



# ANNUAL STATEMENT

## For the Year Ended December 31, 2006

OF THE CONDITION AND AFFAIRS OF THE

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

NAIC Group Code 3548 3548 NAIC Company Code 31194 Employer's ID Number 06-0907370

(Current Period) (Prior Period)

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

INCORPORATED/ORGANIZED, JULY 18, 1974

COMMENCED BUSINESS, JULY 24, 1974

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](http://stpaultravelers.com)  
 Statutory Statement Contact: Michael J. Doody (860) 277-3966  
 Annual.Statement.Contact@Travelers.com (860) 277-7002  
 (E-Mail Address) (Fax Number)  
 Policyowner Relations Contact: One Tower Square, 5GS, Hartford, CT 06183 (860) 277-1561

### OFFICERS

Name	Title	Name	Title
1. BRIAN WILLIAM MacLEAN.....	Chairman of the Board, President & Chief Executive Officer	# SAMUEL GERSTEN LISS.....	Executive Vice President, Strategic Development and Financial & Professional & International Insurance
2. JAY STEVEN BENET.....	Vice Chairman & Chief Financial Officer	# MARIA OLIVO.....	Executive Vice President, Investor Relations & Communications
3. CHARLES JOSEPH CLARKE.....	Vice Chairman	# KATHLEEN LYNCH PRESTON.....	Executive Vice President, Enterprise Development
4. WILLIAM HERBERT HEYMAN.....	Vice Chairman & Chief Investment Officer	DOREEN SPADORCIA.....	Executive Vice President, Claim
5. # JOHN JOSEPH ALBANO.....	Executive Vice President, Business Insurance	KENNETH FRANKLIN SPENCE, III.....	Executive Vice President & General Counsel
6. ANDY FRANCIS BESSETTE.....	Executive Vice President & Chief Administrative Officer	BRUCE ALLEN BACKBERG.....	Senior Vice President & Corporate Secretary
7. JOHN PATRICK CLIFFORD, JR.....	Executive Vice President, Human Resources	# DOUGLAS KEITH BELL **.....	Senior Vice President, Accounting Standards
8. # WILLIAM PATRICK HANNON *.....	Executive Vice President, Enterprise Risk Management and Business Conduct Officer	WADE THOMAS OVERGAARD.....	Senior Vice President & Chief Corporate Actuary
9. # JOSEPH PATRICK LACHER, JR.....	Executive Vice President, Personal Insurance	DOUGLAS KENNETH RUSSELL.....	Senior Vice President, Treasurer & Corporate Controller
		SCOTT WILLIAM RYNDA.....	Senior Vice President, Tax Administration

### DIRECTORS

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

\* 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.

*Brian W. MacLean*  
 Brian W. MacLean  
 President

*Bruce A. Backberg*  
 Bruce A. Backberg  
 Secretary

*Douglas K. Russell*  
 Douglas K. Russell  
 Controller

Subscribed and sworn to before me this

1st day of February, 2007  
*Sandra M. Bachman* Notary Public  
 My Commission Expires September 30, 2007



a. Is this an original filing? Yes  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).....	2,912,711,671	0	2,912,711,671	2,394,448,295
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	14,864,359	0	14,864,359	7,822,516
2.2 Common stocks.....	827	0	827	2
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
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).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....(23,262,735), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....137,343,526, Sch. DA).....	114,080,791	0	114,080,791	18,722,611
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	0	0	0	0
8. Receivables for securities.....	0	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	3,041,657,648	0	3,041,657,648	2,420,993,424
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	34,978,331	0	34,978,331	29,925,538
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	87,341,690	19,285,417	68,056,272	63,401,951
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....33,658,164 earned but unbilled premiums).....	104,705,546	6,604,520	98,101,026	86,326,742
13.3 Accrued retrospective premiums.....	0	0	0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	3,954,977	0	3,954,977	17,473,347
14.2 Funds held by or deposited with reinsured companies.....	0	0	0	0
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	0
16.2 Net deferred tax asset.....	97,205,064	54,408,774	42,796,290	41,208,507
17. Guaranty funds receivable or on deposit.....	451,318	0	451,318	571,351
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.....	0	0	0	0
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	6,644,433	5,225,759	1,418,674	20,495,792
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	3,376,939,007	85,524,471	3,291,414,536	2,680,396,653
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	3,376,939,007	85,524,471	3,291,414,536	2,680,396,653

## 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. Ceded deposit asset.....	6,134,622	0	6,134,622	14,836,300
2302. Assumed reinsurance receivable and payable.....	926,169	0	926,169	926,169
2303. State surcharges receivable.....	149,430	0	149,430	117,864
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(565,787)	5,225,759	(5,791,547)	4,615,459
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	6,644,433	5,225,759	1,418,674	20,495,792

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	872,911,753	713,236,642
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	128,785,154	114,606,239
4. Commissions payable, contingent commissions and other similar charges.....	28,073,926	27,023,959
5. Other expenses (excluding taxes, licenses and fees).....	30,823,925	26,897,510
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	21,233,762	19,154,612
7.1 Current federal and foreign income taxes (including \$.....87,100 on realized capital gains (losses)).....	38,726,832	47,731,649
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....726.....	726	983,353
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....53,311,806 and including warranty reserves of \$.....0).....	724,600,436	636,314,350
10. Advance premiums.....	111,044	116,882
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	7,080,280	5,059,056
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(4,981,682)	5,659,509
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	99,054,332	44,817,194
14. Amounts withheld or retained by company for account of others.....	39,095,839	84,024,500
15. Remittances and items not allocated.....	60,285,233	37,876,468
16. Provision for reinsurance (Schedule F, Part 7).....	5,627,014	7,452,530
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.....	86,256,776	28,592,860
20. Payable for securities.....	4,975,100	0
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.....	20,853,335	23,976,338
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	2,163,513,785	1,823,523,650
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	2,163,513,785	1,823,523,650
27. Aggregate write-ins for special surplus funds.....	23,000,000	23,000,000
28. Common capital stock.....	6,000,000	6,000,000
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.....	303,297,402	303,297,402
33. Unassigned funds (surplus).....	795,603,349	524,575,601
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).....	1,127,900,751	856,873,003
36. TOTALS (Page 2, Line 26, Col. 3).....	3,291,414,536	2,680,396,653

### DETAILS OF WRITE-INS

2301. Retroactive reinsurance reserve assumed.....	20,845,771	20,880,582
2302. Federal excise tax-reinsurance contracts.....	7,564	0
2303. Freddie Mac collateral liability.....	0	2,893,398
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	202,357
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	20,853,335	23,976,338
2701. Special surplus from retroactive reinsurance.....	23,000,000	23,000,000
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).....	23,000,000	23,000,000
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 OF AMERICA

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4).....	1,108,340,837	871,863,604
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	322,930,486	254,775,667
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	62,626,247	58,144,836
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	452,022,860	405,849,384
5. Aggregate write-ins for underwriting deductions.....	.0	.0
6. Total underwriting deductions (Lines 2 through 5).....	837,579,593	718,769,887
7. Net income of protected cells.....	.0	.0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	270,761,244	153,093,717
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	125,225,448	112,919,867
10. Net realized capital gains (losses) less capital gains tax of \$.... 438,460 (Exhibit of Capital Gains (Losses)).....	656,536	(312,778)
11. Net investment gain (loss) (Lines 9 + 10).....	125,881,984	112,607,089
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.... 720,461 amount charged off \$.... 1,341,922).....	(621,461)	(453,014)
13. Finance and service charges not included in premiums.....	35,384	26,306
14. Aggregate write-ins for miscellaneous income.....	1,773,496	26,207,990
15. Total other income (Lines 12 through 14).....	1,187,419	25,781,281
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	397,830,646	291,482,086
17. Dividends to policyholders.....	10,646,776	6,998,358
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).....	387,183,871	284,483,728
19. Federal and foreign income taxes incurred.....	122,913,596	95,457,082
20. Net income (Line 18 minus Line 19) (to Line 22).....	264,270,275	189,026,646
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	856,873,003	870,472,452
22. Net income (from Line 20).....	264,270,275	189,026,646
23. Net transfers (to) from Protected Cell accounts.....	.0	.0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.... (174,608).....	(325,965)	(1,114,950)
25. Change in net unrealized foreign exchange capital gain (loss).....	.0	.0
26. Change in net deferred income tax.....	7,319,899	21,889,774
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	(2,061,977)	(29,098,611)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	1,825,516	4,397,693
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	.0
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.....	.0	(198,700,000)
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).....	271,027,747	(13,599,449)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	1,127,900,751	856,873,003
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. Profit and loss, miscellaneous.....	6,547,596	20,708,293
1402. Fines and penalties of regulatory authorities.....	(4,774,100)	(303)
1403. Retroactive reinsurance gain/loss.....	.0	5,500,000
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).....	1,773,496	26,207,990
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

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	1,171,897,577	986,475,479
2. Net investment income.....	128,480,405	114,724,298
3. Miscellaneous income.....	1,187,419	25,781,281
4. Total (Lines 1 through 3).....	1,301,565,400	1,126,981,058
5. Benefit and loss related payments.....	149,737,004	52,780,253
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	492,744,026	422,300,114
8. Dividends paid to policyholders.....	8,625,552	6,785,144
9. Federal and foreign income taxes paid (recovered) \$.... 1,534,219 net of tax on capital gains (losses).....	132,356,873	91,236,249
10. Total (Lines 5 through 9).....	783,463,454	573,101,761
11. Net cash from operations (Line 4 minus Line 10).....	518,101,946	553,879,298
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	205,857,584	232,557,421
12.2 Stocks.....	6,444,060	3,648,851
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	4,975,100	300,000
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	217,276,744	236,506,272
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	732,420,199	532,180,727
13.2 Stocks.....	14,434,044	72,934
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6).....	746,854,243	532,253,661
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).....	(529,577,498)	(295,747,389)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
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.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	198,700,000
16.6 Other cash provided (applied).....	106,833,732	(43,430,548)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	106,833,732	(242,130,548)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	95,358,180	16,001,360
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	18,722,611	2,721,251
19.2 End of year (Line 18 plus Line 19.1).....	114,080,791	18,722,611
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 .....	0	0

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	0	0	0	0
2. Allied lines.....	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	0	0	0	0
9. Inland marine.....	0	0	0	0
10. Financial guaranty.....	460	158	75	543
11.1 Medical malpractice - occurrence.....	0	0	0	0
11.2 Medical malpractice - claims-made.....	0	0	0	0
12. Earthquake.....	0	0	0	0
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.....	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0
17.2 Other liability - claims-made.....	317,442,488	140,249,969	149,585,574	308,106,883
18.1 Products liability - occurrence.....	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0
19.3, 19.4 Commercial auto liability.....	0	0	0	0
21. Auto physical damage.....	0	0	0	0
22. Aircraft (all perils).....	0	0	0	0
23. Fidelity.....	100,647,314	54,258,286	57,543,263	97,362,337
24. Surety.....	750,334,388	401,973,720	472,914,198	679,393,910
26. Burglary and theft.....	25,012,089	9,364,237	10,899,162	23,477,164
27. Boiler and machinery.....	0	0	0	0
28. Credit.....	0	0	0	0
29. International.....	0	0	0	0
30. Reinsurance - nonproportional assumed property.....	0	0	0	0
31. Reinsurance - nonproportional assumed liability.....	0	0	0	0
32. Reinsurance - nonproportional assumed financial lines.....	0	0	0	0
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	1,193,436,739	605,846,370	690,942,272	1,108,340,837

### 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.....	0	0	0	0	0
2.	Allied lines.....	0	0	0	0	0
3.	Farmowners multiple peril.....	0	0	0	0	0
4.	Homeowners multiple peril.....	0	0	0	0	0
5.	Commercial multiple peril.....	0	0	0	0	0
6.	Mortgage guaranty.....	0	0	0	0	0
8.	Ocean marine.....	0	0	0	0	0
9.	Inland marine.....	0	0	0	0	0
10.	Financial guaranty.....	5	70	0	0	75
11.1	Medical malpractice - occurrence.....	0	0	0	0	0
11.2	Medical malpractice - claims-made.....	0	0	0	0	0
12.	Earthquake.....	0	0	0	0	0
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.....	0	0	0	0	0
17.1	Other liability - occurrence.....	0	0	0	0	0
17.2	Other liability - claims-made.....	130,865,388	18,720,186	0	0	149,585,574
18.1	Products liability - occurrence.....	0	0	0	0	0
18.2	Products liability - claims-made.....	0	0	0	0	0
19.1, 19.2	Private passenger auto liability.....	0	0	0	0	0
19.3, 19.4	Commercial auto liability.....	0	0	0	0	0
21.	Auto physical damage.....	0	0	0	0	0
22.	Aircraft (all perils).....	0	0	0	0	0
23.	Fidelity.....	38,368,253	19,175,010	0	0	57,543,263
24.	Surety.....	171,416,944	335,155,418	(33,658,164)	0	472,914,198
26.	Burglary and theft.....	10,178,587	720,575	0	0	10,899,162
27.	Boiler and machinery.....	0	0	0	0	0
28.	Credit.....	0	0	0	0	0
29.	International.....	0	0	0	0	0
30.	Reinsurance - nonproportional assumed property.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
32.	Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
33.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
34.	TOTALS.....	350,829,177	373,771,259	(33,658,164)	0	690,942,272
35.	Accrued retrospective premiums based on experience.....					0
36.	Earned but unbilled premiums.....					33,658,164
37.	Balance (sum of Lines 34 through 36).....					724,600,436

**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

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	.0	.0	.0	.0	.0	.0
2. Allied lines.....	.0	.0	.0	.0	.0	.0
3. Farmowners multiple peril.....	.0	.0	.0	.0	.0	.0
4. Homeowners multiple peril.....	.0	.0	.0	.0	.0	.0
5. Commercial multiple peril.....	.0	.0	.0	.0	.0	.0
6. Mortgage guaranty.....	.0	.0	.0	.0	.0	.0
8. Ocean marine.....	.0	.0	.0	.0	.0	.0
9. Inland marine.....	.0	.0	.0	.0	.0	.0
10. Financial guaranty.....	460	.0	.0	.0	.0	460
11.1 Medical malpractice - occurrence.....	.0	.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made.....	.0	.0	.0	.0	.0	.0
12. Earthquake.....	.0	.0	.0	.0	.0	.0
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.....	102,683	.0	.0	102,683	.0	.0
17.1 Other liability - occurrence.....	128,801	.0	.0	128,801	.0	.0
17.2 Other liability - claims-made.....	330,697,457	26,267,278	.0	.0	39,522,247	317,442,488
18.1 Products liability - occurrence.....	.0	.0	.0	.0	.0	.0
18.2 Products liability - claims-made.....	.0	.0	.0	.0	.0	.0
19.1, 19.2 Private passenger auto liability.....	.0	.0	.0	.0	.0	.0
19.3, 19.4 Commercial auto liability.....	.0	.0	.0	.0	.0	.0
21. Auto physical damage.....	.0	.0	.0	.0	.0	.0
22. Aircraft (all perils).....	.0	.0	.0	.0	.0	.0
23. Fidelity.....	106,566,529	746,522	17,196	2,320	6,680,613	100,647,314
24. Surety.....	842,926,971	48,290,914	2,089,688	7,481,764	135,491,421	750,334,388
26. Burglary and theft.....	25,556,277	276,800	.0	737,454	83,533	25,012,089
27. Boiler and machinery.....	.0	.0	.0	.0	.0	.0
28. Credit.....	.0	.0	.0	.0	.0	.0
29. International.....	.0	.0	.0	.0	.0	.0
30. Reinsurance - nonproportional assumed property.....	XXX	.0	.0	.0	.0	.0
31. Reinsurance - nonproportional assumed liability.....	XXX	.0	.0	.0	.0	.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
34. TOTALS.....	1,305,979,179	75,581,514	2,106,884	8,453,023	181,777,815	1,193,436,739

#### 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.



**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**

**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.....	.0	.0	.0	.0	.0	.0	.0	.0
2. Allied lines.....	.0	.0	.0	.0	.0	.0	.0	.0
3. Farmowners multiple peril.....	.0	.0	.0	.0	.0	.0	.0	.0
4. Homeowners multiple peril.....	.0	.0	.0	.0	.0	.0	.0	.0
5. Commercial multiple peril.....	202,887	.0	202,887	.0	.0	.0	.0	.0
6. Mortgage guaranty.....	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine.....	.0	.0	.0	.0	.0	.0	.0	.0
9. Inland marine.....	.0	.0	.0	.0	.0	.0	.0	.0
10. Financial guaranty.....	.0	.0	.0	.0	114	259	(145)	(26.8)
11.1 Medical malpractice - occurrence.....	.0	.0	.0	.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made.....	.0	.0	.0	.0	.0	.0	.0	.0
12. Earthquake.....	.0	.0	.0	.0	.0	.0	.0	.0
13. Group accident and health.....	.0	.0	.0	.0	.0	.0	.0	.0
14. Credit accident and health (group and individual).....	.0	.0	.0	.0	.0	.0	.0	.0
15. Other accident and health.....	.0	.0	.0	.0	.0	.0	.0	.0
16. Workers' compensation.....	478,816	.0	478,816	.0	.0	.0	.0	.0
17.1 Other liability - occurrence.....	71,570	.0	71,570	.0	.0	.0	.0	.0
17.2 Other liability - claims-made.....	121,890,662	11,113,108	47,377,465	85,626,305	413,711,297	352,886,150	146,451,452	47.5
18.1 Products liability - occurrence.....	9,276	.0	9,276	.0	.0	.0	.0	.0
18.2 Products liability - claims-made.....	.0	.0	.0	.0	.0	.0	.0	.0
19.1, 19.2 Private passenger auto liability.....	.0	.0	.0	.0	.0	.0	.0	.0
19.3, 19.4 Commercial auto liability.....	2,563	.0	2,563	.0	.0	.0	.0	.0
21. Auto physical damage.....	(31)	.0	(31)	.0	.0	.0	.0	.0
22. Aircraft (all perils).....	.0	.0	.0	.0	.0	.0	.0	.0
23. Fidelity.....	21,005,442	(141,419)	(1,687,678)	22,551,700	42,136,993	47,944,182	16,744,512	17.2
24. Surety.....	63,940,240	(4,297,257)	4,262,814	55,380,168	404,052,862	306,005,869	153,427,161	22.6
26. Burglary and theft.....	(300,109)	(2,690)	.0	(302,799)	13,010,486	6,400,181	6,307,506	26.9
27. Boiler and machinery.....	.0	.0	.0	.0	.0	.0	.0	.0
28. Credit.....	.0	.0	.0	.0	.0	.0	.0	.0
29. International.....	.0	.0	.0	.0	.0	.0	.0	.0
30. Reinsurance - nonproportional assumed property.....	XXX	.0	.0	.0	.0	.0	.0	.0
31. Reinsurance - nonproportional assumed liability.....	XXX	.0	.0	.0	.0	.0	.0	.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	.0	.0	.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS.....	207,301,315	6,671,742	50,717,682	163,255,374	872,911,753	713,236,642	322,930,486	29.1

**DETAILS OF WRITE-INS**

3301. ....	.0	.0	.0	.0	.0	.0	.0	.0
3302. ....	.0	.0	.0	.0	.0	.0	.0	.0
3303. ....	.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	.0	.0	.0	.0	.0	.0	.0

**TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA**

**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.....	0	0	0	0	390	0	390	0	0
2. Allied lines.....	0	83,172	83,172	0	12,905	0	12,905	0	0
3. Farmowners multiple peril.....	0	0	0	0	1	0	1	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril.....	1,233,410	0	1,233,410	0	8,680,126	0	8,680,126	0	0
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	73	0	73	0	0
10. Financial guaranty.....	0	0	0	0	114	(0)	0	114	205,631
11.1 Medical malpractice - occurrence.....	0	0	0	0	0	0	0	0	0
11.2 Medical malpractice - claims-made.....	0	0	0	0	0	0	0	0	0
12. Earthquake.....	0	0	0	0	7,796	0	7,796	0	0
13. Group accident and health.....	0	0	0	0	0	0	0	(a)	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	(a)	0
16. Workers' compensation.....	7,118,996	0	7,118,996	0	5,619,486	0	5,619,486	0	0
17.1 Other liability - occurrence.....	1,719,334	0	1,719,334	0	11,465,531	0	11,465,531	0	0
17.2 Other liability - claims-made.....	118,874,483	20,473,415	33,792,772	105,555,127	398,354,119	35,155,330	125,353,279	413,711,297	36,545,328
18.1 Products liability - occurrence.....	476,256	0	476,256	0	2,455,232	0	2,455,232	0	0
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	0	0	0	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability.....	503,380	0	503,380	0	517,865	0	517,865	0	0
21. Auto physical damage.....	39,713	0	39,713	0	34,850	0	34,850	0	0
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	11,420,744	17,190	919,423	10,518,511	38,707,091	3,195,173	10,283,781	42,136,993	11,888,051
24. Surety.....	84,273,128	33,895,590	22,509,787	95,658,931	389,842,450	39,472,419	120,920,939	404,052,862	78,708,234
26. Burglary and theft.....	46,393	2,500	0	48,893	13,114,379	302,301	455,087	13,010,486	1,437,911
27. Boiler and machinery.....	0	0	0	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0	0	0	0
30. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	XXX	0	0	0	0
31. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
34. TOTALS.....	225,705,836	54,471,868	68,396,242	211,781,462	868,812,408	78,125,223	285,807,340	872,911,753	128,785,154

**DETAILS OF WRITE-INS**

3301. ....	0	0	0	0	0	0	0	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	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	0	0

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

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	43,708,589	0	0	43,708,589
1.2 Reinsurance assumed.....	3,692,905	0	0	3,692,905
1.3 Reinsurance ceded.....	11,872,916	0	0	11,872,916
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	35,528,578	0	0	35,528,578
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	222,029,035	0	222,029,035
2.2 Reinsurance assumed, excluding contingent.....	0	10,275,918	0	10,275,918
2.3 Reinsurance ceded, excluding contingent.....	0	4,372,519	0	4,372,519
2.4 Contingent - direct.....	0	18,809,931	0	18,809,931
2.5 Contingent - reinsurance assumed.....	0	698,463	0	698,463
2.6 Contingent - reinsurance ceded.....	0	135,616	0	135,616
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	247,305,213	0	247,305,213
3. Allowances to managers and agents.....	0	6,354	0	6,354
4. Advertising.....	0	4,561,776	223	4,562,000
5. Boards, bureaus and associations.....	392	475,175	436	476,003
6. Surveys and underwriting reports.....	527	997,520	28	998,075
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	21,271,082	112,609,101	167,936	134,048,119
8.2 Payroll taxes.....	1,468,280	7,189,317	17,205	8,674,801
9. Employee relations and welfare.....	2,735,875	12,492,018	36,056	15,263,950
10. Insurance.....	3,105	1,919,393	1,687	1,924,185
11. Directors' fees.....	0	0	0	0
12. Travel and travel items.....	499,841	7,001,277	7,358	7,508,476
13. Rent and rent items.....	1,105,854	8,431,240	21,228	9,558,322
14. Equipment.....	277,314	2,380,197	5,401	2,662,911
15. Cost or depreciation of EDP equipment and software.....	(693)	4,542,687	60,751	4,602,745
16. Printing and stationery.....	56,395	1,043,325	3,843	1,103,562
17. Postage, telephone and telegraph, exchange and express.....	97,936	2,064,795	21,480	2,184,211
18. Legal and auditing.....	(16,301)	2,839,346	35,666	2,858,711
19. Totals (Lines 3 to 18).....	27,499,605	168,553,522	379,299	196,432,426
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....204,933.....	0	29,687,960	0	29,687,960
20.2 Insurance department licenses and fees.....	0	1,402,244	0	1,402,244
20.3 Gross guaranty association assessments.....	0	903,460	0	903,460
20.4 All other (excluding federal and foreign income and real estate).....	0	1,631,642	0	1,631,642
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	33,625,307	0	33,625,307
21. Real estate expenses.....	0	0	402	402
22. Real estate taxes.....	0	0	(55)	(55)
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	(401,936)	2,538,820	39,861	2,176,745
25. Total expenses incurred.....	62,626,247	452,022,861	419,507	(a).....515,068,615
26. Less unpaid expenses - current year.....	128,785,155	79,953,352	178,261	208,916,767
27. Add unpaid expenses - prior year.....	114,606,239	72,525,479	550,601	187,682,319
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).....	48,447,332	444,594,988	791,847	493,834,168

#### DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	(401,936)	8,678,163	39,861	8,316,088
2402. Costs of computer software developed for internal use.....	0	(6,139,343)	0	(6,139,343)
2403. ....	0	0	0	0
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).....	(401,936)	2,538,820	39,861	2,176,745

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....455,707	.....1,280,159
1.1 Bonds exempt from U.S. tax.....	(a).....66,119,927	.....70,241,338
1.2 Other bonds (unaffiliated).....	(a).....46,615,261	.....46,708,120
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....470,282	.....484,354
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....6,998,380	.....6,998,380
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....87,653	.....87,653
10. Total gross investment income.....	.....120,747,210	.....125,800,004
11. Investment expenses.....		(g).....419,507
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....155,049
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....574,556
17. Net investment income (Line 10 minus Line 16).....		.....125,225,448

## DETAILS OF WRITE-INS

0901. Miscellaneous income.....	.....(3,028)	.....(3,028)
0902. Lending of securities fees.....	.....11,781	.....11,781
0903. Aetna agreement reimbursement.....	.....78,900	.....78,900
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).....	.....87,653	.....87,653
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 \$.....3,032,925 accrual of discount less \$.....12,873,904 amortization of premium and less \$.....2,450,471 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....14,073 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. government bonds.....	.....(12,271)	.....0	.....0	.....(12,271)
1.1 Bonds exempt from U.S. tax.....	.....(22,422)	.....0	.....0	.....(22,422)
1.2 Other bonds (unaffiliated).....	.....687,182	.....0	.....889,249	.....1,576,431
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....444,060	.....0	.....(1,390,647)	.....(946,587)
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....(1,554)	.....825	.....(729)
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....0
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.....	.....0	.....0	.....0	.....0
7. Derivative instruments.....	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....0	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....1,096,549	.....(1,554)	.....(500,573)	.....594,423

## 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

## 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).....	.0	.0	.0
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).....	.0	.0	.0
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.....	19,285,417	22,011,439	2,726,022
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	6,604,520	6,224,787	(379,734)
13.3 Accrued retrospective premiums.....	.0	.0	.0
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.....	54,408,774	48,502,050	(5,906,724)
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	.0	.0
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.....	5,225,759	6,724,218	1,498,459
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	85,524,471	83,462,493	(2,061,977)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.0	.0	.0
26. TOTALS (Lines 24 and 25).....	85,524,471	83,462,493	(2,061,977)

## 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. Other assets nonadmitted.....	5,225,759	6,724,218	1,498,459
2302.....	.0	.0	.0
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).....	5,225,759	6,724,218	1,498,459

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

- A. Travelers Casualty and Surety Company of America (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*.

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.

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.

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.

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

**2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS**

Not applicable.

**3. BUSINESS COMBINATIONS AND GOODWILL**

Not applicable.

**4. DISCONTINUED OPERATIONS**

Not applicable.

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

Not applicable.

**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.

**NOTES TO FINANCIAL STATEMENTS**

## 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 90 days past due.

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

## 8. DERIVATIVE INSTRUMENTS

Not applicable.

## 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	\$ 102,365,895	\$ 94,343,378
Total of deferred tax liabilities	<u>(5,160,830)</u>	<u>(4,632,821)</u>
Net deferred tax asset (liability)	97,205,065	89,710,557
Deferred tax asset nonadmitted	<u>(54,408,774)</u>	<u>(48,502,050)</u>
Net admitted deferred tax asset (liability)	<u>\$ 42,796,291</u>	<u>\$ 41,208,507</u>
 (Increase) decrease in nonadmitted asset	 \$ (5,906,724)	 \$ (18,705,749)

B. Deferred tax liabilities not recognized for the following amounts:

Not applicable.

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

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Federal	\$ 122,820,328	\$ 95,201,714
Foreign	<u>93,268</u>	<u>255,368</u>
	122,913,596	95,457,082
Federal income taxes on net capital gains	<u>438,460</u>	<u>(316,420)</u>
Federal and foreign income taxes incurred	<u>\$ 123,352,056</u>	<u>\$ 95,140,662</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	\$ 27,613,462	\$ 25,090,126
Unearned premium reserves	50,729,804	44,550,187
Nonadmitted assets	10,890,494	12,236,155
Employee benefits	115,883	379,140
Investments	8,968,179	8,854,334
Other	<u>4,048,073</u>	<u>3,233,436</u>
Total deferred tax assets	102,365,895	94,343,378
Nonadmitted deferred tax assets	<u>(54,408,774)</u>	<u>(48,502,050)</u>
Admitted deferred tax assets	<u>47,957,121</u>	<u>45,841,328</u>
Deferred tax liabilities:		
Investments	1,638,780	1,088,599
Other	<u>3,522,050</u>	<u>3,544,222</u>
Total deferred tax liabilities	5,160,830	4,632,821
Net admitted tax asset	<u>\$ 42,796,291</u>	<u>\$ 41,208,507</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	\$ 102,365,895	\$ 94,343,378	\$ 8,022,517
Total deferred tax liabilities	<u>(5,160,830)</u>	<u>(4,632,821)</u>	<u>(528,009)</u>
Net deferred tax asset (liability)	<u>\$ 97,205,065</u>	<u>\$ 89,710,557</u>	7,494,508
Tax effect of unrealized gains (losses)			<u>(174,608)</u>
Change in net deferred income taxes			<u>\$ 7,319,900</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)	\$ 387,622,331
Taxes at statutory rate	\$ 135,667,816
Increase (decrease) attributable to:	
Non-taxable investment income	(20,716,903)
Other	<u>1,081,243</u>
Total statutory income taxes	<u>\$ 116,032,156</u>
Federal and foreign taxes incurred	\$ 123,352,056
Change in net deferred taxes	<u>(7,319,900)</u>
Total statutory income taxes	<u>\$ 116,032,156</u>
Effective tax rate	29.9%

**NOTES TO FINANCIAL STATEMENTS**

- E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.
2. The Company has \$123,926,000 and \$94,975,671 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 \$198.7 million to its parent company, Travelers Casualty and Surety Company (TCS) in 2005.

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.
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 \$86,256,776 and \$28,592,860 payable to 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. The Company has not provided any guarantees for the benefit of an affiliate which would 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.
- 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 <sup>1</sup>
Reinsurance Allocation	The Travelers Indemnity Company	Non-pooled entities <sup>2</sup>

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

<sup>2</sup> "Non-pooled entities" include certain STA entities which are not a party to the St. Paul Travelers Reinsurance Pool.

- G. All of the issued and outstanding common stock of the Company is owned by TCS, an insurance company domiciled in Connecticut. The Company is a member of STA, 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.



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**NOTES TO FINANCIAL STATEMENTS**


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## 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 \$1,472,156 and \$1,316,747 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 \$807,871 and \$1,192,883 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 \$3,497,165 and \$3,766,774 for 2006 and 2005, respectively.

## E. Postemployment Benefits and Compensated Absences:

Not applicable.

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

The Company has 5,000 shares of common capital stock authorized, issued and outstanding with a par value of \$1,200 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 \$264,270,000.

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

Unassigned funds or surplus has been decreased by cumulative net unrealized losses of \$1,428,264.

## 14. CONTINGENCIES

## A. Contingent Commitments:

Not applicable.

## B. Assessments:

Not applicable.

## C. Gain Contingencies:

Not applicable.

## D. All Other Contingencies:

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.

## 15. LEASES

Not applicable.

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

Not applicable.

## 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:

Not applicable.

**NOTES TO FINANCIAL STATEMENTS****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 Company 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.

(in millions)	Case + IBNR <u>Reserve</u>	Total <u>Incurred</u>
Gross Loss & LAE	\$ 16.6	\$ 114.5
Ceded Loss & LAE	<u>(6.0)</u>	<u>(49.5)</u>
Net Loss & LAE	<u>\$ 10.6</u>	\$ 65.0
Additional & reinstatement premiums		-
Reduction in reinsurance contingent commission expense		<u>-</u>
Total Net Pretax Cost		<u>\$ 65.0</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	<u>Accident Years</u>				
	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992 &amp; Prior</u>
Part 1A	\$ -	\$ -	\$ -	\$ -	\$ -
Part 1B	-	-	-	-	-
Part 1C	-	-	-	-	-
Part 1D	-	-	-	-	-
Part 1E	-	-	-	-	-
Part 1F - Section 1	-	-	-	-	-
Part 1F - Section 2	-	-	-	-	-
Part 1G	-	-	-	-	-
Part 1H - Section 1	-	-	-	-	-
Part 1H - Section 2	671	330	874	103	15,588
Part 1M	-	-	-	-	-
Part 1N	-	-	-	-	-
Part 1O	-	-	-	-	-
Part 1P	-	-	-	-	-
Part 1R - Section 1	-	-	-	-	-
Part 1R - Section 2	-	-	-	-	-

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

<u>Accident Year</u>	<u>Fidelity/Surety</u>
2004 & Prior	\$ 20,846

**D. Uncollectible Premium Balances:**

Not applicable.

**E. Business Interruption Insurance Recoveries:**

Not applicable.

**F. Hybrid Securities:**

Not applicable.

**G. State Transferable Tax Credits:**

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 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 had \$48,585,483 of unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums, that exceeded 3% of its surplus as regards policyholders, recoverable from Indemnity at December 31, 2006.

##### 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:

	Group Code	F.E.I.N.	Amount
Employers Reinsurance Corporation	0350	48-0921045	\$ 58,102,884
Munich Reinsurance America Inc.	0361	13-4924125	55,707,712
Swiss Reinsurance America Corporation	0181	13-1675535	46,818,771

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

#### B. Reinsurance Recoverable in Dispute:

The Company did not have any individual reinsurers with reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute that exceeded 5% of the Company's policyholders surplus or disputed items, that when aggregated, exceed 10% of the Company's policyholders surplus.

#### C. Reinsurance Assumed and Ceded:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 49,428,791	\$ 5,915,756	\$ 3,119,365	\$ 373,333	\$ 46,309,426	\$ 5,542,423
All Other	<u>1,250,646</u>	<u>149,680</u>	<u>50,192,440</u>	<u>6,007,151</u>	<u>(48,941,794)</u>	<u>(5,857,471)</u>
Total	<u>\$ 50,679,437</u>	<u>\$ 6,065,436</u>	<u>\$ 53,311,805</u>	<u>\$ 6,380,484</u>	<u>\$ (2,632,368)</u>	<u>\$ (315,048)</u>

Direct Unearned Premium Reserve \$ 727,232,804

##### 2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$22,447,597 at December 31, 2006:

Direct Business	\$ 21,654,385
Add: Reinsurance Assumed	793,212
Less: Reinsurance Ceded	<u>0</u>
Net	<u>\$ 22,447,597</u>

#### D. Uncollectible Reinsurance:

The Company has written off as uncollectible/(recovered) in the current year certain reinsurance balances due (from the companies listed below) in the amount of \$107,891, which is reflected in losses incurred.

Company – Uncollectible	Company – (Recovered)
Everest Reinsurance Company	Reliance Insurance Company
All other under \$10,000	Kansa Reinsurance Company Ltd.
	All other under (\$10,000)

#### E. Commutation of Ceded Reinsurance:

The Company has reported in the current year, a gain of \$277,800 as a result of commutation of reinsurance, (from the companies listed below):

Company
British Aviation Insurance Company
CX Reinsurance Company Ltd.

#### F. Retroactive Reinsurance:

	Assumed	Ceded
1. a. Reserves Transferred:		
(1) Initial Reserves	\$71,584,000	\$ 0
(2) Adjustments - Prior Year(s)	(12,121,000)	0
(3) Adjustments - Current Year	<u>0</u>	<u>0</u>
(4) Current Total	<u>\$59,463,000</u>	<u>\$ 0</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$71,584,000	\$ 0
(2) Adjustments - Prior Year(s)	10,879,000	0
(3) Adjustments - Current Year	<u>0</u>	<u>0</u>
(4) Current Total	<u>\$82,463,000</u>	<u>\$ 0</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$38,582,418	\$ 0
(2) Current Year	<u>34,812</u>	<u>0</u>
(3) Current Total	<u>\$38,617,230</u>	<u>\$ 0</u>

**NOTES TO FINANCIAL STATEMENTS**

## d. Special Surplus From Retroactive Reinsurance:

(1) Initial Surplus Gain or Loss	\$ 0	\$ 0
(2) Adjustments - Prior Year(s)	23,000,000	0
(3) Adjustments - Current Year	0	0
(4) Current Year Restricted Surplus	<u>\$23,000,000</u>	<u>\$ 0</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 0</u>	<u>\$ 0</u>

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

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Reliance Insurance Company (24457)	\$59,463,000	\$ -

## f. Paid Loss/LAE Recoverable:

Not applicable.

## G. Reinsurance Accounted for as a Deposit:

The Company entered into several ceded reinsurance arrangements which provided coverage for certain surety policies issued by the Company. Given the contract terms and results of the Company's cash flow analyses, it was determined that these contracts did not fulfill the SSAP No. 62 requirements for risk transfer so they have been accounted for as deposits.

<u>Year</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
2005	\$ 14,633,943	\$ 202,357	\$ 14,836,300
2006	(8,712,725)	11,047	6,134,622

## 24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

Not applicable.

## 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 \$54,718,157, primarily in the fidelity/surety line of business as the result of favorable large loss experience. There are no material additional premiums or return premiums as a result of these prior year effects.

## 26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

## 27. STRUCTURED SETTLEMENTS

Not applicable.

## 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

Not applicable.

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

Not applicable.

## 33. ASBESTOS/ENVIRONMENTAL RESERVES

Not applicable.

## 34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

## 35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## 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.....	55,534,807	1.8	55,534,807	1.8
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0	0.0	0	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).....	0	0.0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	373,205,752	12.3	373,205,752	12.3
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	614,941,860	20.2	614,941,860	20.2
1.43 Revenue and assessment obligations.....	1,064,935,078	35.0	1,064,935,078	35.0
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.....	15,371,112	0.5	15,371,112	0.5
1.512 Issued or guaranteed by FNMA and FHLMC.....	165,120,757	5.4	165,120,757	5.4
1.513 All other.....	939,892	0.0	939,892	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	107,185,936	3.5	107,185,936	3.5
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.....	74,615,232	2.5	74,615,232	2.5
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	389,086,871	12.8	389,086,871	12.8
2.2 Unaffiliated foreign securities.....	51,774,373	1.7	51,774,373	1.7
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.....	14,864,359	0.5	14,864,359	0.5
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	813	0.0	813	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	0	0.0	0	0.0
3.42 Unaffiliated.....	14	0.0	14	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.....	0	0.0	0	0.0
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).....	0	0.0	0	0.0
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.....	0	0.0	0	0.0
8. Cash, cash equivalents and short-term investments.....	114,080,791	3.8	114,080,791	3.8
9. Other invested assets.....	0	0.0	0	0.0
10. Total invested assets.....	3,041,657,648	100.0	3,041,657,648	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,
  - 7.21 State the percentage of foreign control. .....0.000 %
  - 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 involved .....0
- 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 [ ] No [ X ]
- 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 \$.....1,398,373
- 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 [ ] No [ X ]
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ X ]
- If no, attach a description with this statement.
- 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 [ X ] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	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)
N/A		

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.....	3,050,055,197	3,083,931,829	33,876,632
26.2 Preferred stocks.....	14,864,359	14,864,359	0
26.3 Totals.....	3,064,919,556	3,098,796,188	33,876,632

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? \$.....471,066

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
The Surety Association Of America	341,462

29.1 Amount of payments for legal expenses, if any? \$.....3,011,302

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	788,817

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....8,161

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
The Surety Association Of America	8,161



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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....1,108,340,837	\$.....871,863,604
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....1,726,297,343	\$.....1,464,157,231
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 \$.....46,749,242
  - 3.22 Non-participating policies \$.....1,146,687,497
- 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 has no property loss exposures.
- 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 has no property loss exposures.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]
- 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.
 

The Company has no property loss exposures.

**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. .....7
- 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 [ X ] No [ ]
- 8.2 If yes, give full information:  
Please see footnote 23E for a list of commutations.
- 
- 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 \$.....0  
12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 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: \$.....0
- 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 From .....0.0 %  
12.42 To .....0.0 %
- 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 [ ] No [ X ]
- 12.6 If yes, state the amount thereof at December 31 of current year:  
12.61 Letters of credit \$.....0  
12.62 Collateral and other funds \$.....0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....85,687,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of 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.

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
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	357,196,219	331,613,013	305,035,961	282,323,972	195,113,562
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	25,833,077	20,952,632	19,328,742	17,320,110	12,536,084
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	1,000,638,280	836,219,276	681,389,554	637,899,302	561,158,562
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
6. Total (Line 34).....	1,383,667,576	1,188,784,921	1,005,754,257	937,543,384	768,808,207
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	317,442,488	278,122,777	257,982,023	233,070,730	150,405,073
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	25,012,089	19,819,285	18,161,193	16,310,301	11,548,223
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	850,982,162	692,913,681	582,772,396	527,025,294	464,404,530
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
12. Total (Line 34).....	1,193,436,739	990,855,743	858,915,611	776,406,325	626,357,825
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	270,761,244	153,093,717	177,750,492	138,390,732	109,038,177
14. Net investment gain (loss) (Line 11).....	125,881,984	112,607,089	115,347,873	86,603,073	111,823,159
15. Total other income (Line 15).....	1,187,419	25,781,281	7,224,919	15,085,092	3,904,866
16. Dividends to policyholders (Line 17).....	10,646,776	6,998,358	5,468,970	7,813,409	3,081,899
17. Federal and foreign income taxes incurred (Line 19).....	122,913,596	95,457,082	96,115,118	79,184,444	90,535,496
18. Net income (Line 20).....	264,270,275	189,026,646	198,739,196	153,081,045	131,148,808
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	3,291,414,536	2,680,396,653	2,295,233,475	2,042,012,762	2,196,986,204
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	68,056,272	63,401,951	54,061,585	55,997,802	43,580,047
20.2 Deferred and not yet due (Line 13.2).....	98,101,026	86,326,742	85,086,673	79,251,669	60,326,291
20.3 Accrued retrospective premiums (Line 13.3).....	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	2,163,513,785	1,823,523,650	1,424,761,023	1,222,356,732	1,489,241,994
22. Losses (Page 3, Line 1).....	872,911,753	713,236,642	542,595,315	445,495,512	389,252,880
23. Loss adjustment expenses (Page 3, Line 3).....	128,785,154	114,606,239	97,587,047	100,611,403	81,861,145
24. Unearned premiums (Page 3, Line 9).....	724,600,436	636,314,350	517,322,210	471,374,692	406,266,504
25. Capital paid up (Page 3, Lines 28 & 29).....	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	1,127,900,751	856,873,003	870,472,452	819,656,030	707,744,210
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	1,127,900,751	856,873,003	870,472,452	819,656,030	707,744,210
28. Authorized control level risk-based capital.....	101,472,042	87,507,426	69,414,145	62,320,066	59,794,497
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1).....	95.8	98.9	99.3	96.8	84.4
30. Stocks (Lines 2.1 & 2.2).....	0.5	0.3	0.6	1.2	1.2
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0	0.0	0.0	0.0	0.0
33. Cash, cash equivalents and short-term investments (Line 5).....	3.8	0.8	0.1	2.1	14.0
34. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	XXX
35. Other invested assets (Line 7).....	0.0	0.0	0.0	0.0	0.0
36. Receivable for securities (Line 8).....	0.0	0.0	0.0	0.0	0.3
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
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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).....	0	0	0	0	0
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.....	0	0	0	0	0
45. Total of above lines 39 to 44.....	0	0	0	0	0
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).....	0.0	0.0	0.0	0.0	0.0

# TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2006	2005	2004	2003	2002
<b>Capital and Surplus Accounts</b> (Page 4)					
47. Net unrealized capital gains (losses) (Line 24).....	(325,965)	(1,114,950)	(252,986)	12,202,247	(9,766,237)
48. Dividends to stockholders (Line 35).....	0	(198,700,000)	(153,000,000)	(75,000,000)	(60,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	271,027,747	(13,599,449)	50,816,422	111,911,821	66,545,487
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	133,565,995	83,836,611	109,763,756	64,592,816	95,974,579
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	(302,831)	2,567,584	1,139,799	120,826,454	(515,134)
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	202,887	1,661,553	1,118,118	1,936,263	7,061,114
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	80,507,005	82,554,676	167,176,138	287,905,416	225,287,254
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
55. Total (Line 34).....	213,973,056	170,620,425	279,197,811	475,260,950	327,807,814
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	85,626,305	38,946,006	68,481,778	34,639,880	32,964,891
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	(302,799)	2,524,685	1,176,524	484,083	460,070
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	0	0	0	0	0
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	77,931,869	42,663,649	129,003,491	158,074,537	113,128,365
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
61. Total (Line 34).....	163,255,374	84,134,340	198,661,793	193,198,501	146,553,326
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2).....	29.1	29.2	36.3	34.6	32.1
64. Loss expenses incurred (Line 3).....	5.7	6.7	3.9	6.6	6.3
65. Other underwriting expenses incurred (Line 4).....	40.8	46.6	38.1	39.7	42.8
66. Net underwriting gain (loss) (Line 8).....	24.4	17.6	21.8	19.2	18.8
<b>Other Percentages</b>					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	37.8	38.4	35.3	34.9	39.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	34.8	35.9	40.2	41.1	38.4
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).....	105.8	115.6	98.7	94.7	88.5
<b>One Year Loss Development (000 omitted)</b>					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(64,850)	(94,144)	2,871	21,497	10,297
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).....	(7.6)	(10.8)	0.4	3.0	1.6
<b>Two Year Loss Development (000 omitted)</b>					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(112,536)	(53,241)	49,802	20,569	(12,861)
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).....	(12.9)	(6.5)	7.0	3.2	(2.2)

**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
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States.....	70,905,920	70,570,071	70,993,897	71,265,306
	2. Canada.....	0	0	0	0
	3. Other Countries.....	0	0	0	0
	4. Totals.....	70,905,920	70,570,071	70,993,897	71,265,306
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	373,205,752	376,799,421	379,282,384	349,180,000
	6. Canada.....	1,992,300	1,969,530	1,991,930	2,000,000
	7. Other Countries.....	0	0	0	0
	8. Totals.....	375,198,052	378,768,951	381,274,314	351,180,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	614,941,860	625,706,818	620,751,982	587,019,400
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	614,941,860	625,706,818	620,751,982	587,019,400
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	1,230,995,727	1,246,304,999	1,240,302,468	1,202,894,218
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	1,230,995,727	1,246,304,999	1,240,302,468	1,202,894,218
Public Utilities (Unaffiliated)	17. United States.....	67,708,654	68,061,504	68,093,019	67,017,500
	18. Canada.....	920,002	921,650	917,940	1,000,000
	19. Other Countries.....	15,837,811	15,731,890	15,769,431	16,000,000
	20. Totals.....	84,466,467	84,715,044	84,780,390	84,017,500
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	503,179,386	506,433,985	505,121,391	512,793,612
	22. Canada.....	15,804,311	16,610,442	15,736,918	20,881,921
	23. Other Countries.....	17,219,948	17,477,992	17,222,972	17,200,000
	24. Totals.....	536,203,646	540,522,418	538,081,282	550,875,533
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. <b>Total Bonds.....</b>	<b>2,912,711,671</b>	<b>2,946,588,303</b>	<b>2,936,184,333</b>	<b>2,847,251,957</b>
<b>PREFERRED STOCKS</b>					
Public Utilities (Unaffiliated)	27. United States.....	0	0	0	0
	28. Canada.....	0	0	0	0
	29. Other Countries.....	0	0	0	0
	30. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	4,457,194	4,457,194	4,469,835	0
	32. Canada.....	0	0	0	0
	33. Other Countries.....	10,407,165	10,407,165	11,432,490	0
	34. Totals.....	14,864,359	14,864,359	15,902,325	0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	0	0	0	0
	36. Canada.....	0	0	0	0
	37. Other Countries.....	0	0	0	0
	38. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	0
	40. <b>Total Preferred Stocks.....</b>	<b>14,864,359</b>	<b>14,864,359</b>	<b>15,902,325</b>	
<b>COMMON STOCKS</b>					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	0
	42. Canada.....	0	0	0	0
	43. Other Countries.....	0	0	0	0
	44. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	0
	46. Canada.....	0	0	0	0
	47. Other Countries.....	0	0	0	0
	48. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	827	827	23,085	0
	50. Canada.....	0	0	0	0
	51. Other Countries.....	0	0	0	0
	52. Totals.....	827	827	23,085	0
Parent, Subsidiaries and Affiliates	53. Totals.....	0	0	0	0
	54. <b>Total Common Stocks.....</b>	<b>827</b>	<b>827</b>	<b>23,085</b>	
	55. <b>Total Stocks.....</b>	<b>14,865,186</b>	<b>14,865,186</b>	<b>15,925,410</b>	
	56. <b>Total Bonds and Stocks.....</b>	<b>2,927,576,857</b>	<b>2,961,453,489</b>	<b>2,952,109,743</b>	

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

## Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	2,402,270,813	7. Amortization of premium.....	12,873,904
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	746,854,242	8. Foreign exchange adjustment:	
3. Accrual of discount.....	3,032,925	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.....	305,302	8.3 Column 16, Part 2, Section 2.....	0
4.2 Columns 15 - 17, Part 2, Section 1.....	(1,058,768)	8.4 Column 15, Part 4.....	0
4.3 Column 15, Part 2, Section 2.....	(729)	9. Book/adjusted carrying value at end of current period.....	2,927,576,857
4.4 Columns 11 - 13, Part 4.....	252,069	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	1,096,549	11. Subtotal (Lines 9 plus 10).....	2,927,576,857
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	212,301,644	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	2,927,576,857

## 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	7,204	668	880	807	219	62	354	6,765	XXX
2. 1997.....	396,679	126,784	269,895	123,905	75,578	17,825	5,446	9,672	5,093	10,712	65,285	XXX
3. 1998.....	292,511	62,229	230,283	52,834	20,899	6,641	1,098	2,558	254	12,994	39,782	XXX
4. 1999.....	291,871	72,215	219,656	108,354	41,758	10,282	1,944	5,317	2,784	10,624	77,468	XXX
5. 2000.....	440,596	91,609	348,987	220,958	86,211	21,194	1,686	3,726	380	13,398	157,601	XXX
6. 2001.....	609,409	85,380	524,029	427,896	215,158	39,667	10,488	12,313	557	28,670	253,673	XXX
7. 2002.....	700,660	120,193	580,467	194,229	55,707	15,801	353	12,716	274	18,582	166,411	XXX
8. 2003.....	878,084	156,404	721,680	228,131	79,921	20,295	4,513	13,395	288	15,859	177,098	XXX
9. 2004.....	968,809	153,387	815,422	171,393	18,260	23,106	3,018	14,913	50	23,339	188,084	XXX
10. 2005.....	1,079,859	207,996	871,864	112,095	11,376	6,242	423	15,874	24	5,355	122,388	XXX
11. 2006.....	1,285,216	176,875	1,108,341	39,826	0	1,636	0	8,745	0	595	50,207	XXX
12. Totals.....	XXX	XXX	XXX	1,686,824	605,537	163,571	29,775	99,447	9,768	140,482	1,304,762	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.....	43,001	10,556	39,567	31,003	3,049	1,431	9,941	9,192	2,389	1,883	1,168	43,881	XXX
2. 1997.....	3,666	242	4,971	2,473	309	25	1,420	977	419	173	564	6,895	XXX
3. 1998.....	935	110	986	215	171	26	332	121	418	52	789	2,318	XXX
4. 1999.....	14,988	9,704	2,419	747	225	27	378	154	571	34	473	7,914	XXX
5. 2000.....	12,996	12,117	13,845	4,867	1,494	162	1,911	591	948	0	1,290	13,457	XXX
6. 2001.....	26,793	8,452	43,916	28,820	3,018	267	7,463	4,233	1,770	0	2,188	41,188	XXX
7. 2002.....	11,916	1,379	59,452	26,527	2,036	136	6,387	3,581	2,260	0	3,804	50,429	XXX
8. 2003.....	36,527	16,419	70,684	23,824	2,828	820	6,799	3,039	4,616	0	5,908	77,353	XXX
9. 2004.....	27,321	5,306	149,838	55,535	4,478	966	12,382	9,139	7,778	0	7,075	130,852	XXX
10. 2005.....	42,221	4,112	196,340	29,694	3,151	260	24,935	3,538	8,298	0	14,567	237,342	XXX
11. 2006.....	59,813	0	364,920	82,101	3,565	7	36,846	1,189	8,221	1	23,517	390,068	XXX
12. Totals.....	280,178	68,396	946,938	285,807	24,325	4,126	108,795	35,755	37,688	2,143	61,343	1,001,697	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	41,008	2,873
2. 1997.	162,187	90,007	72,180	40.9	71.0	26.7	0	0	0.00	5,922	973
3. 1998.	64,875	22,775	42,100	22.2	36.6	18.3	0	0	0.00	1,596	723
4. 1999.	142,534	57,151	85,382	48.8	79.1	38.9	0	0	0.00	6,956	958
5. 2000.	277,073	106,015	171,058	62.9	115.7	49.0	0	0	0.00	9,857	3,600
6. 2001.	562,836	267,976	294,861	92.4	313.9	56.3	0	0	0.00	33,437	7,751
7. 2002.	304,797	87,956	216,840	43.5	73.2	37.4	0	0	0.00	43,463	6,966
8. 2003.	383,274	128,824	254,451	43.6	82.4	35.3	0	0	0.00	66,968	10,384
9. 2004.	411,211	92,274	318,936	42.4	60.2	39.1	0	0	0.00	116,318	14,534
10. 2005.	409,157	49,427	359,730	37.9	23.8	41.3	0	0	0.00	204,755	32,586
11. 2006.	523,573	83,299	440,275	40.7	47.1	39.7	0	0	0.00	342,632	47,436
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	872,912	128,785

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.....	268,913	211,803	171,834	151,059	114,870	114,674	111,179	101,393	99,692	99,893	201	(1,501)	
2. 1997.....	106,670	111,244	103,783	86,354	77,527	71,927	70,048	65,843	67,623	67,356	(267)	1,513	
3. 1998.....	XXX	84,330	87,978	79,311	52,346	43,769	40,874	40,571	38,873	39,430	557	(1,141)	
4. 1999.....	XXX	XXX	75,090	94,674	98,519	92,430	86,796	90,767	87,394	82,312	(5,082)	(8,455)	
5. 2000.....	XXX	XXX	XXX	124,446	182,189	200,183	180,265	187,577	171,331	166,765	(4,567)	(20,812)	
6. 2001.....	XXX	XXX	XXX	XXX	251,052	263,818	307,910	311,444	298,881	281,335	(17,546)	(30,109)	
7. 2002.....	XXX	XXX	XXX	XXX	XXX	202,500	213,725	241,508	220,123	202,138	(17,985)	(39,369)	
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	262,582	237,148	236,221	236,729	507	(420)	
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	308,538	270,506	296,295	25,790	(12,242)	
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	382,041	335,583	(46,458)	XXX	
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	423,310	XXX	XXX	
											12. Totals.....	(64,850)	(112,536)

**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	7,326	13,171	24,717	31,973	45,048	47,077	47,026	49,910	56,518	XXX	XXX
2. 1997.....	17,008	33,403	42,967	47,320	54,959	49,447	49,736	59,252	60,166	60,706	XXX	XXX
3. 1998.....	XXX	8,253	33,797	41,355	38,413	33,796	37,249	37,449	37,377	37,478	XXX	XXX
4. 1999.....	XXX	XXX	29,730	52,170	59,980	75,688	74,621	78,554	75,352	74,934	XXX	XXX
5. 2000.....	XXX	XXX	XXX	43,958	125,561	161,586	153,702	155,176	157,138	154,255	XXX	XXX
6. 2001.....	XXX	XXX	XXX	XXX	59,944	124,723	238,586	242,461	236,529	241,917	XXX	XXX
7. 2002.....	XXX	XXX	XXX	XXX	XXX	50,139	101,432	145,689	147,367	153,969	XXX	XXX
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	48,910	137,869	151,178	163,992	XXX	XXX
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	68,972	131,476	173,221	XXX	XXX
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,694	106,539	XXX	XXX
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	41,463	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.....	157,831	135,429	99,902	76,214	34,885	36,901	15,842	7,004	4,328	9,313
2. 1997.....	53,963	48,872	40,636	23,980	13,965	9,775	8,613	1,458	3,216	2,941
3. 1998.....	XXX	62,002	31,905	24,519	10,181	6,534	2,060	1,514	282	982
4. 1999.....	XXX	XXX	17,827	29,259	17,941	9,672	8,729	3,789	7,034	1,896
5. 2000.....	XXX	XXX	XXX	24,446	654	27,135	27,454	22,899	9,547	10,297
6. 2001.....	XXX	XXX	XXX	XXX	115,941	32,397	52,424	42,802	37,115	18,325
7. 2002.....	XXX	XXX	XXX	XXX	XXX	98,610	68,413	72,392	42,546	35,732
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	170,203	83,136	47,197	50,620
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	197,538	104,174	97,547
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	311,515	188,043
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	318,476



**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 Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES	17,334,250	17,277,954	0	5,541,982	8,875,969	18,092,932	14,040	0
2. Alaska.....AK	YES	4,372,964	4,888,984	0	(819,139)	(580,467)	3,380,439	628	0
3. Arizona.....AZ	YES	26,003,660	24,686,587	0	186,806	3,828,410	16,002,669	13,820	0
4. Arkansas.....AR	YES	10,438,237	9,326,090	0	765,843	1,814,269	5,814,506	6,362	0
5. California.....CA	YES	140,980,401	137,201,535	0	8,095,969	13,493,128	127,078,621	110,681	0
6. Colorado.....CO	YES	24,057,621	25,545,334	0	3,312,283	6,596,977	20,226,143	28,016	0
7. Connecticut.....CT	YES	23,353,338	21,494,840	0	1,519,979	2,048,945	18,795,176	44,968	0
8. Delaware.....DE	YES	4,997,698	4,325,407	0	126,098	754,419	2,682,965	2,120	0
9. District of Columbia.....DC	YES	19,036,140	19,852,101	0	1,427,730	(3,521,118)	15,722,804	10,607	0
10. Florida.....FL	YES	102,147,857	96,337,183	0	14,067,748	40,269,817	77,161,171	60	0
11. Georgia.....GA	YES	45,487,647	38,210,645	0	29,982,189	33,611,226	36,130,061	40,683	0
12. Hawaii.....HI	YES	13,294,172	10,564,344	0	76,441	1,997,386	7,377,828	793	0
13. Idaho.....ID	YES	6,211,939	5,700,874	0	168,692	7,237,209	10,210,469	7,923	0
14. Illinois.....IL	YES	55,938,049	55,065,593	0	6,553,048	10,456,073	58,298,973	23,690	0
15. Indiana.....IN	YES	21,100,301	17,013,024	0	709,576	2,744,221	12,477,901	6,332	0
16. Iowa.....IA	YES	8,885,893	8,691,769	0	974,476	4,397,160	8,571,005	1,899	0
17. Kansas.....KS	YES	8,596,439	8,104,992	0	94,066	1,311,669	4,982,568	3,032	0
18. Kentucky.....KY	YES	17,658,345	16,319,570	0	2,024,903	5,468,365	11,889,452	9,431	0
19. Louisiana.....LA	YES	25,230,741	22,074,191	0	2,114,088	11,877,907	35,599,633	16,072	0
20. Maine.....ME	YES	4,437,196	4,644,662	0	50,081	426,998	3,650,585	3,547	0
21. Maryland.....MD	YES	35,401,848	31,928,392	0	3,199,263	5,936,138	33,205,558	22,606	0
22. Massachusetts.....MA	YES	30,416,382	29,608,497	0	16,091,703	25,251,259	35,119,588	56,037	0
23. Michigan.....MI	YES	24,573,745	22,670,976	0	2,087,698	2,299,451	21,270,565	12,100	0
24. Minnesota.....MN	YES	17,279,438	16,690,559	0	335,423	3,198,266	11,489,178	7,382	0
25. Mississippi.....MS	YES	22,922,797	17,663,940	0	1,262,544	9,025,559	15,169,262	18,227	0
26. Missouri.....MO	YES	25,721,205	22,799,270	0	1,890,589	4,987,991	18,056,939	11,646	0
27. Montana.....MT	YES	7,413,348	6,341,894	0	32,424	1,252,549	4,612,418	12,301	0
28. Nebraska.....NE	YES	6,972,672	8,050,405	0	148,342	1,339,426	5,115,043	3,070	0
29. Nevada.....NV	YES	13,140,372	12,580,921	0	457,309	2,057,133	8,097,818	7,246	0
30. New Hampshire.....NH	YES	5,396,142	5,132,687	0	92,390	732,558	3,454,601	6,895	0
31. New Jersey.....NJ	YES	33,028,023	31,566,792	0	2,281,617	5,431,119	28,847,287	34,976	0
32. New Mexico.....NM	YES	5,422,210	5,945,312	0	671,040	1,026,191	4,870,614	3,200	0
33. New York.....NY	YES	78,718,059	75,779,545	0	50,039,995	59,963,599	73,775,160	111,411	0
34. North Carolina.....NC	YES	41,714,636	38,164,424	0	1,575,032	5,976,149	29,351,955	32,550	0
35. North Dakota.....ND	YES	2,439,913	2,491,661	0	(6,900)	401,414	1,619,893	704	0
36. Ohio.....OH	YES	29,736,207	28,112,278	0	8,504,266	11,026,327	38,253,319	10,028	0
37. Oklahoma.....OK	YES	10,016,430	8,782,238	0	1,068,202	2,295,017	7,367,030	9	0
38. Oregon.....OR	YES	15,872,662	12,755,378	0	1,075,038	2,402,260	9,814,256	14,832	0
39. Pennsylvania.....PA	YES	53,067,863	47,568,904	0	3,811,009	10,280,981	42,441,216	40,114	0
40. Rhode Island.....RI	YES	4,897,146	4,699,214	0	5,163,718	13,390,619	13,378,511	10,153	0
41. South Carolina.....SC	YES	19,965,127	19,287,982	0	(241,762)	3,035,418	14,397,970	15,760	0
42. South Dakota.....SD	YES	2,003,093	2,336,516	0	(946)	365,175	1,362,802	1,027	0
43. Tennessee.....TN	YES	26,097,274	24,415,315	0	4,406,736	5,234,713	18,340,203	23,446	0
44. Texas.....TX	YES	85,689,291	78,037,858	8,625,552	16,433,363	22,546,119	74,066,430	72,155	0
45. Utah.....UT	YES	11,032,063	9,732,985	0	331,347	1,897,469	6,155,893	13,632	0
46. Vermont.....VT	YES	1,408,917	1,689,657	0	6,000	296,701	1,181,168	507	0
47. Virginia.....VA	YES	42,060,847	37,934,626	0	1,943,312	6,839,932	25,828,158	37,330	0
48. Washington.....WA	YES	40,140,362	37,110,735	0	253,638	5,022,484	27,544,197	38,495	0
49. West Virginia.....WV	YES	13,679,550	11,783,095	0	941,581	2,939,388	7,257,356	7,227	0
50. Wisconsin.....WI	YES	14,141,444	12,974,073	0	1,056,184	3,079,457	14,092,280	2,928	0
51. Wyoming.....WY	YES	5,687,606	5,680,875	0	21,462	1,015,966	3,152,268	3,757	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	NO	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	NO	0	0	0	0	0	0	0	0
55. US Virgin Islands.....VI	NO	0	0	0	0	0	0	0	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	359,624	851,344	0	5,396,839	5,421,531	1,683,409	0	0
59. Totals.....(a)	51	1,305,979,179	1,218,494,027	8,625,552	207,301,315	379,076,924	1,094,518,245	976,456	0

**DETAILS OF WRITE-INS**

5801. Other Alien Combined.....	XXX	359,624	851,344	0	5,396,839	5,421,531	1,683,409	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	359,624	851,344	0	5,396,839	5,421,531	1,683,409	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 Guarantee 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

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... .. 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