	291,702,027	272,296,439
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	536,705,276	717,476,977	539,492,470	544,891,722	493,093,389
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	38,250,936	(102,125,132)	1,663,776	975,735	11,436,585
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	61,282,567	(143,530,174)	50,662,643	39,322,645	52,740,039
61. Total (Line 34).....	1,817,727,973	1,694,071,154	1,665,878,904	1,794,257,069	1,622,354,153
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2).....	46.1	61.4	51.8	57.6	95.7
64. Loss expenses incurred (Line 3).....	12.2	13.7	11.9	9.1	11.2
65. Other underwriting expenses incurred (Line 4).....	30.1	28.6	27.9	26.8	27.1
66. Net underwriting gain (loss) (Line 8).....	11.6	(3.7)	8.5	6.5	(34.0)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	30.3	30.7	27.7	26.2	26.6
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.3	75.1	63.6	66.7	106.9
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).....	79.2	89.8	113.2	114.1	119.2
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(81,508)	110,977	(57,186)	(86,233)	992,548
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).....	(2.2)	3.3	(1.9)	(3.4)	33.1
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	227,252	799,355	68,878	1,033,130	947,200
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).....	6.8	26.2	2.7	34.5	33.3

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States.....341,393,693	.....344,700,701	.....341,824,878	.....344,198,062
	2. Canada.....0	.....0	.....0	.....0
	3. Other Countries.....7,364,630	.....7,507,032	.....7,363,388	.....7,366,000
	4. Totals.....348,758,322	.....352,207,732	.....349,188,267	.....351,564,062
States, Territories and Possessions (Direct and guaranteed)	5. United States.....1,425,061,855	.....1,450,533,688	.....1,454,895,382	.....1,358,900,000
	6. Canada.....2,988,770	.....2,957,320	.....2,988,420	.....3,000,000
	7. Other Countries.....0	.....0	.....0	.....0
	8. Totals.....1,428,050,625	.....1,453,491,008	.....1,457,883,802	.....1,361,900,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....1,620,008,049	.....1,650,652,733	.....1,633,615,680	.....1,551,605,600
	10. Canada.....0	.....0	.....0	.....0
	11. Other Countries.....0	.....0	.....0	.....0
	12. Totals.....1,620,008,049	.....1,650,652,733	.....1,633,615,680	.....1,551,605,600
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....3,876,709,129	.....3,957,330,835	.....3,918,736,286	.....3,824,388,822
	14. Canada.....0	.....0	.....0	.....0
	15. Other Countries.....0	.....0	.....0	.....0
	16. Totals.....3,876,709,129	.....3,957,330,835	.....3,918,736,286	.....3,824,388,822
Public Utilities (Unaffiliated)	17. United States.....166,587,444	.....171,601,505	.....167,100,509	.....165,052,990
	18. Canada.....165,556	.....869,167	.....165,556	.....8,277,785
	19. Other Countries.....15,708,467	.....15,626,475	.....15,034,335	.....16,000,000
	20. Totals.....182,461,466	.....188,097,147	.....182,300,400	.....189,330,775
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....1,547,208,185	.....1,562,098,200	.....1,550,983,785	.....1,558,996,710
	22. Canada.....20,362,207	.....20,511,389	.....20,438,673	.....20,210,000
	23. Other Countries.....73,601,734	.....73,249,300	.....73,775,741	.....74,316,572
	24. Totals.....1,641,172,125	.....1,655,858,889	.....1,645,198,198	.....1,653,523,282
Parent, Subsidiaries and Affiliates	25. Totals.....0	.....0	.....0	.....0
	26. Total Bonds.....9,097,159,717	.....9,257,638,345	.....9,186,922,633	.....8,932,312,541
PREFERRED STOCKS				
Public Utilities (Unaffiliated)	27. United States.....10,080,156	.....10,080,156	.....9,880,780	
	28. Canada.....0	.....0	.....0	
	29. Other Countries.....0	.....0	.....0	
	30. Totals.....10,080,156	.....10,080,156	.....9,880,780	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....36,389,701	.....36,389,701	.....35,212,204	
	32. Canada.....0	.....0	.....0	
	33. Other Countries.....9,230,350	.....9,230,350	.....9,164,252	
	34. Totals.....45,620,051	.....45,620,051	.....44,376,456	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....23,768,746	.....24,029,733	.....25,010,570	
	36. Canada.....1,094,600	.....1,094,600	.....1,066,003	
	37. Other Countries.....31,033,024	.....35,209,525	.....31,162,500	
	38. Totals.....55,896,370	.....60,333,858	.....57,239,073	
Parent, Subsidiaries and Affiliates	39. Totals.....0	.....0	.....0	
	40. Total Preferred Stocks.....111,596,576	.....116,034,065	.....111,496,309	
COMMON STOCKS				
Public Utilities (Unaffiliated)	41. United States.....0	.....0	.....0	
	42. Canada.....0	.....0	.....0	
	43. Other Countries.....0	.....0	.....0	
	44. Totals.....0	.....0	.....0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....0	.....0	.....0	
	46. Canada.....0	.....0	.....0	
	47. Other Countries.....0	.....0	.....0	
	48. Totals.....0	.....0	.....0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....732,026	.....732,026	.....870,221	
	50. Canada.....0	.....0	.....0	
	51. Other Countries.....49,873	.....49,873	.....51,669	
	52. Totals.....781,899	.....781,899	.....921,890	
Parent, Subsidiaries and Affiliates	53. Totals.....2,689,904,865	.....2,689,904,865	.....1,245,771,540	
	54. Total Common Stocks.....2,690,686,764	.....2,690,686,764	.....1,246,693,430	
	55. Total Stocks.....2,802,283,340	.....2,806,720,829	.....1,358,189,739	
	56. Total Bonds and Stocks.....11,899,443,057	.....12,064,359,174	.....10,545,112,372	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	11,370,027,594	7. Amortization of premium.....	42,958,712
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	1,343,135,493	8. Foreign exchange adjustment:	
3. Accrual of discount.....	12,145,330	8.1 Column 15, Part 1.....	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	(806,509)	8.3 Column 16, Part 2, Section 2.....	270
4.2 Columns 15 - 17, Part 2, Section 1.....	(7,649,564)	8.4 Column 15, Part 4.....	(3,093)
4.3 Column 15, Part 2, Section 2.....	405,613,336	9. Book/adjusted carrying value at end of current period.....	11,899,443,057
4.4 Columns 11 - 13, Part 4.....	135,652,501	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	(133,359,645)	11. Subtotal (Lines 9 plus 10).....	11,899,443,057
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	1,182,353,945	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	11,899,443,057

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							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX.....	XXX.....	XXX.....	200,709	43,677	54,626	3,414	34,088	3,392	1,243	238,938	XXX.....	
2. 1997.....	3,258,997	618,078	2,640,919	2,051,062	390,259	223,174	32,694	179,609	11,232	65,473	2,019,660	XXX.....	
3. 1998.....	3,270,177	619,812	2,650,365	2,399,275	504,321	229,442	33,191	174,291	14,934	67,756	2,250,562	XXX.....	
4. 1999.....	3,157,028	585,017	2,572,011	2,461,057	625,963	238,292	37,718	128,885	14,894	69,962	2,149,659	XXX.....	
5. 2000.....	3,341,009	823,300	2,517,708	2,339,023	667,838	241,584	42,612	124,022	15,968	79,236	1,978,210	XXX.....	
6. 2001.....	3,555,343	735,400	2,819,943	2,621,205	769,151	232,485	45,856	140,510	21,785	64,416	2,157,409	XXX.....	
7. 2002.....	3,855,831	820,733	3,035,097	1,714,609	362,364	181,330	22,023	116,818	15,945	57,836	1,612,425	XXX.....	
8. 2003.....	4,270,828	936,052	3,334,776	1,570,040	250,555	146,302	18,344	112,206	11,999	52,542	1,547,650	XXX.....	
9. 2004.....	4,316,703	822,561	3,494,142	1,355,207	196,912	93,751	7,881	124,889	10,294	48,490	1,358,759	XXX.....	
10. 2005.....	4,068,838	606,025	3,462,813	1,400,314	329,566	55,282	6,019	125,605	7,471	42,869	1,238,144	XXX.....	
11. 2006.....	3,930,743	454,053	3,476,689	642,886	42,855	19,422	1,065	120,638	2,345	25,293	736,681	XXX.....	
12. Totals.....	XXX.....	XXX.....	XXX.....	18,755,386	4,183,462	1,715,690	250,817	1,381,560	130,260	575,116	17,288,098	XXX.....	

	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.....	1,149,357	377,384	1,348,340	276,907	125,097	11,542	242,164	16,743	98,119	7,070	1,474	2,273,431	XXX.....
2. 1997.....	108,067	47,169	68,484	5,164	17,072	9,855	10,398	1,221	9,734	1,293	629	149,053	XXX.....
3. 1998.....	99,636	21,818	77,449	12,323	9,637	1,920	14,044	1,272	5,675	44	1,186	169,064	XXX.....
4. 1999.....	143,074	33,498	112,509	33,185	15,457	3,917	16,694	746	8,789	747	1,970	224,432	XXX.....
5. 2000.....	233,849	58,220	193,713	52,754	21,910	5,663	19,342	3,837	9,744	1,390	3,876	356,694	XXX.....
6. 2001.....	346,377	140,952	233,386	93,026	31,474	11,433	29,822	8,154	17,455	710	8,705	404,238	XXX.....
7. 2002.....	255,748	54,348	240,159	81,885	28,086	2,280	36,959	9,853	19,787	528	9,281	431,845	XXX.....
8. 2003.....	286,476	45,812	273,955	94,912	35,444	1,622	63,874	17,108	36,154	834	20,781	535,615	XXX.....
9. 2004.....	335,227	64,356	405,240	92,701	39,674	2,376	110,054	12,055	28,772	(264)	27,152	747,744	XXX.....
10. 2005.....	413,736	118,088	746,048	207,198	38,377	2,557	121,566	12,449	36,223	254	35,879	1,015,404	XXX.....
11. 2006.....	412,649	55,269	866,200	119,699	33,337	1,185	149,418	9,300	72,364	189	50,662	1,348,326	XXX.....
12. Totals.....	3,784,196	1,016,913	4,565,481	1,069,753	395,566	54,351	814,336	92,737	342,816	12,796	161,596	7,655,845	XXX.....

	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..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	1,843,407	430,024
2. 1997.	2,667,600	498,887	2,168,713	81.9	80.7	82.1	0	0	21.14	124,217	24,836
3. 1998.	3,009,450	589,824	2,419,626	92.0	95.2	91.3	0	0	21.14	142,943	26,121
4. 1999.	3,124,758	750,667	2,374,091	99.0	128.3	92.3	0	0	21.14	188,901	35,531
5. 2000.	3,183,187	848,283	2,334,904	95.3	103.0	92.7	0	0	21.14	316,589	40,105
6. 2001.	3,652,714	1,091,067	2,561,647	102.7	148.4	90.8	0	0	21.14	345,785	58,453
7. 2002.	2,593,496	549,226	2,044,269	67.3	66.9	67.4	0	0	21.14	359,674	72,171
8. 2003.	2,524,450	441,186	2,083,265	59.1	47.1	62.5	0	0	21.14	419,707	115,907
9. 2004.	2,492,814	386,311	2,106,503	57.7	47.0	60.3	0	0	21.14	583,410	164,334
10. 2005.	2,937,151	683,602	2,253,549	72.2	112.8	65.1	0	0	21.14	834,498	180,907
11. 2006.	2,316,914	231,906	2,085,008	58.9	51.1	60.0	0	0	21.14	1,103,881	244,445
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	6,263,011	1,392,834

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	One Year	Two Year
1. Prior.....	5,782,836	5,596,759	5,489,088	5,323,677	5,210,212	5,820,776	5,864,270	6,148,410	6,381,456	6,461,292	79,836	312,882
2. 1997....	1,932,989	1,963,171	1,939,023	1,930,733	1,948,930	1,949,826	1,958,238	1,974,822	1,989,594	1,996,279	6,684	21,457
3. 1998....	XXX	2,049,075	2,054,149	2,091,678	2,145,324	2,183,068	2,202,276	2,229,830	2,248,088	2,258,776	10,688	28,947
4. 1999....	XXX	XXX	1,894,739	1,937,706	2,023,726	2,104,635	2,177,256	2,226,328	2,230,418	2,257,089	26,671	30,761
5. 2000....	XXX	XXX	XXX	1,817,588	1,892,220	1,950,303	2,062,007	2,174,415	2,191,973	2,224,466	32,493	50,051
6. 2001....	XXX	XXX	XXX	XXX	2,288,076	2,296,795	2,384,031	2,429,095	2,400,992	2,433,069	32,077	3,974
7. 2002....	XXX	XXX	XXX	XXX	XXX	2,011,081	1,831,053	1,884,799	1,914,741	1,932,693	17,953	47,895
8. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	2,043,616	1,931,135	1,964,840	1,961,006	(3,834)	29,871
9. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,277,100	2,064,808	1,978,515	(86,293)	(298,585)
10. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,310,048	2,112,265	(197,784)	XXX
11. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,907,068	XXX	XXX
12. Totals.....											(81,508)	227,252

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior.....	000	991,161	1,704,066	2,225,497	2,641,319	3,049,956	3,506,163	3,729,428	3,970,724	4,178,967	XXX	XXX
2. 1997....	580,758	973,149	1,222,067	1,441,572	1,605,812	1,702,836	1,778,717	1,814,469	1,832,129	1,851,283	XXX	XXX
3. 1998....	XXX	681,288	1,115,515	1,437,871	1,664,842	1,833,682	1,949,032	2,014,404	2,051,560	2,091,205	XXX	XXX
4. 1999....	XXX	XXX	663,159	1,131,674	1,466,459	1,728,871	1,857,533	1,933,416	1,996,288	2,035,668	XXX	XXX
5. 2000....	XXX	XXX	XXX	625,860	1,081,592	1,401,378	1,631,465	1,701,766	1,801,238	1,870,156	XXX	XXX
6. 2001....	XXX	XXX	XXX	XXX	665,477	1,209,797	1,545,499	1,778,639	1,951,937	2,038,684	XXX	XXX
7. 2002....	XXX	XXX	XXX	XXX	XXX	566,636	951,934	1,183,146	1,374,461	1,511,552	XXX	XXX
8. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	592,815	1,016,039	1,288,189	1,447,443	XXX	XXX
9. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	603,447	1,037,856	1,244,165	XXX	XXX
10. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	647,989	1,120,010	XXX	XXX
11. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	618,388	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior.....	3,257,185	2,549,337	2,108,288	1,721,900	1,377,937	1,568,540	1,265,684	1,331,864	1,392,230	1,305,239
2. 1997....	829,893	509,685	323,153	201,615	144,168	104,805	75,029	70,968	69,357	74,018
3. 1998....	XXX	819,351	452,398	267,800	189,743	134,935	102,255	97,324	94,705	79,553
4. 1999....	XXX	XXX	720,843	319,683	146,721	60,368	139,787	116,045	81,484	97,990
5. 2000....	XXX	XXX	XXX	701,032	350,244	160,490	200,293	228,074	153,104	159,726
6. 2001....	XXX	XXX	XXX	XXX	1,051,684	558,990	391,300	247,157	158,128	166,538
7. 2002....	XXX	XXX	XXX	XXX	XXX	1,002,214	456,665	315,871	230,179	191,699
8. 2003....	XXX	XXX	XXX	XXX	XXX	XXX	1,034,037	506,204	337,219	236,350
9. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,230,003	657,243	423,932
10. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,067,593	660,189
11. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	898,886

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 Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES	1,505,558	1,608,311	0	38,231,384	(1,151,714)	57,135,115	1,219	0
2. Alaska.....AK	YES	747,274	599,559	0	168,886	662,176	1,714,512	107	0
3. Arizona.....AZ	YES	990,695	1,077,666	0	826,912	(2,520,704)	16,716,648	527	0
4. Arkansas.....AR	YES	642,099	752,178	0	951,023	(666,324)	14,080,131	391	0
5. California.....CA	YES	28,246,080	23,080,871	0	18,537,008	12,751,469	145,352,346	22,175	0
6. Colorado.....CO	YES	6,051,440	4,586,469	0	575,608	1,129,351	17,017,399	7,047	0
7. Connecticut.....CT	YES	14,565,342	13,768,562	52,043	31,817,274	52,725,891	590,607,645	28,046	0
8. Delaware.....DE	YES	444,693	417,913	6,909	23,949,467	25,397,679	74,172,697	189	0
9. District of Columbia.....DC	YES	5,096,907	6,577,332	0	(5,780,692)	821,862	25,792,314	2,840	0
10. Florida.....FL	YES	20,191,335	17,455,896	31,449	11,490,084	10,468,179	187,826,932	12	0
11. Georgia.....GA	YES	10,990,676	11,114,581	0	22,353,956	21,223,129	57,825,147	102,271	0
12. Hawaii.....HI	YES	704,394	495,000	0	81,701	666,928	3,886,917	42	0
13. Idaho.....ID	YES	914,969	931,086	0	219,860	(389,056)	4,798,111	1,167	0
14. Illinois.....IL	YES	5,059,003	5,794,888	0	6,710,226	11,005,998	96,882,765	2,143	0
15. Indiana.....IN	YES	3,827,544	4,129,061	0	1,860,508	(2,272,602)	21,605,517	1,149	0
16. Iowa.....IA	YES	920,453	1,064,728	0	2,291,771	764,554	16,447,568	197	0
17. Kansas.....KS	YES	3,638,033	3,852,015	0	2,397,043	1,131,775	18,425,472	1,283	0
18. Kentucky.....KY	YES	2,131,728	2,169,247	0	2,620,925	2,925,021	37,244,141	1,139	0
19. Louisiana.....LA	YES	5,636,255	4,742,036	168	637,232	(18,505,231)	102,152,901	3,590	0
20. Maine.....ME	YES	844,054	640,466	0	1,326,284	1,080,015	21,058,780	675	0
21. Maryland.....MD	YES	8,591,406	6,505,471	0	3,796,465	2,781,041	93,476,511	5,486	0
22. Massachusetts.....MA	YES	20,404,854	17,965,398	0	11,849,401	(5,989,168)	179,138,693	37,596	0
23. Michigan.....MI	YES	2,778,052	2,810,170	0	10,864,466	4,064,881	302,218,564	1,368	0
24. Minnesota.....MN	YES	7,477,341	6,409,015	0	3,165,407	3,888,987	42,544,660	3,194	0
25. Mississippi.....MS	YES	2,113,526	1,677,313	0	915,148	(436,116)	15,708,832	1,681	0
26. Missouri.....MO	YES	7,065,185	7,146,044	0	3,783,281	1,296,825	43,580,177	3,199	0
27. Montana.....MT	YES	534,940	509,585	0	382,600	1,215,044	3,715,316	888	0
28. Nebraska.....NE	YES	3,780,775	2,901,652	0	1,361,726	1,468,924	11,213,401	1,665	0
29. Nevada.....NV	YES	1,136,753	1,151,513	0	1,919,938	2,040,230	3,800,803	627	0
30. New Hampshire.....NH	YES	2,180,083	2,125,379	0	965,049	2,878,977	26,114,033	2,786	0
31. New Jersey.....NJ	YES	4,278,135	4,103,937	0	13,906,855	3,490,684	137,804,078	4,530	0
32. New Mexico.....NM	YES	549,756	579,105	0	695,798	(237,971)	5,633,043	324	0
33. New York.....NY	YES	54,780,089	49,306,318	0	30,072,006	(20,376,998)	606,528,146	96,270	0
34. North Carolina.....NC	YES	6,639,671	6,503,858	0	4,882,163	(655,113)	54,546,734	33,929	0
35. North Dakota.....ND	YES	23,263	29,344	0	(3,174)	144,247	532,666	7	0
36. Ohio.....OH	YES	1,598,979	1,735,361	0	21,298,821	(56,996,090)	345,648,275	539	0
37. Oklahoma.....OK	YES	1,627,047	1,613,200	0	392,481	6,344,525	35,226,453	1	0
38. Oregon.....OR	YES	1,585,678	1,197,102	0	480,351	(2,326,126)	15,249,205	1,482	0
39. Pennsylvania.....PA	YES	6,361,225	7,013,528	1,054	25,356,443	5,358,711	269,205,059	4,808	0
40. Rhode Island.....RI	YES	590,569	392,356	0	2,610,892	(207,445)	54,635,195	1,224	0
41. South Carolina.....SC	YES	622,453	1,029,096	0	(124,286)	(763,948)	16,868,700	491	0
42. South Dakota.....SD	YES	385,310	474,171	0	167,276	279,948	1,946,162	198	0
43. Tennessee.....TN	YES	15,308,481	14,671,329	0	7,682,723	(2,668,926)	59,313,042	13,753	0
44. Texas.....TX	YES	18,404,079	15,102,153	0	4,828,366	(6,471,784)	176,184,352	15,497	0
45. Utah.....UT	YES	406,612	459,883	0	807,431	1,795,506	4,530,955	502	0
46. Vermont.....VT	YES	995,784	991,758	0	1,273,691	4,204,257	15,480,084	359	0
47. Virginia.....VA	YES	47,367,516	46,873,877	0	23,003,687	26,862,508	85,478,105	629,476	0
48. Washington.....WA	YES	1,522,907	1,227,404	0	1,332,976	3,280,528	22,717,610	1,461	0
49. West Virginia.....WV	YES	100,390	199,262	0	6,628,968	1,278,930	23,771,281	53	0
50. Wisconsin.....WI	YES	4,866,618	4,798,575	0	7,410,066	(783,421)	47,659,645	1,008	0
51. Wyoming.....WY	YES	16,467	15,061	0	67,397	157,608	672,564	11	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	YES	4,475	16,492	0	0	0	0	0	0
54. Puerto Rico.....PR	YES	7,988,216	3,384,562	0	0	(1)	0	41	0
55. US Virgin Islands.....VI	YES	162,871	148,120	0	0	0	0	1	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0	0	0
57. Canada.....CN	NO	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	351,974	397,270	0	(151,542)	(151,542)	0	0	0
59. Totals.....	(a) 54	345,750,009	316,322,530	91,623	352,889,332	92,016,111	4,211,885,401	1,040,663	0

DETAILS OF WRITE-INS

5801. Other Alien Combined.....	XXX	351,974	397,270	0	(151,542)	(151,542)	0	0	0
5802.	XXX	0	0	0	0	0	0	0	0
5803.	XXX	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	351,974	397,270	0	(151,542)	(151,542)	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

Location of property: 1 Fire, 2 Allied lines, 3 Farmowners, 4 Homeowners, 5 CMP, 12 Earthquake, 25 Glass, 26 Burglary and theft, 27 Boiler and machinery, 28 credit;
Location of risk: 11 Medical malpractice, 14 Group A&H, 17 Other liability; Location of garage: 19 Auto liability, 21 Auto physical damage, 8 Ocean marine - Where policy is negotiated and placed; 9 Inland marine - Where located; 10 Financial guaranty - Location of principal; 15 Other A&H - Insured's residence; 16 Workers' compensation - Location of employee's workplace; 23 Fidelity - Location of insured's principal office; 22 Aircraft - Location of airport from which insured's aircraft operates; 24 Surety - Depository, supply contract and miscellaneous: Location of principal; Judicial: Location of court; Licensee: Location of obligee; Construction: Location of work.

(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

The St. Paul Travelers Companies, Inc.	Minnesota	41-0518860	... .. The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509
... St. Paul Fire and Marine Insurance Company (24767) *	Minnesota	41-0406690	... .. The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755
... St. Paul Mercury Insurance Company (24791) *	Minnesota	41-0881659	... .. Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... St. Paul Guardian Insurance Company (24775) *	Minnesota	41-0963301	... .. Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... .. Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... Seaboard Surety Company (22535)*	New York	13-5379820	... .. Travelers (Bermuda) Limited *	Bermuda	98-0190863
... St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... .. Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... Athena Assurance Company (41769) *	Minnesota	41-1435765	... .. Farmington Casualty Company (41483) *	Connecticut	06-1067463
... St. Paul Medical Liability Insurance Company (41750) *	Minnesota	41-1435766	... .. St. Paul Guaratee Insurance Company *	Canada	
... Northbrook Holdings, Inc.	Delaware	51-0375653	... .. Coronation Insurance Company, Ltd. *	Canada	
... Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... .. TCS European Investments Inc.	Connecticut	06-1549972
... St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... .. Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... .. Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835
... St. Paul Venture Capital VI, LLC (99%)	Delaware	41-1985249	... .. Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266
... Unionamerica Holdings, Ltd.	United Kingdom		... .. Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268
... Unionamerica Acquisition Company, Ltd.	United Kingdom		... .. Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698
... Unionamerica Insurance Company, Ltd. *	United Kingdom		... .. Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040
... Unionamerica Combined Investment Co., Ltd.	United Kingdom		... .. Travelers PC Fund Investments, Inc.	Connecticut	06-1514468
... Jago Dedicated, Ltd. (88.9%)	United Kingdom		... .. The Travelers Indemnity Company (25658) *	Connecticut	06-0566050
... Jago Capital Limited	United Kingdom		... .. The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290
... Lloyds Syndicate 205 *	United Kingdom		... .. First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141
... MMedica Insurance Company, Ltd. *	Ireland		... .. First Trenton Indemnity Company (29930) *	New Jersey	22-3129711
... Captiva, Ltd. (81.1%) *	Bermuda	98-0170615	... .. Travelers Auto Insurance Co. of New Jersey (10785) *	New Jersey	22-3499393
... United States Fidelity and Guaranty Company (25887) *	Maryland	52-0515280	... .. Atlantic Insurance Company (22209) *	Texas	75-6013587
... Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... .. Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361
... Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... .. Select Insurance Company (22233) *	Texas	75-6013697
... Afianzadora Insurgentes, S.A. De C.V. (99.9%) *	Mexico		... .. Gulf Insurance Holdings U.K. Ltd.	United Kingdom	
... Discover Re Managers, Inc.	Delaware	06-1288492	... .. Gulf Underwriting Holdings Limited	United Kingdom	
... Discover Reinsurance Company (44440) *	Indiana	06-1313745	... .. Gulf Underwriting Limited *	United Kingdom	
... Discovery Managers, Ltd.	Connecticut	06-1273933	... .. St. Paul Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	
... Chandler AZ Properties, LLC	Delaware	41-0406690	... .. The Northland Company	Minnesota	41-0588627
... Mountain Ridge Insurance Company (10950) *	Vermont	52-1957776	... .. Commercial Guaranty Casualty Insurance Company (21296) *	Indiana	35-0293730
... St. Paul Bermuda Holdings, Inc.	Delaware	41-1835264	... .. Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830
... St. Paul (Bermuda), Ltd. *	Bermuda	98-0162036	... .. Jupiter Holdings, Inc.	Minnesota	41-1769846
... St. Paul Re (Bermuda), Ltd. *	Bermuda	98-0114704	... .. American Equity Insurance Company (43117) *	Arizona	86-0703220
... St. Paul Reinsurance Company Limited *	United Kingdom		... .. American Equity Specialty Insurance Company (10819) *	California	86-0868106
... St. Paul Travelers Insurance Company Limited *	United Kingdom		... .. Mendota Insurance Company (33650) *	Minnesota	41-1639286
... F&G U.K. Underwriters Limited	United Kingdom		... .. Mendakota Insurance Company (22454) *	Minnesota	31-1160863
... Lloyds Syndicate 5000 (40%) *	United Kingdom		... .. Northland Insurance Company (24015) *	Minnesota	41-6009967
... Lloyds Syndicate 183 (40%) *	United Kingdom		... .. Northfield Insurance Company (27987) *	Iowa	41-0983992
... Lloyds Syndicate 314 (40%) *	United Kingdom		... .. Northland Casualty Company (24031) *	Minnesota	94-6051964
... Lloyds Syndicate 1411 (40%) *	United Kingdom		... .. Travelers Indemnity UK Investments, LLC	Connecticut	06-1591454
... Aprilgrange Limited	United Kingdom		... .. The Phoenix Insurance Company (25623) *	Connecticut	06-0303275
... Lloyds Syndicate 5000 (60%) *	United Kingdom		... .. The Travelers Indemnity Company of America (25666) *	Connecticut	58-6020487
... Lloyds Syndicate 183 (60%) *	United Kingdom		... .. The Travelers Indemnity Company of Connecticut (25682) *	Connecticut	06-0336212
... Lloyds Syndicate 314 (60%) *	United Kingdom		... .. Travelers Property Casualty Company of America (25674) *	Connecticut	36-2719165
... Lloyds Syndicate 1411 (60%) *	United Kingdom		... .. Constitution State Services, LLC	Connecticut	06-1501229
... Travelers Property Casualty Corp.	Connecticut	06-1008174	... .. The Premier Insurance Company of Massachusetts (12850) *	Massachusetts	04-3175569
... Travelers Insurance Group Holdings Inc.	Delaware	06-1445591	... .. TINDY RE Investments, Inc.	Connecticut	06-1575463
... TPC Investments Inc.	Connecticut	06-1534005	... .. TINDY Foreign, Inc.	Connecticut	20-4403403
... TPC UK Investments LLC	United Kingdom		... .. TravCo Insurance Company (28188) *	Connecticut	35-1838077

Notes:

* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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

PART 1 - ORGANIZATIONAL CHART

... .. Travelers Commercial Casualty Company (40282) *	Connecticut	95-3634110
... .. The Travelers Home and Marine Insurance Company (27998) *	Connecticut	35-1838079
... .. The Travelers Lloyds Insurance Company (41262) *	Texas	76-0002592
... .. The Travelers Marine Corporation	California	94-0338230

Notes:

* Denotes affiliated insurer

Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent