



# ANNUAL STATEMENT

For the Year Ended December 31, 2006  
of the Condition and Affairs of

## THE TRAVELERS INDEMNITY COMPANY

NAIC Group Code.....3548, 3548 (Current Period) (Prior Period)	NAIC Company Code..... 25658	Employer's ID Number..... 06-0566050
Organized under the Laws of CONNECTICUT Incorporated/Organized..... March 25, 1903	State of Domicile or Port of Entry CONNECTICUT Commenced Business..... May 12, 1906	Country of Domicile US
Statutory Home Office	ONE TOWER SQUARE..... HARTFORD ..... CT ..... 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	ONE TOWER SQUARE..... HARTFORD ..... CT ..... 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Mail Address	ONE TOWER SQUARE..... HARTFORD ..... CT ..... 06183-6014 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	ONE TOWER SQUARE..... HARTFORD ..... CT ..... 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	stpaultravelers.com	
Statutory Statement Contact	MICHAEL JOSEPH DOODY <i>(Name)</i> Annual.Statement.Contact@Travelers.com <i>(E-Mail Address)</i>	860-277-3966 <i>(Area Code) (Telephone Number) (Extension)</i> 860-277-7002 <i>(Fax Number)</i>
Policyowner Relations Contact	ONE TOWER SQUARE, 5GS..... HARTFORD ..... CT ..... 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-1561 <i>(Area Code) (Telephone Number) (Extension)</i>

### OFFICERS

Name	Title	Name	Title
1. BRIAN WILLIAM MacLEAN	Chairman of the Board, President & CEO	2. BRUCE ALLEN BACKBERG	Senior Vice President & Corporate Secretary
3. DOUGLAS KENNETH RUSSELL	Senior V. P., Treas. & Corporate Controller	4.	

### OTHER

JOHN JOSEPH ALBANO #	Executive Vice President, Business Insurance	JAY STEVEN BENET	Vice Chairman & Chief Financial Officer
DOUGLAS KEITH BELL ** #	Senior Vice President, Accounting Standards	ANDY FRANCIS BESSETTE	Exec. Vice President & Chief Administrative Officer
CHARLES JOSEPH CLARKE	Vice Chairman	JOHN PATRICK CLIFFORD JR. #	Senior Vice President, Human Resources
WILLIAM PATRICK HANNON * #	Exec. V. P., Enterprise Risk Management and Business Conduct Officer.	WILLIAM HERBERT HEYMAN	Vice Chairman & Chief Investment Officer
JOSEPH PATRICK LACHER JR. #	Executive Vice President, Personal Insurance	SAMUEL GERSTEN LISS #	Executive Vice President, Strategic Development and Financial & Professional & International Insurance
MARIA OLIVO #	Executive Vice President, Investor Relations and Communications	WADE THOMAS OVERGAARD	Senior Vice President & Chief Corporate Actuary
KATHLEEN LYNCH PRESTON #	Executive Vice President, Enterprise Development	SCOTT WILLIAM RYNDA	Senior Vice President, Tax Administration
DOREEN SPADORCIA	Executive Vice President, Claim	KENNETH FRANKLIN SPENCE, III	Executive Vice President & General Counsel

### 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.....

County of.....

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 of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)

BRIAN WILLIAM MacLEAN

1. (Printed Name)

(Signature)

BRUCE ALLEN BACKBERG

2. (Printed Name)

(Signature)

DOUGLAS KENNETH RUSSELL

3. (Printed Name)

Chairman of the Board, President & CEO

(Title)

Senior Vice President & Corporate Secretary

(Title)

Senior V. P., Treas. & Corporate Controller

(Title)

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

a. Is this an original filing?

Yes [X] No [ ]

b. If no 1. State the amendment number

\_\_\_\_\_

2. Date filed

\_\_\_\_\_

3. Number of pages attached

\_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	11,488,083,475	0	11,488,083,475	10,299,888,338
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	176,798,912	0	176,798,912	194,334,149
2.2 Common stocks.....	3,629,083,835	265,379	3,628,818,456	3,196,558,069
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	41,944,236	0	41,944,236	64,371,968
3.2 Other than first liens.....	0	0	0	29,185,354
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	147,268,439	0	147,268,439	151,781,314
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 (\$.....(517,289,254), Sch. E-Part 1), cash equivalents (\$.....7,977,699, Sch. E-Part 2) and short-term investments (\$.....294,436,501, Sch. DA).....	(214,875,053)	0	(214,875,053)	124,286,979
6. Contract loans (including \$.....0 premium notes).....	2,093,317	2,093,317	0	0
7. Other invested assets (Schedule BA).....	856,412,005	18,040,831	838,371,174	869,446,391
8. Receivables for securities.....	2,577,185	0	2,577,185	117,914,107
9. Aggregate write-ins for invested assets.....	(56,283)	0	(56,283)	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	16,129,330,069	20,399,527	16,108,930,542	15,047,766,669
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	141,402,371	0	141,402,371	122,167,726
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	245,385,706	26,333,970	219,051,736	211,717,280
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....16,862,333 earned but unbilled premiums).....	857,228,102	6,696,756	850,531,346	824,788,075
13.3 Accrued retrospective premiums.....	30,040,435	1,601,400	28,439,035	42,495,516
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	1,202,757,408	0	1,202,757,408	1,238,297,294
14.2 Funds held by or deposited with reinsured companies.....	13,042,929	0	13,042,929	14,107,680
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.....	599,010,168	352,687,802	246,322,366	275,733,660
17. Guaranty funds receivable or on deposit.....	11,313,704	0	11,313,704	13,300,452
18. Electronic data processing equipment and software.....	58,352,838	590,743	57,762,096	47,400,009
19. Furniture and equipment, including health care delivery assets (\$.....0).....	105,988,923	105,988,923	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.....	306,322,361	0	306,322,361	168,344,214
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	517,877,947	284,667,248	233,210,699	275,006,923
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	20,218,052,960	798,966,369	19,419,086,591	18,281,125,499
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	20,218,052,960	798,966,369	19,419,086,591	18,281,125,499

## DETAILS OF WRITE-INS

0901. Investments in process.....	(56,283)	0	(56,283)	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).....	(56,283)	0	(56,283)	0
2301. COLI supplemental benefits trust.....	111,758,390	0	111,758,390	107,530,460
2302. Equities and deposits in pools and associations.....	51,704,000	0	51,704,000	48,147,915
2303. Suspense, undistributed payments.....	37,383,851	0	37,383,851	42,603,300
2398. Summary of remaining write-ins for Line 23 from overflow page.....	317,031,705	284,667,248	32,364,458	76,725,247
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	517,877,947	284,667,248	233,210,699	275,006,923

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	6,656,789,915	6,894,428,741
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	4,909,693	5,063,098
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,479,025,259	1,504,585,758
4. Commissions payable, contingent commissions and other similar charges.....	128,442,909	125,526,956
5. Other expenses (excluding taxes, licenses and fees).....	105,084,055	73,738,228
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	99,217,486	135,981,655
7.1 Current federal and foreign income taxes (including \$.....76,136,370 on realized capital gains (losses)).....	31,480,247	174,510,513
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....6,957,814,465 and including warranty reserves of \$.....0).....	1,706,491,064	1,660,813,146
10. Advance premiums.....	51,243,948	50,875,902
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	4,819,599	5,611,923
12. Ceded reinsurance premiums payable (net of ceding commissions).....	78,517,691	83,326,144
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	222,340,459	246,205,484
14. Amounts withheld or retained by company for account of others.....	757,053,578	651,869,157
15. Remittances and items not allocated.....	229,414,695	218,777,333
16. Provision for reinsurance (Schedule F, Part 7).....	484,058,782	511,808,111
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	(333,537)	2,145,163
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Payable for securities.....	55,256,080	75,666,671
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.....	(76,241,692)	(80,118,368)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,017,570,231	12,340,815,614
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,017,570,231	12,340,815,614
27. Aggregate write-ins for special surplus funds.....	21,795,940	19,836,271
28. Common capital stock.....	10,000,000	10,000,000
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.....	3,715,031,265	3,715,031,265
33. Unassigned funds (surplus).....	3,654,689,155	2,195,442,348
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).....	7,401,516,361	5,940,309,885
36. TOTALS (Page 2, Line 26, Col. 3).....	19,419,086,591	18,281,125,499

## DETAILS OF WRITE-INS

2301. Retrospective premium reserve.....	1,168,771	1,168,771
2302. Other statutory provisions.....	1,090,533	1,090,533
2303. Retroactive reinsurance reserve assumed.....	576,658	591,205
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(79,077,655)	(82,968,877)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(76,241,692)	(80,118,368)
2701. Special surplus from retroactive reinsurance.....	21,795,940	19,836,271
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).....	21,795,940	19,836,271
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

# THE TRAVELERS INDEMNITY COMPANY

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4).....	3,670,178,277	3,669,880,204
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	1,691,831,288	2,246,651,703
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	451,127,195	506,089,907
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,061,117,507	1,020,806,375
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,204,075,990	3,773,547,986
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	466,102,287	(103,667,782)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,069,918,188	1,020,349,386
10. Net realized capital gains (losses) less capital gains tax of \$.....(7,545,392) (Exhibit of Capital Gains (Losses)).....	28,994,417	(14,086,834)
11. Net investment gain (loss) (Lines 9 + 10).....	1,098,912,605	1,006,262,552
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....19,867,841 amount charged off \$.....26,353,001).....	(6,485,160)	(7,436,466)
13. Finance and service charges not included in premiums.....	19,188,338	18,479,566
14. Aggregate write-ins for miscellaneous income.....	(1,441,795)	43,598,410
15. Total other income (Lines 12 through 14).....	11,261,383	54,641,510
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,576,276,276	957,236,281
17. Dividends to policyholders.....	3,407,236	3,440,706
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).....	1,572,869,040	953,795,575
19. Federal and foreign income taxes incurred.....	236,517,384	217,425,119
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,336,351,656	736,370,456
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	5,940,309,885	4,639,341,956
22. Net income (from Line 20).....	1,336,351,656	736,370,456
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....11,023,924.....	401,361,552	83,491,131
25. Change in net unrealized foreign exchange capital gain (loss).....	20,442,408	(22,402,619)
26. Change in net deferred income tax.....	(8,392,891)	34,229,216
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	(196,305,578)	(16,626,087)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	27,749,328	(364,270,768)
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	5,176,600
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	1,225,000,000
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.....	(120,000,000)	(380,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	1,461,206,476	1,300,967,929
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	7,401,516,361	5,940,309,885
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.....	6,552,780	16,425,764
1402. Change in COLI cash values.....	5,176,897	9,841,682
1403. Retroactive reinsurance gain/loss.....	3,015,542	17,356,226
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(16,187,013)	(25,262)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(1,441,795)	43,598,410
3701. Intracompany surplus transfers.....	0	0
3702. ....	0	0
3703. ....	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	3,707,592,924	3,869,492,765
2. Net investment income.....	1,089,971,209	980,309,934
3. Miscellaneous income.....	11,261,383	54,641,510
4. Total (Lines 1 through 3).....	4,808,825,517	4,904,444,209
5. Benefit and loss related payments.....	1,893,018,881	2,066,587,049
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,540,015,903	1,287,367,220
8. Dividends paid to policyholders.....	4,199,561	(1,968,549)
9. Federal and foreign income taxes paid (recovered) \$.....(24,463,110) net of tax on capital gains (losses).....	372,002,257	207,006,528
10. Total (Lines 5 through 9).....	3,809,236,603	3,558,992,248
11. Net cash from operations (Line 4 minus Line 10).....	999,588,914	1,345,451,960
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,328,971,154	1,529,860,966
12.2 Stocks.....	81,880,186	293,537,131
12.3 Mortgage loans.....	47,802,730	3,550,140
12.4 Real estate.....	2,615,436	0
12.5 Other invested assets.....	185,673,431	352,016,104
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(1,986)	10,785
12.7 Miscellaneous proceeds.....	115,393,204	(88,009,555)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,762,334,155	2,090,965,572
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,539,550,763	3,990,121,945
13.2 Stocks.....	107,965,216	188,485,245
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	2,285,568	4,329,910
13.5 Other invested assets.....	111,053,127	185,084,570
13.6 Miscellaneous applications.....	20,410,590	53,637,587
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,781,265,265	4,421,659,257
14. Net increase (decrease) in contract loans and premium notes.....	(815,792)	2,605,531
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(1,018,115,318)	(2,333,299,216)
<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	1,225,000,000
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.....	120,000,000	380,000,000
16.6 Other cash provided (applied).....	(200,635,629)	(104,012,074)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(320,635,629)	740,987,926
<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).....	(339,162,033)	(246,859,329)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	124,286,979	371,146,309
19.2 End of year (Line 18 plus Line 19.1).....	(214,875,053)	124,286,979
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Security moved from Bond to Stock on Schedule D.....	287,786	0
20.0002 Made capital contributions in lieu of receipt of cash for sale of subsidiaries.....	18,416,126	0

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		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.....	115,465,115	49,658,227	54,566,027	110,557,315
2.	Allied lines.....	101,900,176	40,378,920	44,766,057	97,513,039
3.	Farmowners multiple peril.....	23,272,230	10,324,747	11,035,865	22,561,112
4.	Homeowners multiple peril.....	541,954,652	261,582,149	288,143,243	515,393,558
5.	Commercial multiple peril.....	664,786,013	305,752,883	311,043,793	659,495,104
6.	Mortgage guaranty.....	0	0	0	0
8.	Ocean marine.....	64,406,325	22,925,522	24,202,256	63,129,591
9.	Inland marine.....	165,044,638	67,413,694	71,953,754	160,504,577
10.	Financial guaranty.....	(180)	(347)	0	(527)
11.1	Medical malpractice - occurrence.....	306,888	(80)	7,357	299,451
11.2	Medical malpractice - claims-made.....	105,658	359,781	322,117	143,323
12.	Earthquake.....	14,805,974	6,956,023	7,645,300	14,116,697
13.	Group accident and health.....	200,426	279,593	176,338	303,682
14.	Credit accident and health (group and individual).....	0	0	0	0
15.	Other accident and health.....	279,095	49,092	329,840	(1,653)
16.	Workers' compensation.....	461,858,290	138,848,567	172,689,767	428,017,089
17.1	Other liability - occurrence.....	360,779,446	162,084,730	150,281,610	372,582,566
17.2	Other liability - claims-made.....	159,326,159	91,631,583	89,394,433	161,563,308
18.1	Products liability - occurrence.....	22,942,113	11,792,594	10,079,924	24,654,784
18.2	Products liability - claims-made.....	3,357,169	1,378,226	1,504,924	3,230,472
19.1, 19.2	Private passenger auto liability.....	378,811,953	135,619,562	139,359,142	375,072,374
19.3, 19.4	Commercial auto liability.....	271,959,196	127,672,432	125,600,515	274,031,114
21.	Auto physical damage.....	307,744,085	117,168,034	118,759,809	306,152,309
22.	Aircraft (all perils).....	(42,303)	123,323	123,323	(42,303)
23.	Fidelity.....	16,849,127	10,707,779	11,734,785	15,822,121
24.	Surety.....	8,797,284	17,892,024	4,781,806	21,907,502
26.	Burglary and theft.....	1,282,567	1,320,347	1,095,117	1,507,797
27.	Boiler and machinery.....	38,474,838	17,198,242	17,640,999	38,032,081
28.	Credit.....	57,250	88,815	43,994	102,072
29.	International.....	(1,709,556)	365,507	181,606	(1,525,655)
30.	Reinsurance - nonproportional assumed property.....	1,098,636	(271,884)	(168,189)	994,942
31.	Reinsurance - nonproportional assumed liability.....	3,825,778	4,047,391	3,613,291	4,259,879
32.	Reinsurance - nonproportional assumed financial lines.....	(179,584)	80,809	100,668	(199,442)
33.	Aggregate write-ins for other lines of business.....	0	0	0	0
34.	TOTALS.....	3,727,759,460	1,603,428,288	1,661,009,470	3,670,178,277

## 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.....	53,328,609	1,438,856	(201,438)	0	54,566,027
2.	Allied lines.....	43,735,571	1,093,251	(62,765)	0	44,766,057
3.	Farmowners multiple peril.....	11,120,807	(84,942)	0	0	11,035,865
4.	Homeowners multiple peril.....	288,143,243	0	0	0	288,143,243
5.	Commercial multiple peril.....	312,724,287	(96,521)	(1,574,524)	(9,449)	311,043,793
6.	Mortgage guaranty.....	0	0	0	0	0
8.	Ocean marine.....	25,667,673	454,448	(1,919,865)	0	24,202,256
9.	Inland marine.....	61,167,788	12,685,903	(1,899,937)	0	71,953,754
10.	Financial guaranty.....	0	0	0	0	0
11.1	Medical malpractice - occurrence.....	7,357	0	0	0	7,357
11.2	Medical malpractice - claims-made.....	1,433	0	(8)	320,692	322,117
12.	Earthquake.....	7,274,114	371,187	0	0	7,645,300
13.	Group accident and health.....	176,338	0	0	0	176,338
14.	Credit accident and health (group and individual).....	0	0	0	0	0
15.	Other accident and health.....	327,820	1,993	27	0	329,840
16.	Workers' compensation.....	200,312,379	75,352	(3,141,833)	(24,556,131)	172,689,767
17.1	Other liability - occurrence.....	156,779,588	1,103,313	(3,708,045)	(3,893,246)	150,281,610
17.2	Other liability - claims-made.....	72,184,251	17,624,474	(414,291)	0	89,394,433
18.1	Products liability - occurrence.....	10,417,893	267,623	(316,727)	(288,865)	10,079,924
18.2	Products liability - claims-made.....	1,485,817	19,897	(790)	0	1,504,924
19.1, 19.2	Private passenger auto liability.....	139,359,142	0	0	(0)	139,359,142
19.3, 19.4	Commercial auto liability.....	125,993,684	325,018	(535,115)	(183,073)	125,600,515
21.	Auto physical damage.....	118,706,657	102,586	(40,245)	(9,188)	118,759,809
22.	Aircraft (all perils).....	123,323	0	0	0	123,323
23.	Fidelity.....	6,120,289	5,614,496	0	0	11,734,785
24.	Surety.....	(251,918)	8,080,501	(3,046,777)	0	4,781,806
26.	Burglary and theft.....	538,232	556,885	0	0	1,095,117
27.	Boiler and machinery.....	17,234,801	406,199	0	0	17,640,999
28.	Credit.....	43,994	0	0	0	43,994
29.	International.....	181,606	0	0	0	181,606
30.	Reinsurance - nonproportional assumed property.....	(168,189)	0	0	0	(168,189)
31.	Reinsurance - nonproportional assumed liability.....	3,378,805	234,485	0	0	3,613,291
32.	Reinsurance - nonproportional assumed financial lines.....	100,260	407	0	0	100,668
33.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
34.	TOTALS.....	1,656,215,652	50,275,411	(16,862,333)	(28,619,261)	1,661,009,470
35.	Accrued retrospective premiums based on experience.....					28,619,261
36.	Earned but unbilled premiums.....					16,862,333
37.	Balance (sum of Lines 34 through 36).....					1,706,491,064

## DETAILS OF WRITE-INS

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

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



## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	165,485,941	557,004,414	16,910,700	431,943,891	191,992,049	115,465,115
2. Allied lines.....	119,286,645	559,973,578	12,577,589	372,258,059	217,679,578	101,900,176
3. Farmowners multiple peril.....	15,022,740	90,373,673	0	80,575,296	1,548,888	23,272,230
4. Homeowners multiple peril.....	69,303,932	2,425,022,407	0	1,876,406,041	75,965,646	541,954,652
5. Commercial multiple peril.....	284,668,861	2,930,593,763	64,057	2,308,018,400	242,522,267	664,786,013
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	(24,857)	306,045,092	(188,499)	222,995,517	18,429,894	64,406,325
9. Inland marine.....	35,371,153	789,289,244	3,674,826	606,539,734	56,750,851	165,044,638
10. Financial guaranty.....	134,940	694,605	24,637	0	854,362	(180)
11.1 Medical malpractice - occurrence.....	0	1,252,906	0	1,062,535	(116,518)	306,888
11.2 Medical malpractice - claims-made.....	276,023	12,788	0	365,869	(182,717)	105,658
12. Earthquake.....	29,024,890	52,939,329	2,125,453	51,368,057	17,915,641	14,805,974
13. Group accident and health.....	0	3,861,014	0	3,660,588	0	200,426
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	271,026	0	0	(8,069)	279,095
16. Workers' compensation.....	601,023,508	2,215,365,315	88,959,129	1,872,944,034	570,545,629	461,858,290
17.1 Other liability - occurrence.....	267,094,617	1,872,271,009	0	1,489,792,049	288,794,131	360,779,446
17.2 Other liability - claims-made.....	4,661,266	837,974,737	44,914	551,884,978	131,469,780	159,326,159
18.1 Products liability - occurrence.....	3,821,536	110,461,380	0	85,382,146	5,958,656	22,942,113
18.2 Products liability - claims-made.....	4,759	15,218,878	0	11,623,504	242,964	3,357,169
19.1, 19.2 Private passenger auto liability.....	102,803,725	1,588,631,195	15,955,583	1,311,558,212	17,020,338	378,811,953
19.3, 19.4 Commercial auto liability.....	147,159,369	1,107,836,024	129,027,774	1,056,935,177	55,128,794	271,959,196
21. Auto physical damage.....	84,205,424	1,306,383,213	12,715,309	1,085,287,630	10,272,230	307,744,085
22. Aircraft (all perils).....	72,951	19,074	0	68,604	65,724	(42,303)
23. Fidelity.....	(144,756)	86,291,633	0	59,653,476	9,644,274	16,849,127
24. Surety.....	5,548,701	54,936,145	16,307	28,680,272	23,023,596	8,797,284
26. Burglary and theft.....	(3,613)	7,190,195	0	5,618,148	285,868	1,282,567
27. Boiler and machinery.....	12,102,657	118,011,111	52,871,638	133,837,829	10,672,738	38,474,838
28. Credit.....	0	255,467	0	198,217	0	57,250
29. International.....	(164,292)	(7,464,249)	0	(5,918,985)	0	(1,709,556)
30. Reinsurance - nonproportional assumed property.....	XXX	3,769,658	3,752,433	4,646,821	1,776,634	1,098,636
31. Reinsurance - nonproportional assumed liability.....	XXX	41,009,261	4,293,679	24,480,631	16,996,532	3,825,778
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(946,030)	251	(621,772)	(144,423)	(179,584)
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	1,946,736,119	17,074,547,854	342,825,780	13,671,244,957	1,965,105,337	3,727,759,460

## DETAILS OF WRITE-INS

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

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

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	64,147,690	274,330,401	290,275,482	48,202,608	62,765,449	51,290,909	59,677,147	54.0
2. Allied lines.....	189,112,372	988,973,031	1,110,186,640	67,898,763	60,309,784	105,487,896	22,720,651	23.3
3. Farmowners multiple peril.....	4,673,405	33,816,298	29,964,055	8,525,648	6,156,770	7,481,530	7,200,888	31.9
4. Homeowners multiple peril.....	25,185,434	1,065,524,327	870,542,362	220,167,399	128,674,192	182,415,914	166,425,677	32.3
5. Commercial multiple peril.....	157,648,997	1,496,152,459	1,349,923,365	303,878,091	663,736,749	749,639,917	217,974,923	33.1
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	485,337	169,867,574	141,542,976	28,809,935	32,849,316	37,619,874	24,039,377	38.1
9. Inland marine.....	21,394,902	308,943,974	274,385,297	55,953,578	68,399,983	78,943,361	45,410,200	28.3
10. Financial guaranty.....	0	(45,057)	0	(45,057)	23,921	36,116	(57,251)	10,865.9
11.1 Medical malpractice - occurrence.....	0	41,462,759	32,359,589	9,103,170	42,737,801	46,845,607	4,995,364	1,668.2
11.2 Medical malpractice - claims-made.....	9,846,171	187,131,940	161,280,010	35,698,100	71,384,687	102,406,241	4,676,546	3,263.0
12. Earthquake.....	116,961	1,598,233	1,789,603	(74,409)	(457,436)	6,129,341	(6,661,186)	(47.2)
13. Group accident and health.....	0	2,784,255	381,211	2,403,044	5,848,760	6,039,138	2,212,667	728.6
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	541,387	485,319	843,807	182,900	11,651,824	8,759,591	3,075,132	(186,059.3)
16. Workers' compensation.....	267,267,878	1,261,104,701	1,315,248,081	213,124,497	1,999,201,847	1,917,524,763	294,801,581	68.9
17.1 Other liability - occurrence.....	229,732,818	946,133,519	974,654,608	201,211,729	1,466,395,217	1,363,541,877	304,065,069	81.6
17.2 Other liability - claims-made.....	238,949,525	449,278,614	598,612,872	89,615,267	314,314,730	295,930,086	107,999,911	66.8
18.1 Products liability - occurrence.....	7,772,885	173,634,050	146,111,994	35,294,942	349,942,667	466,760,850	(81,523,241)	(330.7)
18.2 Products liability - claims-made.....	75,000	7,793,147	8,085,950	(217,803)	8,299,064	7,826,934	254,327	7.9
19.1, 19.2 Private passenger auto liability.....	82,995,066	815,452,186	700,235,898	198,211,354	336,838,983	336,161,508	198,888,829	53.0
19.3, 19.4 Commercial auto liability.....	83,720,656	743,754,117	682,787,526	144,687,248	359,154,285	398,024,084	105,817,448	38.6
21. Auto physical damage.....	49,040,345	645,066,595	540,582,886	153,524,053	25,439,540	28,082,785	150,880,808	49.3
22. Aircraft (all perils).....	(11,972)	930,525	751,071	167,482	5,998,175	5,849,767	315,891	(746.7)
23. Fidelity.....	14,467,770	32,851,227	39,576,848	7,742,149	18,248,723	17,806,769	8,184,103	51.7
24. Surety.....	10,266,458	186,890,035	168,762,664	28,393,829	90,986,583	112,564,544	6,815,867	31.1
26. Burglary and theft.....	271,896	1,053,548	1,090,567	234,877	2,095,374	1,802,379	527,873	35.0
27. Boiler and machinery.....	933,645	34,678,320	28,212,314	7,399,650	11,546,107	16,550,352	2,395,406	6.3
28. Credit.....	0	1,056,435	819,688	236,747	2,795,142	2,948,829	83,060	81.4
29. International.....	3,120	18,591,139	14,429,586	4,164,673	21,573,104	29,739,766	(4,001,988)	262.3
30. Reinsurance - nonproportional assumed property.....	XXX	33,643,583	27,349,148	6,294,435	49,043,489	57,096,576	(1,758,652)	(176.8)
31. Reinsurance - nonproportional assumed liability.....	XXX	338,620,095	279,838,957	58,781,138	432,301,599	443,355,193	47,727,544	1,120.4
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(458,292)	(346,879)	(111,413)	8,533,790	8,346,923	75,454	(37.8)
33. Aggregate write-ins for other lines of business.....	50,422	848	39,781	11,490	(305)	1,419,320	(1,408,135)	0.0
34. TOTALS.....	1,458,688,166	10,261,099,904	9,790,317,956	1,929,470,115	6,656,789,915	6,894,428,741	1,691,831,289	46.1

**DETAILS OF WRITE-INS**

3301. Auto warranty.....	50,422	848	39,781	11,490	(305)	1,419,320	(1,408,135)	0.0
3302. ....	0	0	0	0	0	0	0	0.0
3303. ....	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	XXX
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	50,422	848	39,781	11,490	(305)	1,419,320	(1,408,135)	0.0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	72,314,242	263,867,379	293,855,548	42,326,073	8,956,056	142,158,307	130,674,987	62,765,449	6,060,894
2. Allied lines.....	352,383,987	182,956,782	507,763,358	27,577,411	68,411,887	209,819,184	245,498,699	60,309,784	10,247,834
3. Farmowners multiple peril.....	1,051,739	11,194,917	9,576,872	2,669,784	3,003,829	16,847,553	16,364,396	6,156,770	3,101,401
4. Homeowners multiple peril.....	9,074,459	256,812,242	213,925,446	51,961,256	16,568,453	449,705,856	389,561,373	128,674,192	22,315,164
5. Commercial multiple peril.....	140,462,592	1,215,684,795	1,085,372,476	270,774,911	246,356,244	1,761,291,530	1,614,685,936	663,736,749	242,198,397
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	3,459,501	131,419,723	111,235,420	23,643,804	6,812,191	81,230,184	78,836,863	32,849,316	7,323,936
9. Inland marine.....	1,966,335	206,689,929	173,891,152	34,765,112	63,685,504	158,429,703	188,480,337	68,399,983	10,042,241
10. Financial guaranty.....	0	0	0	0	0	23,921	0	23,921	3,029
11.1 Medical malpractice - occurrence.....	24,115	205,544,849	160,814,385	44,754,579	69,855,262	(7,848,117)	64,023,923	42,737,801	5,956,217
11.2 Medical malpractice - claims-made.....	20,509,364	348,469,316	293,854,509	75,124,171	59,515,281	(36,703,521)	26,551,244	71,384,687	7,236,859
12. Earthquake.....	0	31,158	162,189	(131,030)	857,346	4,610,576	5,794,328	(457,436)	1,446,814
13. Group accident and health.....	0	5,328,761	237,063	5,091,698	0	11,356,570	10,599,507	(a) 5,848,760	(46,236)
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	2,276,692	248,787	2,027,905	31,215	13,341,853	3,749,148	(a) 11,651,824	2,558,607
16. Workers' compensation.....	825,380,750	6,736,151,295	6,459,300,230	1,102,231,815	726,620,895	5,564,968,769	5,394,619,632	1,999,201,847	240,653,962
17.1 Other liability - occurrence.....	195,986,501	1,849,251,419	1,730,111,877	315,126,042	1,147,394,339	5,048,076,863	5,044,202,028	1,466,395,217	455,266,603
17.2 Other liability - claims-made.....	275,503,252	552,329,048	717,611,388	110,220,911	452,958,764	1,047,394,883	1,296,259,828	314,314,730	72,955,144
18.1 Products liability - occurrence.....	30,050,751	349,332,942	306,945,196	72,438,497	146,342,282	1,314,849,894	1,183,688,005	349,942,667	217,376,774
18.2 Products liability - claims-made.....	0	13,732,207	12,629,912	1,102,296	1,810,071	34,733,422	29,346,726	8,299,064	5,122,456
19.1, 19.2 Private passenger auto liability.....	94,188,903	801,191,415	709,404,636	185,975,682	59,360,574	643,510,390	552,007,663	336,838,983	72,014,623
19.3, 19.4 Commercial auto liability.....	99,015,618	958,876,352	879,418,835	178,473,136	107,707,444	1,040,523,380	967,549,675	359,154,285	56,782,940
21. Auto physical damage.....	2,438,760	39,244,977	33,101,372	8,582,365	27,486,807	83,393,898	94,023,530	25,439,540	8,959,901
22. Aircraft (all perils).....	215,181	126,635,600	124,134,499	2,716,282	1,179,823	17,752,321	15,650,250	5,998,175	765,533
23. Fidelity.....	2,851,832	61,251,263	53,386,165	10,716,930	91,915,827	51,483,506	135,867,541	18,248,723	2,812,145
24. Surety.....	10,463,985	571,596,132	498,376,626	83,683,492	21,419,982	(37,870,382)	(23,753,492)	90,986,583	15,070,966
26. Burglary and theft.....	2,112	508,434	400,474	110,072	8,523,063	8,691,463	15,229,224	2,095,374	276,591
27. Boiler and machinery.....	199,009	39,852,484	33,726,783	6,324,710	5,023,591	37,866,411	37,668,605	11,546,107	2,187,692
28. Credit.....	0	9,471,564	7,348,987	2,122,578	0	3,033,071	2,360,506	2,795,142	27,937
29. International.....	1,055,176	23,020,425	18,680,259	5,395,342	155,736	72,045,156	56,023,130	21,573,104	38,706
30. Reinsurance - nonproportional assumed property.....	XXX	117,282,510	94,249,262	23,033,248	XXX	125,930,719	99,920,478	49,043,489	3,623,276
31. Reinsurance - nonproportional assumed liability.....	XXX	1,190,924,419	942,056,069	248,868,350	XXX	1,306,106,367	1,122,673,118	432,301,599	6,608,592
32. Reinsurance - nonproportional assumed financial lines.....	XXX	14,338,317	11,396,607	2,941,710	XXX	25,163,086	19,571,006	8,533,790	36,260
33. Aggregate write-ins for other lines of business.....	(1,359)	0	(1,055)	(305)	0	0	0	(305)	0
34. TOTALS.....	2,138,596,805	16,285,267,349	15,483,215,326	2,940,648,828	3,341,952,468	19,191,916,815	18,817,728,196	6,656,789,915	1,479,025,258

**DETAILS OF WRITE-INS**

3301. Auto warranty.....	(1,359)	0	(1,055)	(305)	0	0	0	(305)	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).....	(1,359)	0	(1,055)	(305)	0	0	0	(305)	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	138,193,927	0	0	138,193,927
1.2 Reinsurance assumed.....	1,080,301,228	0	0	1,080,301,228
1.3 Reinsurance ceded.....	985,317,475	0	0	985,317,475
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	233,177,680	0	0	233,177,680
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	204,864,116	0	204,864,116
2.2 Reinsurance assumed, excluding contingent.....	0	2,223,360,694	0	2,223,360,694
2.3 Reinsurance ceded, excluding contingent.....	0	1,939,033,404	0	1,939,033,404
2.4 Contingent - direct.....	0	25,947,307	0	25,947,307
2.5 Contingent - reinsurance assumed.....	0	311,615,703	0	311,615,703
2.6 Contingent - reinsurance ceded.....	0	263,629,484	0	263,629,484
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	563,124,932	0	563,124,932
3. Allowances to managers and agents.....	0	173,083	0	173,083
4. Advertising.....	8,684	16,852,419	2,283	16,863,387
5. Boards, bureaus and associations.....	1,175,547	17,628,249	6,944	18,810,739
6. Surveys and underwriting reports.....	2,328	13,567,977	455	13,570,760
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	130,315,393	228,986,279	7,598,973	366,900,646
8.2 Payroll taxes.....	9,642,278	15,174,295	301,443	25,118,016
9. Employee relations and welfare.....	20,157,040	28,577,370	753,007	49,487,416
10. Insurance.....	15,572,648	5,755,516	73,681	21,401,845
11. Directors' fees.....	0	5,752	0	5,752
12. Travel and travel items.....	10,348,405	15,787,464	216,741	26,352,611
13. Rent and rent items.....	5,967,387	22,284,317	354,521	28,606,225
14. Equipment.....	2,117,838	6,897,755	834,190	9,849,783
15. Cost or depreciation of EDP equipment and software.....	1,860,767	22,027,700	730,768	24,619,235
16. Printing and stationery.....	1,246,179	3,905,651	151,234	5,303,064
17. Postage, telephone and telegraph, exchange and express.....	2,193,843	14,142,571	194,787	16,531,201
18. Legal and auditing.....	3,231,705	15,159,389	591,881	18,982,975
19. Totals (Lines 3 to 18).....	203,840,042	426,925,788	11,810,909	642,576,738
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....3,263,158.....	0	73,265,573	0	73,265,573
20.2 Insurance department licenses and fees.....	0	8,665,181	0	8,665,181
20.3 Gross guaranty association assessments.....	0	4,706,100	0	4,706,100
20.4 All other (excluding federal and foreign income and real estate).....	0	3,331,578	0	3,331,578
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	89,968,432	0	89,968,432
21. Real estate expenses.....	0	0	18,315,346	18,315,346
22. Real estate taxes.....	0	0	5,426,109	5,426,109
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	14,109,471	(18,901,643)	1,774,266	(3,017,906)
25. Total expenses incurred.....	451,127,193	1,061,117,508	37,326,630	(a).....1,549,571,331
26. Less unpaid expenses - current year.....	1,479,025,257	330,418,915	2,325,535	1,811,769,707
27. Add unpaid expenses - prior year.....	1,504,585,758	334,616,366	630,474	1,839,832,597
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).....	476,687,694	1,065,314,958	35,631,569	1,577,634,221

## DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	17,028,831	43,550,546	1,774,266	62,353,643
2402. Service reimbursements.....	(2,919,360)	(31,076,425)	0	(33,995,785)
2403. Costs of computer software developed for internal use.....	0	(31,375,764)	0	(31,375,764)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	14,109,471	(18,901,643)	1,774,266	(3,017,906)

(a) Includes management fees of \$.....0 to affiliates and \$.....3,729 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....43,490,140	.....40,127,847
1.1 Bonds exempt from U.S. tax.....	(a).....230,062,750	.....250,947,585
1.2 Other bonds (unaffiliated).....	(a).....214,071,067	.....216,841,909
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....11,393,973	.....11,372,616
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....303,271	.....270,351
2.21 Common stocks of affiliates.....	.....359,726,296	.....359,726,296
3. Mortgage loans.....	(c).....4,752,756	.....4,564,304
4. Real estate.....	(d).....34,870,493	.....34,870,493
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....29,926,083	.....28,200,044
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....157,304,582	.....158,156,180
9. Aggregate write-ins for investment income.....	.....8,795,168	.....8,795,168
10. Total gross investment income.....	.....1,094,696,579	.....1,113,872,794
11. Investment expenses.....		(g).....37,326,632
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....2,289,810
14. Depreciation on real estate and other invested assets.....		(i).....4,338,164
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....43,954,606
17. Net investment income (Line 10 minus Line 16).....		.....1,069,918,187

## DETAILS OF WRITE-INS

0901. Miscellaneous income.....	.....8,282,898	.....8,282,898
0902. Lending of security fees.....	.....512,270	.....512,270
0903. ....	.....0	.....0
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).....	.....8,795,168	.....8,795,168
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....12,373,889 accrual of discount less \$.....48,096,139 amortization of premium and less \$.....20,204,506 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....34,870,493 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....68,340 accrual of discount less \$.....48,422 amortization of premium and less \$.....186,031 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 \$.....4,338,164 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.....	(454,213)	.....0	.....0	(454,213)
1.1 Bonds exempt from U.S. tax.....	1,222,233	.....0	.....0	1,222,233
1.2 Other bonds (unaffiliated).....	17,326,884	(4,363,555)	(358,300)	12,605,030
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	3,724,399	(497,080)	1,460,596	4,687,915
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	1,163,287	(706,891)	(8,761,024)	(8,304,628)
2.21 Common stocks of affiliates.....	1,910,631	.....0	390,611,582	392,522,212
3. Mortgage loans.....	.....0	(3,810,354)	.....0	(3,810,354)
4. Real estate.....	155,157	.....0	.....0	155,157
5. Contract loans.....	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(1,986)	.....0	.....0	(1,986)
7. Derivative instruments.....	(2,432,592)	.....0	3,074,044	641,451
8. Other invested assets.....	8,724,473	722,913	33,362,047	42,809,433
9. Aggregate write-ins for capital gains (losses).....	.....0	(1,234,282)	13,438,941	12,204,659
10. Total capital gains (losses).....	31,338,273	(9,889,249)	432,827,885	454,276,909

## DETAILS OF WRITE-INS

0901. Foreign exchange.....	.....0	(1,284,354)	13,438,941	12,154,586
0902. Recoverable on bonds written down.....	.....0	50,072	.....0	50,072
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	(1,234,282)	13,438,941	12,204,659

## 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.....	265,379	0	(265,379)
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.....	2,093,317	2,909,109	815,792
7. Other invested assets (Schedule BA).....	18,040,831	18,962,337	921,506
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).....	20,399,527	21,871,446	1,471,919
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.....	26,333,970	34,749,804	8,415,834
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	6,696,756	7,806,257	1,109,501
13.3 Accrued retrospective premiums.....	1,601,400	2,097,847	496,446
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.....	352,687,802	342,725,526	(9,962,276)
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	590,743	741,056	150,313
19. Furniture and equipment, including health care delivery assets.....	105,988,923	84,516,726	(21,472,197)
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.....	284,667,248	108,152,131	(176,515,117)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	798,966,369	602,660,793	(196,305,576)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	798,966,369	602,660,793	(196,305,576)

## DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Amounts receivable under high deductible policies.....	13,305,133	4,711,068	(8,594,065)
2302. Other assets nonadmitted.....	271,362,115	103,441,063	(167,921,052)
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).....	284,667,248	108,152,131	(176,515,117)

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## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Short-term investments are stated at amortized cost.

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

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

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

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

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

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

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

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

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

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

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

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

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable.

### 3. BUSINESS COMBINATIONS AND GOODWILL

#### A. Statutory Purchase Method:

1. On October 1, 2001, the Company purchased from a former affiliate 100% of The Northland Company, an insurance holding company which in turn indirectly owns several property-casualty insurance companies. For a listing of the companies, see Schedule Y - Part 1.
2. The transaction was accounted for as a statutory purchase.
3. The cost of The Northland Company was \$325 million resulting in goodwill in the amount of \$84 million.
4. Goodwill amortization relating to the purchase of The Northland Company was \$8.4 million for the year ended December 31, 2006.

#### B. Statutory Merger:

Not applicable.

#### C. Impairment Loss:

Not applicable.

### 4. DISCONTINUED OPERATIONS

Not applicable.

**NOTES TO FINANCIAL STATEMENTS****5. INVESTMENTS****A. Mortgage Loans:**

The maximum percentage of any one loan-to-value of security at the time the loan was made, exclusive of any purchase money or insured or guaranteed mortgages was 12%.

Taxes, assessments and other amounts advanced by the Company, and excluded from the mortgage loan balance, totaled \$0 and \$406,365 at December 31, 2006 and 2005, respectively.

**B. Debt Restructuring:**

Not applicable.

**C. Reverse Mortgages:**

Not applicable.

**D. Loan-Backed Securities:**

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

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

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

**E. Repurchase Agreements:**

Not applicable.

**F. Real Estate:**

Not applicable.

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

The Company's investment in LIHTC properties and the related tax credits were not significant at December 31, 2006.

**6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**

Not applicable.

**7. INVESTMENT INCOME**

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

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

**8. DERIVATIVE INSTRUMENTS**

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

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

The Company monitors creditworthiness of counterparties to these financial instruments by using criteria of acceptable risk that are consistent with on-balance-sheet financial instruments. The controls include credit approvals, limits and other monitoring procedures.

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

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

Forward contracts were used to hedge the Company's exposure to foreign currency exchange rates that results from the net investment in the Company's Canadian operations as well as direct foreign currency investments. See Schedule DB - Part C for additional information.

**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	\$ 784,283,226	\$ 751,636,108
Total of deferred tax liabilities	<u>(185,273,058)</u>	<u>(133,176,922)</u>
Net deferred tax asset (liability)	599,010,168	618,459,186
Deferred tax asset nonadmitted	<u>(352,687,802)</u>	<u>(342,725,526)</u>
Net admitted deferred tax asset (liability)	<u>\$ 246,322,366</u>	<u>\$ 275,733,660</u>
(Increase) decrease in nonadmitted asset	\$ (9,962,276)	\$ (84,800,673)

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

Not applicable.



**NOTES TO FINANCIAL STATEMENTS**

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

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Federal	\$ 236,441,576	\$ 218,631,923
Foreign	<u>75,808</u>	<u>(1,206,804)</u>
	236,517,384	217,425,119
Federal income taxes on net capital gains	<u>(7,545,392)</u>	<u>51,574,619</u>
Federal and foreign income taxes incurred	<u>\$ 228,971,992</u>	<u>\$ 268,999,738</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	\$ 301,502,575	\$ 330,979,579
Unearned premium reserves	121,159,494	119,145,519
Alternative minimum tax adjustment	0	4,863,765
Nonadmitted assets	106,944,859	90,977,342
Insurance related assessments	13,856,568	13,599,697
Employee benefits	98,702,636	47,116,218
Investments	88,726,282	98,270,203
Other	<u>53,390,812</u>	<u>46,683,785</u>
Total deferred tax assets	784,283,226	751,636,108
Nonadmitted deferred tax assets	<u>(352,687,802)</u>	<u>(342,725,526)</u>
Admitted deferred tax assets	<u>431,595,424</u>	<u>408,910,582</u>
Deferred tax liabilities:		
Investments	165,610,335	109,603,172
Other	<u>19,662,723</u>	<u>23,573,750</u>
Total deferred tax liabilities	<u>185,273,058</u>	<u>133,176,922</u>
Net admitted tax asset	<u>\$ 246,322,366</u>	<u>\$ 275,733,660</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	\$ 784,283,226	\$ 751,636,108	\$ 32,647,118
Total deferred tax liabilities	<u>(185,273,058)</u>	<u>(133,176,922)</u>	<u>(52,096,136)</u>
Net deferred tax asset (liability)	<u>\$ 599,010,168</u>	<u>\$ 618,459,186</u>	(19,449,018)
Tax effect of unrealized gains (losses)			11,023,924
Liquidation of subsidiary			<u>32,203</u>
Change in net deferred income taxes			<u>\$ (8,392,891)</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)	\$1,565,323,648
Taxes at statutory rate	\$ 547,863,277
Increase (decrease) attributable to:	
Nontaxable investment income	(201,007,002)
Nonadmitted assets	(65,127,275)
Tax return to estimate	(3,951,870)
Tax reserve adjustment	(15,164,009)
Other	<u>(25,248,238)</u>
Total statutory income taxes	<u>\$ 237,364,883</u>
Federal and foreign taxes incurred	\$ 228,971,992
Change in net deferred taxes	<u>8,392,891</u>
Total statutory income taxes	<u>\$ 237,364,883</u>
Effective tax rate	15.2%

- E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.
2. The Company has \$314,090,343 and \$206,628,439 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. (1) The Company paid dividends of \$120 million and \$380 million to its parent company, Travelers Insurance Group Holdings Inc. (TIGHI) in 2006 and 2005, respectively.
- (2) In December 2006, the Company purchased \$140.4 million in securities from TINDY Re Investments, Inc.
- (3) In July 2006, the Company made a capital contribution of \$15 million to its subsidiary, TINDY Foreign, Inc.
- (4) In June 2006, the Company made a capital contribution of \$15 million to its subsidiary, First Trenton Indemnity Company.
- (5) Effective January 1, 2006, The Company contributed its wholly-owned subsidiary, Travelers Medical Management Services, Inc. (TMMS) to The Phoenix Insurance Company which, in turn contributed TMMS to The Travelers Indemnity Company of Connecticut (ICT). Following the contribution of TMMS to ICT, TMMS was dissolved.

**NOTES TO FINANCIAL STATEMENTS**

- (6) On January 1, 2006, the Company eliminated its Canadian branch by implementing an assumption/novation reinsurance agreement, whereby all insurance liabilities in the Company's Canadian branch were transferred to and assumed by the St. Paul Fire and Marine Insurance Company's Canadian branch. All required regulatory approvals have been obtained by the Company including a release of licenses from the Canadian Taxing Authority.
- (7) On January 1, 2006, the Company contributed its wholly-owned subsidiary, Gulf Group Lloyds, to its subsidiary Atlantic Insurance Company (AIC). The Texas Department of Insurance (TDI) approved this contribution and exemption from change of control via entry of a consent order, Order Number 05-115. Subsequent to the contribution, also effective January 1, 2006, Gulf Group Lloyds was converted into a stock property casualty insurer and renamed GGL Insurance Company. Following the conversion, also effective January 1, 2006, GGL Insurance Company was merged into AIC and AIC is the surviving entity.
- (8) On January 1, 2006, the Company contributed its wholly-owned subsidiary, Commercial Guaranty Lloyds Insurance Company, to its subsidiary Commercial Guaranty Casualty Insurance Company (CGCIC). TDI approved this contribution and exemption from change of control via entry of a consent order, Order Number 05-115. Subsequent to the contribution, also effective January 1, 2006, Commercial Guaranty Lloyds Insurance Company was converted into a stock property casualty insurer and renamed CGL Insurance Company. Following the conversion, also effective January 1, 2006, CGL Insurance Company was merged into CGCIC and CGCIC is the surviving entity.
- (9) Effective January 1, 2006 the Company and USF&G Insurance Company of Mississippi (USF&G of Mississippi) entered into an Amendment No.1 to the Quota Share Reinsurance Agreement (Amendment No. 1) pursuant to which the Company reinsurers on an assumption reinsurance basis all of the outstanding policy contractual obligations of USF&G of Mississippi. As a result, the Company assumes all of the contractual rights, obligations, liabilities and risks of USF&G of Mississippi and shall succeed USF&G of Mississippi as the insurer under the terms and provisions of each of the policies.

Both the Quota Share Reinsurance Agreement and Amendment No. 1 were the subject of Form D filings made to the Connecticut and Mississippi Insurance Departments.

In conjunction with Amendment No. 1, USF&G of Mississippi was dissolved effective January 1, 2006 under Articles of Dissolution filed with and approved by the Mississippi Insurance Department.

- (10) TIGHI contributed capital of \$1.225 billion to the Company during 2005.
- (11) The Company made capital contributions to Gulf Insurance Holdings U.K. Ltd. Totaling \$3,537,236 in 2005.
- (12) On July 1, 2005 Gulf Insurance Company (GIC), lead company of the Gulf Insurance Pool, merged with and into the Company; this transaction was accounted for as a statutory merger.
- (13) Effective April 8, 2005 the Company's subsidiary Commercial Insurance Resources, Inc. (CIRI) was dissolved. As a result, GIC became a direct and wholly owned subsidiary of the Company.

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:

- 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 Company. Settlements between the companies are made at least monthly.
- 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 the Company. 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 \$306,322,361 and \$168,344,214 receivable from affiliates, respectively. Accounts between and among the Company and its affiliates are settled on a daily basis through the STAMMLP or cash. Any items open at the end of the month are settled in the following month.
- E. 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	St. Paul Fire and Marine Insurance Company	The Travelers Indemnity Company
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 TIGHI, which in turn is indirectly owned by STA, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.

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## NOTES TO FINANCIAL STATEMENTS

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**11. DEBT**

Not applicable.

**12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS****A. Defined Benefit Plans:**

Not applicable.

**B. Defined Contribution Plans:**

Not applicable.

**C. Multiemployer Plans:**

Not applicable.

**D. Consolidated/Holding Company Plans:****1. Employee Retirement Plans:**

The Company participates in a qualified noncontributory defined benefit pension plan in the form of a cash balance sponsored by STA for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by STA and by Travelers Property Casualty Corp. (TPC) which covers certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$5,591,704 and \$4,280,155 for 2006 and 2005, respectively.

**2. Postretirement Benefit Plan:**

The Company participates in a health care and life insurance benefit plan sponsored by STA for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$3,282,044 and \$3,771,216 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 \$14,077,735 and \$12,147,021 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 150,000 shares of common capital stock authorized and 100,000 shares issued and outstanding with a par value of \$100 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 \$1,336,351,000.

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

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

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$1,529,904,909.

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

At December 31, 2006, the Company had commitments to fund investments of \$184,799,789.

**B. Assessments:**

The Company has accrued liabilities of \$58.9 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.5 million at December 31, 2006. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

**C. Gain Contingencies:**

Not applicable.

**D. All Other Contingencies:**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

## 15. LEASES

## A. Lessee Leasing Arrangements:

- At December 31, 2006 and 2005, the Company is a party to various lease agreements for office space, data processing equipment, automobiles and office equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2006 and 2005 was \$106,829,489 and \$96,213,036, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

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

- Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$536,372,494 at December 31, 2006. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2007	\$108,531,936
2008	96,520,643
2009	82,028,157
2010	60,711,296
2011	44,742,826

At December 31, 2006, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$295,029.

- Sale-Leaseback Transactions:

Not applicable.

## B. Lessor's Business Activities:

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

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

The Company uses derivative financial instruments, including financial futures and forward contracts, as a means of hedging exposure to foreign currency and/or interest rate risk on existing assets. These derivative financial instruments have off-balance-sheet risk. See Note 8 for a discussion of these financial instruments, including credit and market risk, cash requirements and related accounting policy. For further details of the above instruments, including contract or notional principal amounts, see Schedule DB. At December 31, 2006, the Company had no financial futures or forward contracts open.

In the normal course of business, the Company has unfunded commitments to partnerships and limited liability companies. The off-balance-sheet risks of these financial instruments were \$184,799,789 at December 31, 2006.

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. The Company no longer writes such guarantees. At December 31, 2006 and 2005, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$25.7 million and \$27.0 million, respectively.

Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amounts of such financial guarantees was \$148 million and \$184 million at December 31, 2006 and 2005, respectively.

## 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

## A. Transfers of Receivables Reported as Sales:

Not applicable.

## B. Transfer and Servicing of Financial Assets:

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

## C. Wash Sales:

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

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

	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain/(Loss)</u>
Bonds:				
NAIC 3	3	\$ 811,460	\$ 315,053	\$ 129,338
NAIC 4	12	\$ 7,392,411	\$ 5,117,425	\$ 1,016,192
NAIC 5	2	\$ 727,770	\$ 320,100	\$ 555

## 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.

**NOTES TO FINANCIAL STATEMENTS****20. SEPTEMBER 11 EVENTS**

Through December 31, 2006, the St. Paul Travelers Reinsurance Pool (STA Pool) has recorded the following charges, before tax, for the estimated ultimate loss for both reported and unreported claims and related LAE and reinstatement premiums associated with the terrorist attack on September 11, 2001. This estimate is based on a variety of actuarial techniques, coverage interpretation and claims estimation methodologies as well as ongoing analysis of both paid and reported claims related to the attack. Since the reserves and related reinsurance recoverables are based on estimates, the ultimate net liability may be more or less than these amounts. The Company's pro rata participation percentage of the STA Pool is 22.41%.

(in millions)	Case + IBNR Reserve	Total Incurred
Gross Loss & LAE	\$ 719.2	\$ 2,544.7
Ceded Loss & LAE	<u>(446.4)</u>	<u>(1,538.5)</u>
Net Loss & LAE	<u>\$ 272.8</u>	\$ 1,006.2
Additional & reinstatement premiums		(41.0)
Reduction in reinsurance		
contingent commission expense		<u>(91.0)</u>
Total STA Pool Net Pretax Cost		<u>\$ 874.2</u>
Company's retention from		
22.41% participation in the STA Pool		<u>\$ 195.9</u>

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

Not applicable.

**B. Troubled Debt Restructuring:**

Not applicable.

**C. Other Disclosures:**

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

2006 Schedule P:

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

Schedule P	Accident Years				
	1996	1995	1994	1993	1992 & Prior
Part 1A	\$ 1,074	\$ 542	\$ 124	\$ 157	\$ 530
Part 1B	398	117	132	147	67,016
Part 1C	1,577	1,106	86	728	4,391
Part 1D	52,850	60,195	47,377	51,182	630,253
Part 1E	9,270	6,950	4,863	4,885	76,879
Part 1F - Section 1	711	685	170	268	3,049
Part 1F - Section 2	4,091	1,311	1,384	548	3,489
Part 1G	596	398	386	85	1,321
Part 1H - Section 1	26,393	15,189	26,170	63,022	622,664
Part 1H - Section 2	4,120	2,016	3,639	2,719	4,838
Part 1M	0	0	3	35	504
Part 1N	554	461	812	29	1,199
Part 1O	4,893	7,457	54,464	2,251	144,746
Part 1P	243	31	23	0	94
Part 1R - Section 1	9,286	9,684	6,582	5,571	337,803
Part 1R - Section 2	538	227	410	134	1,610

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

	1997	2000	2001	2002
Commercial Auto	\$ 0	\$ (954)	\$ (442)	\$ (563)
Workers' Compensation	0	(561)	(2,280)	(2,197)
Commercial Multiple Peril	0	(9,780)	0	0
Medical Malpractice - CM	0	(11,990)	(2,631)	0
Special Liability	0	(340)	0	(19)
Other Liability - Occ	(124)	(26,426)	(5)	(3,467)
Other Liability - CM	0	(5,372)	(162)	(8)
Special Property	0	0	0	(138)
Other	0	0	0	(22)
Reinsurance A	0	0	0	(1,023)
Reinsurance B	0	0	0	(8,759)

**D. Uncollectible Premium Balances:**

Not applicable.

**E. Business Interruption Insurance Recoveries:**

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

## F. Hybrid Securities:

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

<u>CUSIP</u>	<u>Issuer/Description</u>	<u>Type</u>	<u>Carrying Value</u>
05562EAA6	BNP US Funding 144A	Perpetual	\$ 203,576
06738CAF6	Barclays PLC - GBP	Perpetual	1,079,990
44978NAA3	ING Capital FDG TR III	Perpetual	3,311,280
59156R702	MetLife Ser B	Convertible Redeemable	1,321,455
90264AAA7	UBS Preferred Funding V	Perpetual	2,092,740
92978AAA0	Wachovia Capital Trust III	Non Redeemable	980,000
G05384113	Aspen Insurance Holdings LTD	Convertible Redeemable	1,748,792
G98255121	XL Capital LTD PFD STK	Convertible Redeemable	1,429,198
Total			<u>\$12,167,031</u>

## G. State Transferable Tax Credits:

Not applicable.

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

Not applicable.

## 22. EVENTS SUBSEQUENT

In January 2007, STA reached a definitive agreement to sell the Company's indirectly owned subsidiary, Mendota Insurance Company and its wholly-owned subsidiaries, Mendakota Insurance Company and Mendota Insurance Agency, Inc. The sale is not expected to be material to the Company's results of operations or financial condition.

On February 13, 2007, STA announced that it signed a definitive agreement with Citigroup Inc. to reacquire the familiar red umbrella trademark, a highly recognizable symbol that had represented Travelers and insurance protection for decades. STA expects to allocate the purchase price principally to the umbrella trademark, which will be owned by the Company. Additionally, STA intends to change its name to The Travelers Companies, Inc. The name change is expected to be completed during the first quarter 2007.

## 23. REINSURANCE

## A. Unsecured Reinsurance Recoverables:

## 1. Affiliated Company Recoverables:

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

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

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 11,552,949,504
Travelers Casualty and Surety Company	06-6033504	9,265,149,945
The Phoenix Insurance Company	06-0303275	2,274,651,288
The Standard Fire Insurance Company	06-6033509	2,204,527,159
United States Fidelity and Guaranty Company	52-0515280	2,007,303,063
Travelers Casualty Insurance Company of America	06-0876835	1,240,320,452
Farmington Casualty Company	06-1067463	674,944,698
The Travelers Indemnity Company of Connecticut	06-0336212	622,351,605
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	622,351,604
The Charter Oak Fire Insurance Company	06-0291290	578,524,027
St. Paul Surplus Lines Insurance Company	41-1230819	398,830,958
The Travelers Indemnity Company of America	58-6020487	350,620,622
St. Paul Protective Insurance Company	36-2542404	262,965,467
Travelers Commercial Insurance Company	06-1286268	214,755,131
Travelers Casualty Company of Connecticut	06-1286266	214,755,131
Travelers Commercial Casualty Company	95-3634110	214,755,131
Travelers Property Casualty Company of America	36-2719165	162,162,038
Travelers Property Casualty Insurance Company	06-1286274	135,865,491
Athena Assurance Company	41-1435765	131,482,733
St. Paul Medical Liability Insurance Company	41-1435766	131,482,733
Travelers Personal Security Insurance Company	06-1286264	122,717,218
Travelers Personal Insurance Company	36-3703200	122,717,218
Travelers Excess and Surplus Lines Company	06-1203698	122,717,218
TravCo Insurance Company	35-1838077	122,717,218
The Travelers Home and Marine Insurance Company	35-1838079	122,717,218
Discover Property & Casualty Insurance Company	36-2999370	65,741,367
Discover Specialty Insurance Company	52-1925132	65,741,367
Total		<u>\$ 34,005,817,604</u>

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

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 10,482,685,611
Travelers Property Casualty Company of America	36-2719165	9,532,163,725
Travelers Casualty and Surety Company	06-6033504	5,092,956,949
United States Fidelity and Guaranty Company	52-0515280	3,270,500,020
The Travelers Indemnity Company of Connecticut	06-0336212	2,352,389,203
The Travelers Indemnity Company of America	58-6020487	2,230,264,164
The Standard Fire Insurance Company	06-6033509	1,912,108,762
The Charter Oak Fire Insurance Company	06-0291290	1,699,728,193
The Phoenix Insurance Company	06-0303275	1,356,977,782
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	920,303,475
Discover Property & Casualty Insurance Company	36-2999370	825,755,400
St. Paul Surplus Lines Insurance Company	41-1230819	751,600,443
Travelers Casualty Insurance Company of America	06-0876835	436,846,768
Farmington Casualty Company	06-1067463	347,193,158
Travelers Property Casualty Insurance Company	06-1286274	280,840,528

**NOTES TO FINANCIAL STATEMENTS**

The Travelers Home and Marine Insurance Company	35-1838079	224,281,672
TravCo Insurance Company	35-1838077	200,100,302
St. Paul Protective Insurance Company	36-2542404	180,729,934
Travelers Commercial Casualty Company	95-3634110	167,473,466
Travelers Personal Insurance Company	36-3703200	149,413,064
Travelers Commercial Insurance Company	06-1286268	107,256,450
Travelers Excess and Surplus Lines Company	06-1203698	104,265,928
Travelers Casualty Company of Connecticut	06-1286266	93,549,747
Athena Assurance Company	41-1435765	79,002,604
Travelers Personal Security Insurance Company	06-1286264	71,439,864
Discover Specialty Insurance Company	52-1925132	45,651,847
St. Paul Medical Liability Insurance Company	41-1435766	<u>39,346,544</u>
Total		<u>\$ 42,954,825,603</u>

## 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
National Workers' Compensation Reinsurance Pool	0000	AA-9992118	\$ 2,418,430,342
Munich Reinsurance America Inc.	0361	13-4924125	954,181,115
Swiss Reinsurance America Corporation	0181	13-1675535	645,194,042
Transatlantic Reinsurance Company	0012	13-5616275	578,880,873
General Reinsurance Corporation	0031	13-2673100	359,037,117
United States Aircraft Insurance Group	0000	AA-9995043	322,112,560
Odyssey America Reinsurance Corporation	0158	47-0698507	315,371,648
Employers Reinsurance Corporation	0350	48-0921045	315,316,514
XL Reinsurance America	1285	13-1290712	303,932,095

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 policyholder surplus or disputed items, that when aggregated, exceed 10% of the Company's policyholder surplus.

## C. Reinsurance Assumed and Ceded:

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 7,724,700,094	\$ 924,510,584	\$ 6,117,342,637	\$ 732,138,199	\$ 1,607,357,457	\$ 192,372,385
All Other	<u>91,050,454</u>	<u>10,897,136</u>	<u>840,471,828</u>	<u>100,589,679</u>	<u>(749,421,374)</u>	<u>(89,692,543)</u>
Total	<u>\$ 7,815,750,548</u>	<u>\$ 935,407,720</u>	<u>\$ 6,957,814,465</u>	<u>\$ 832,727,878</u>	<u>\$ 857,936,083</u>	<u>\$ 102,679,842</u>

Direct Unearned Premium Reserve \$ 848,554,981

## 2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$89,575,479 at December 31, 2006. This balance represents the Company's 22.41% pro rata share of the net amount of the STA Pool (see Note 26):

Direct Business	\$ 32,535,733
Add: Reinsurance Assumed	371,016,457
Less: Reinsurance Ceded	<u>313,976,711</u>
Net	<u>\$ 89,575,479</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 \$12,644,327, which is reflected in losses incurred.

Company – Uncollectible

XL Reinsurance America Inc.  
 General Reinsurance Corporation  
 Lexington Insurance Company  
 Excess Insurance Company Ltd.  
 Dominion Insurance Company of America  
 New England Reinsurance Corporation  
 Excess & Casualty Reinsurance Association  
 Hartford Fire Insurance Company  
 Taisei Fire & Marine Insurance Company Ltd.  
 Kansa Reinsurance Company Ltd.  
 Scan Re Insurance Company Ltd.  
 Folksam International Insurance Company Ltd.  
 Northeastern Insurance Company of Hartford  
 All other under \$200,000

Company – (Recovered)

Walbrook Insurance Company Ltd.  
 Danielson (Mission) Insurance Company  
 Global Reinsurance Corporation of America  
 Orion Insurance Company PLC  
 Mutual Reinsurance Company Ltd.  
 Bermuda Fire & Marine Insurance Company Ltd.  
 Kingscroft Insurance Company Ltd.  
 Anglo American Insurance Company Ltd.  
 El Paso Insurance Company Ltd.  
 Transit Casualty Company  
 Lime Street Insurance Company Ltd.  
 All other under (\$200,000)

**NOTES TO FINANCIAL STATEMENTS**

## E. Commutation of Ceded Reinsurance:

The Company has reported in the current year, losses incurred of \$25,846,032 as a result of commutation of reinsurance, (from the companies listed below):

Company

Ace Property & Casualty Insurance Company  
British Aviation Insurance Company  
CX Reinsurance Company Ltd.  
Ludgate Insurance Company  
NRG America Syndicate Inc.  
Paladin Reinsurance Corporation  
PXRE Reinsurance Company  
Riverstone Insurance (UK) Ltd.  
Stockholm Reinsurance Company  
Trenwick America Reinsurance Corporation  
Unione Italiana (UK) Reinsurance Company Ltd.  
XL Reinsurance America Inc.

## F. Retroactive Reinsurance:

1.	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,106,540	\$108,763,041
(2) Adjustments - Prior Year(s)	(672,300)	2,965,886
(3) Adjustments - Current Year	<u>0</u>	<u>3,442,189</u>
(4) Current Total	<u>\$ 1,434,240</u>	<u>\$115,171,116</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,342,985	\$ 96,376,512
(2) Adjustments - Prior Year(s)	0	(319,791)
(3) Adjustments - Current Year	<u>0</u>	<u>0</u>
(4) Current Total	<u>\$ 2,342,985</u>	<u>\$ 96,056,721</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 843,035	\$ 19,151,717
(2) Current Year	<u>14,547</u>	<u>16,770,319</u>
(3) Current Total	<u>\$ 857,582</u>	<u>\$ 35,922,036</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 236,445	\$ 12,386,529
(2) Adjustments - Prior Year(s)	672,300	3,285,677
(3) Adjustments - Current Year	<u>0</u>	<u>3,442,189</u>
(4) Current Year Restricted Surplus	<u>\$ 908,745</u>	<u>\$ 20,887,195</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 0</u>	<u>\$ (1,772,800)</u>

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

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 1,434,240	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	2,621,970
General Reinsurance Corporation (22039)	-	67,230,000
nSpire Re Limited (AA-1784124)	-	16,402,105
Platinum Underwriters Reinsurance Inc. (10357)	-	23,884,298
Various	-	<u>5,032,743</u>
Total	<u>\$ 1,434,240</u>	<u>\$115,171,116</u>

## f. Paid Loss/LAE Recoverable:

<u>Company</u>	<u>Paid Loss/LAE Recoverables</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
Platinum Underwriters Reinsurance Inc. (10357)	171,350	0	0
Various	<u>1,755,607</u>	<u>448,747</u>	<u>99,373</u>
Total	<u>\$ 1,926,957</u>	<u>\$ 448,747</u>	<u>\$ 99,373</u>

## G. Reinsurance Accounted for as a Deposit:

The Company entered into two ceded reinsurance arrangements which provided coverage for certain workers' compensation and general liability policies issued by the Company. Given the contract terms and results of the Company's cash flow analyses, it was subsequently determined that the agreements did not fulfill the risk transfer requirements of SSAP No. 62 so they are now being accounted for as deposits. Both of these agreements were terminated prior to January 1, 2005.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
2005	\$ 0	\$ 2,354,935	\$ (69,644)	\$ 2,285,291
2006		0	(299,151)	1,986,140

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

A. Accrued retrospective premiums (Page 2, Line 13.3) have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted. The amount shown in Part D below is the Company's proportionate share of the accrued retrospective premiums of the STA Pool (see Note 26).

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

C. See Schedule P - Part 7A.



**NOTES TO FINANCIAL STATEMENTS**

## D. Calculation of nonadmitted retrospective premium:

1. Total accrued retro premium	\$ 30,040,435
2. Unsecured amount	16,014,005
3. Less: Nonadmitted amount (10%)	<u>1,601,400</u>
4. Admitted amount (1) - (3)	<u>\$ 28,439,035</u>

## 25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

In 2006, reserves for incurred loss and loss adjustment expenses for claims arising in prior years decreased by \$77,992,924, primarily due to homeowners/farmowners, private passenger auto liability, commercial auto liability, workers' compensation, commercial multiple peril, special property and products liability – occurrence, partially offset by an increase in other liability – occurrence, other liability – claims made and reinsurance assumed liability loss and loss adjustment expense provisions.

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

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

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

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

## 26. INTERCOMPANY POOLING ARRANGEMENTS

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

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

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

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

## 27. STRUCTURED SETTLEMENTS

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

The following life insurance companies held reserves at December 31, 2006, for structured settlement annuities purchased by members of the STA Pool (see Note 26), of which \$730,980,318 is attributable to the Company:

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

**NOTES TO FINANCIAL STATEMENTS****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 \$804,822 related to premium deficiency reserves for the Financial Guaranty annual statement line of business. See Note 1 Part C, regarding the consideration of investment income in the calculation of this premium deficiency reserve.

**31. HIGH DEDUCTIBLES**

At December 31, 2006, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,669,657,164 and the amount billed and outstanding on paid claims was \$24,572,611. These amounts represent the Company's proportionate share of the STA Pool (see Note 26).

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

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

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

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

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

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

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

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

Tabular Discount Included in Schedule P - Part 1

<u>Company</u>	<u>Workers' Compensation</u>		<u>Other Liability</u>	
	<u>Case</u>	<u>IBNR</u>	<u>Case</u>	<u>IBNR</u>
St. Paul Fire and Marine Insurance Company	\$ 135,691,527	\$ 93,995,800	\$ 4,436,388	\$ 1,758,212
The Travelers Indemnity Company	115,358,388	79,910,699	3,771,603	1,494,747
Travelers Casualty and Surety Company	108,820,898	75,382,069	3,557,862	1,410,038
The Phoenix Insurance Company	26,716,200	18,506,762	873,477	346,173
The Standard Fire Insurance Company	25,892,579	17,936,226	846,549	335,501
United States Fidelity and Guaranty Company	23,576,145	16,331,593	770,814	305,486
Travelers Casualty Insurance Company of America	14,567,793	10,091,356	476,289	188,761
Farmington Casualty Company	7,927,350	5,491,409	259,182	102,718
The Automobile Insurance Company of Hartford, CT	7,309,635	5,063,507	238,986	94,714
The Travelers Indemnity Company of Connecticut	7,309,635	5,063,507	238,986	94,714
The Charter Oak Fire Insurance Company	6,794,872	4,706,922	222,156	88,044
St. Paul Surplus Lines Insurance Company	4,684,343	3,244,924	153,153	60,697
The Travelers Indemnity Company of America	4,118,104	2,852,680	134,640	53,360

**NOTES TO FINANCIAL STATEMENTS**

St. Paul Protective Insurance Company	3,088,578	2,139,510	100,980	40,020
Travelers Casualty Company of Connecticut	2,522,339	1,747,267	82,467	32,683
Travelers Commercial Casualty Company	2,522,339	1,747,267	82,467	32,683
Travelers Commercial Insurance Company	2,522,339	1,747,267	82,467	32,683
Travelers Property Casualty Company of America	1,904,623	1,319,365	62,271	24,679
Travelers Property Casualty Insurance Company	1,595,765	1,105,414	52,173	20,677
St. Paul Medical Liability Insurance Company	1,544,289	1,069,755	50,490	20,010
Athena Assurance Company	1,544,289	1,069,755	50,490	20,010
TravCo Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Excess and Surplus Lines Company	1,441,336	998,438	47,124	18,676
The Travelers Home and Marine Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Personal Security Insurance Company	1,441,336	998,438	47,124	18,676
Travelers Personal Insurance Company	1,441,336	998,438	47,124	18,676
Discover Property & Casualty Insurance Company	772,145	534,878	25,245	10,005
Discover Specialty Insurance Company	772,145	534,878	25,245	10,005
Total	<u>\$514,763,000</u>	<u>\$356,585,000</u>	<u>\$16,830,000</u>	<u>\$ 6,670,000</u>

B. Non-tabular reserves have not been discounted.

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

**33. ASBESTOS/ENVIRONMENTAL RESERVES**

The following represents the Company's allocable share of the pooled property-casualty business of the STA Pool, based on its pro rata participation percentage of 22.41%.

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

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

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

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

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

1. <u>Direct Basis - Asbestos:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 270,475,000	\$ 1,111,265,000	\$ 833,843,000	\$ 914,103,000	\$ 990,796,000
b. Incurred losses and LAE:	999,389,000	31,341,000	182,489,000	174,224,000	17,434,000
c. Calendar year payments for losses and LAE:	<u>158,599,000</u>	<u>308,763,000</u>	<u>102,229,000</u>	<u>97,531,000</u>	<u>94,017,000</u>
d. Ending reserves:	<u>\$ 1,111,265,000</u>	<u>\$ 833,843,000</u>	<u>\$ 914,103,000</u>	<u>\$ 990,796,000</u>	<u>\$ 914,213,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 54,913,000	\$ 90,155,000	\$ 84,943,000	\$ 110,365,000	\$ 121,321,000
b. Incurred losses and LAE:	42,507,000	2,418,000	31,902,000	28,954,000	28,599,000
c. Calendar year payments for losses and LAE:	<u>7,265,000</u>	<u>7,630,000</u>	<u>6,480,000</u>	<u>17,998,000</u>	<u>20,756,000</u>
d. Ending reserves:	<u>\$ 90,155,000</u>	<u>\$ 84,943,000</u>	<u>\$ 110,365,000</u>	<u>\$ 121,321,000</u>	<u>\$ 129,164,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 265,651,000	\$ 931,642,000	\$ 732,965,000	\$ 864,545,000	\$ 975,590,000
b. Incurred losses and LAE:	800,486,000	24,025,000	203,318,000	200,570,000	36,724,000
c. Calendar year payments for losses and LAE:	<u>134,495,000</u>	<u>222,702,000</u>	<u>71,738,000</u>	<u>89,525,000</u>	<u>105,023,000</u>
d. Ending reserves:	<u>\$ 931,642,000</u>	<u>\$ 732,965,000</u>	<u>\$ 864,545,000</u>	<u>\$ 975,590,000</u>	<u>\$ 907,291,000</u>

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

1. Direct Basis:	\$ 808,646,000
2. Assumed Reinsurance Basis:	\$ 69,232,000
3. Net of Ceded Reinsurance Basis:	\$ 779,509,000

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

1. Direct Basis:	\$ 231,849,000
2. Assumed Reinsurance Basis:	\$ 445,000
3. Net of Ceded Reinsurance Basis:	\$ 214,138,000

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

1. <u>Direct Basis - Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 196,876,000	\$ 139,933,000	\$ 97,154,000	\$ 118,563,000	\$ 75,784,000
b. Incurred losses and LAE:	(2,724,000)	21,486,000	64,249,000	9,665,000	24,469,000
c. Calendar year payments for losses and LAE:	<u>54,219,000</u>	<u>64,265,000</u>	<u>42,840,000</u>	<u>52,444,000</u>	<u>40,045,000</u>
d. Ending reserves:	<u>\$ 139,933,000</u>	<u>\$ 97,154,000</u>	<u>\$ 118,563,000</u>	<u>\$ 75,784,000</u>	<u>\$ 60,208,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 31,674,000	\$ 31,236,000	\$ 29,762,000	\$ 33,228,000	\$ 31,344,000
b. Incurred losses and LAE:	4,499,000	2,230,000	7,395,000	966,000	349,000
c. Calendar year payments for losses and LAE:	<u>4,937,000</u>	<u>3,704,000</u>	<u>3,929,000</u>	<u>2,850,000</u>	<u>2,132,000</u>
d. Ending reserves:	<u>\$ 31,236,000</u>	<u>\$ 29,762,000</u>	<u>\$ 33,228,000</u>	<u>\$ 31,344,000</u>	<u>\$ 29,561,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
a. Beginning reserves:	\$ 201,035,000	\$ 150,256,000	\$ 113,654,000	\$ 139,044,000	\$ 95,104,000
b. Incurred losses and LAE:	461,000	16,993,000	61,426,000	11,165,000	27,102,000
c. Calendar year payments for losses and LAE:	<u>51,240,000</u>	<u>53,595,000</u>	<u>36,036,000</u>	<u>55,105,000</u>	<u>28,458,000</u>
d. Ending reserves:	<u>\$ 150,256,000</u>	<u>\$ 113,654,000</u>	<u>\$ 139,044,000</u>	<u>\$ 95,104,000</u>	<u>\$ 93,748,000</u>
E. Ending loss and LAE reserves for unreported claims included in Part D above:					
1. Direct Basis:	\$ 50,874,000				
2. Assumed Reinsurance Basis:	\$ 19,398,000				
3. Net of Ceded Reinsurance Basis:	\$ 75,485,000				
F. Ending LAE reserves for reported and unreported claims included in Part D above:					
1. Direct Basis:	\$ 19,321,000				
2. Assumed Reinsurance Basis:	\$ -				
3. Net of Ceded Reinsurance Basis:	\$ 19,246,000				

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

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

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## NOTES TO FINANCIAL STATEMENTS

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34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	306,417,497	1.9	306,417,497	1.9
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	25,998,986	0.2	25,998,986	0.2
1.22 Issued by U.S. government sponsored agencies.....	1,921,077	0.0	1,921,077	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	27,958,906	0.2	27,958,906	0.2
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,448,446,597	9.0	1,448,446,597	9.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	1,719,014,822	10.7	1,719,014,822	10.7
1.43 Revenue and assessment obligations.....	3,302,378,049	20.5	3,302,378,049	20.5
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.....	256,524,887	1.6	256,524,887	1.6
1.512 Issued or guaranteed by FNMA and FHLMC.....	784,443,221	4.9	784,443,221	4.9
1.513 All other.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	321,931,139	2.0	321,931,139	2.0
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.....	985,021,455	6.1	985,021,455	6.1
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	2,049,271,227	12.7	2,049,271,227	12.7
2.2 Unaffiliated foreign securities.....	258,755,607	1.6	258,755,607	1.6
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.....	176,798,912	1.1	176,798,912	1.1
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	3,791,395	0.0	3,791,395	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	3,597,604,986	22.3	3,597,604,986	22.3
3.42 Unaffiliated.....	27,422,076	0.2	27,422,076	0.2
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.....	41,944,236	0.3	41,944,236	0.3
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	147,268,439	0.9	147,268,439	0.9
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.....	2,577,185	0.0	2,577,185	0.0
8. Cash, cash equivalents and short-term investments.....	(214,875,053)	(1.3)	(214,875,053)	(1.3)
9. Other invested assets.....	838,314,892	5.2	838,314,892	5.2
10. Total invested assets.....	16,108,930,539	100.0	16,108,930,539	100.0

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ X ] No [ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [ X ] No [ ] N/A [ ]
- 1.3 State regulating? Connecticut

- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]
- 2.2 If yes, date of change: \_\_\_\_\_

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/27/2006
- 3.4 By what department or departments? Connecticut

- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [ ] No [ X ]
- 4.12 renewals? Yes [ ] No [ X ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [ ] No [ X ]
- 4.22 renewals? Yes [ ] No [ X ]

- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile
	00000	

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]
- 6.2 If yes, give full information: \_\_\_\_\_

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [ X ]
- 7.2 If yes, .....0.000 %
- 7.21 State the percentage of foreign control.
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

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

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

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

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

11.12 Number of parcels 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 [ X ] No [ ]  
 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

**INVESTMENT**

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

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [ X ] No [ ]  
 21.2 If yes, state the amount thereof at December 31 of the current year:  
 21.21 Loaned to others \$.....309,556,645  
 21.22 Subject to repurchase agreements \$.....0  
 21.23 Subject to reverse repurchase agreements \$.....0  
 21.24 Subject to dollar repurchase agreements \$.....0  
 21.25 Subject to reverse dollar repurchase agreements \$.....0  
 21.26 Pledged as collateral \$.....0  
 21.27 Placed under option agreements \$.....0  
 21.28 Letter stock or securities restricted as to sale \$.....0  
 21.29 Other \$.....0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ X ] No [ ]  
 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ X ] No [ ] N/A [ ]  
 If no, attach a description with this statement.  
 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ X ] No [ ]  
 23.2 If yes, state the amount thereof at December 31 of the current year: \$.....6,972,569



**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

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

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

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

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Oaktree Capital Management	333 South Grand Ave., Los Angeles, CA 90071
N/A	Shenkman Capital Management	461 Fifth Ave., New York, NY 10017

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.....	11,790,497,676	11,921,769,356	131,271,680
26.2 Preferred stocks.....	176,798,912	190,039,838	13,240,926
26.3 Totals.....	11,967,296,588	12,111,809,194	144,512,606

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

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

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

27.2 If no, list exceptions:

**OTHER**

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....9,918,276

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

1 Name	2 Amount Paid
Insurance Services Office	4,891,950

29.1 Amount of payments for legal expenses, if any? \$.....25,060,218

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

1 Name	2 Amount Paid
Simpson, Thatcher & Bartlett	8,659,354

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....369,951

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

1 Name	2 Amount Paid
	0

**GENERAL INTERROGATORIES (continued)**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

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

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....3,670,178,277	\$.....3,669,880,204
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....20,519,106	\$.....19,199,825
2.5 Reserve Denominator.....	\$.....9,847,215,931	\$.....10,064,890,742
2.6 Reserve Ratio (2.4/2.5).....	.....0.2	.....0.2

- 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 \$.....30,383,581
  - 3.22 Non-participating policies \$.....3,697,375,878
- 4. For Mutual Reporting Entities and Reciprocal Exchanges only:
  - 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]
  - 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]
  - 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....0.0 %
  - 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0
- 5. For Reciprocal Exchanges only:
  - 5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
  - 5.2 If yes, is the commission paid:
    - 5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
    - 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
  - 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes [ ] No [ ]
- 5.5 If yes, give full information:

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

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

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

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

- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss?

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

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

## GENERAL INTERROGATORIES (continued)

## PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ X ] No [ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ....13
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ X ] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ 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 \$.....21,364,541
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....5,341,135
- 12.2 Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....14,967,809
- 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 [ X ] No [ ]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....1,464,920,623
- 12.62 Collateral and other funds \$.....220,019,314
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....3,832,110
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount. ....1

**GENERAL INTERROGATORIES (continued)**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

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

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

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

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....	0	0	0	0	0
16.12 Products.....	0	0	0	0	0
16.13 Automobile.....	(5,487,991)	(1,359)	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).....	9,109,856,434	10,037,418,133	5,539,054,490	4,629,703,663	4,108,026,445
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,754,154,289	3,723,785,642	2,564,154,826	2,349,082,452	2,161,916,563
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	6,303,958,599	6,090,517,091	4,878,363,245	4,307,933,198	3,690,485,878
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	144,261,177	449,841,083	129,995,624	1,115,841	4,767,558
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	51,879,253	74,915,966	19,222,086	77,311,862	76,373,398
6. Total (Line 34).....	19,364,109,753	20,376,477,914	13,130,790,271	11,365,147,016	10,041,569,843
<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).....	1,659,446,872	1,849,107,080	1,545,553,810	1,107,577,947	938,155,644
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	706,242,555	681,858,367	628,477,694	585,898,557	530,337,466
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,332,851,756	1,157,366,391	1,391,056,999	1,133,969,940	955,334,387
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	24,473,446	97,707,302	45,306,322	915,447	(6,126,307)
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	4,744,831	14,090,565	4,270,904	21,746,632	16,183,670
12. Total (Line 34).....	3,727,759,460	3,800,129,705	3,614,665,729	2,850,108,523	2,433,884,860
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	466,102,287	(103,667,782)	11,696,925	196,529,550	(764,915,661)
14. Net investment gain (loss) (Line 11).....	1,098,912,605	1,006,262,552	1,165,274,546	564,545,943	387,494,699
15. Total other income (Line 15).....	11,261,383	54,641,510	(1,800,842)	66,502,076	(71,060,172)
16. Dividends to policyholders (Line 17).....	3,407,236	3,440,706	(5,067,866)	1,484,953	3,158,548
17. Federal and foreign income taxes incurred (Line 19).....	236,517,384	217,425,119	245,025,689	16,710,205	(67,181,563)
18. Net income (Line 20).....	1,336,351,656	736,370,456	935,212,806	809,382,411	(384,458,119)
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	19,419,086,591	18,281,125,499	15,670,111,023	13,315,431,225	12,544,425,938
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	219,051,736	211,717,280	241,727,716	159,560,606	166,689,793
20.2 Deferred and not yet due (Line 13.2).....	850,531,346	824,788,075	736,303,100	724,076,556	649,335,357
20.3 Accrued retrospective premiums (Line 13.3).....	28,439,035	42,495,516	98,664,055	57,560,539	63,052,829
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,017,570,231	12,340,815,614	11,030,769,068	8,814,419,676	8,581,099,736
22. Losses (Page 3, Line 1).....	6,656,789,915	6,894,428,741	6,263,236,247	4,800,956,937	4,738,470,212
23. Loss adjustment expenses (Page 3, Line 3).....	1,479,025,259	1,504,585,758	1,272,044,595	1,025,895,511	1,068,026,750
24. Unearned premiums (Page 3, Line 9).....	1,706,491,064	1,660,813,146	1,591,280,672	1,304,517,640	1,144,513,439
25. Capital paid up (Page 3, Lines 28 & 29).....	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	7,401,516,361	5,940,309,885	4,639,341,956	4,501,011,549	3,963,326,203
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	7,401,516,361	5,940,309,885	4,639,341,956	4,501,011,549	3,963,326,203
28. Authorized control level risk-based capital.....	1,405,476,055	1,440,872,444	1,317,822,341	1,166,704,056	1,095,042,371
<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).....	71.3	68.4	56.9	59.5	47.9
30. Stocks (Lines 2.1 & 2.2).....	23.6	22.5	30.8	28.9	29.9
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.3	0.6	0.7	1.0	1.2
32. Real estate (Lines 4.1, 4.2 & 4.3).....	0.9	1.0	1.1	1.1	1.0
33. Cash, cash equivalents and short-term investments (Line 5).....	(1.3)	0.8	2.7	0.2	10.5
34. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	XXX
35. Other invested assets (Line 7).....	5.2	5.8	7.6	9.2	9.4
36. Receivable for securities (Line 8).....	0.0	0.8	0.2	0.1	0.1
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	330,000,000	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).....	3,597,870,365	3,148,342,748	2,927,704,761	2,933,105,434	2,832,206,612
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.....	212,554,206	236,832,855	375,567,392	349,374,178	313,046,042
45. Total of above lines 39 to 44.....	3,810,424,571	3,385,175,603	3,303,272,153	3,612,479,613	3,145,252,654
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).....	51.5	57.0	89.6	80.3	72.8

## 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).....	401,361,552	83,491,131	(348,960,588)	232,589,256	(147,624,629)
48. Dividends to stockholders (Line 35).....	(120,000,000)	(380,000,000)	(816,500,000)	(396,000,000)	(350,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	1,461,206,476	1,300,967,929	138,330,407	537,685,346	138,582,922
<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).....	5,546,105,032	1,345,285,395	3,763,082,883	3,283,174,587	3,672,445,758
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,544,049,946	1,816,673,315	1,184,788,309	1,077,730,190	1,141,080,338
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,989,884,348	2,085,895,142	1,700,153,342	1,634,661,050	1,691,226,028
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	267,943,359	(184,281,450)	67,429,929	2,236,412	43,327,330
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	371,805,386	(853,384,978)	198,444,785	123,128,590	133,729,103
55. Total (Line 34).....	11,719,788,070	4,210,187,424	6,913,899,248	6,120,930,830	6,681,808,555
<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).....	926,728,504	858,935,321	664,701,305	758,121,389	933,902,199
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	325,739,470	398,873,646	283,652,417	240,455,030	234,077,387
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	568,948,206	609,835,186	453,813,037	446,859,407	468,152,684
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	43,089,775	(64,638,700)	24,357,861	859,052	10,070,630
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	64,964,159	(187,546,242)	35,832,100	32,253,305	52,602,452
61. Total (Line 34).....	1,929,470,115	1,615,459,210	1,462,356,720	1,478,548,183	1,698,805,351
<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).....	46.1	61.2	65.5	57.6	95.7
64. Loss expenses incurred (Line 3).....	12.3	13.8	14.3	9.1	11.2
65. Other underwriting expenses incurred (Line 4).....	28.9	27.8	26.4	25.9	26.1
66. Net underwriting gain (loss) (Line 8).....	12.7	(2.8)	(6.2)	7.4	(33.0)
<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).....	28.2	25.4	30.8	22.0	27.8
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.4	75.0	80.0	66.8	106.9
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	50.4	62.0	71.0	63.3	61.4
<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).....	(94,841)	113,280	209,002	(70,594)	811,357
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).....	(1.6)	2.4	0.0	(1.8)	21.2
<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).....	227,603	830,551	679,336	844,465	770,188
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).....	4.9	18.5	0.0	22.1	24.0

## 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.....	735,372,338	729,588,026	732,858,095	743,068,565
	2. Canada.....	1,716,478	1,467,890	1,640,148	1,718,660
	3. Other Countries.....	26,242,432	27,431,920	26,224,292	26,421,000
	4. Totals.....	763,331,249	758,487,836	760,722,535	771,208,225
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	1,448,446,597	1,473,970,900	1,474,484,248	1,373,400,000
	6. Canada.....	4,011,160	3,970,290	4,032,990	4,000,000
	7. Other Countries.....	0	0	0	0
	8. Totals.....	1,452,457,757	1,477,941,190	1,478,517,238	1,377,400,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	1,719,014,822	1,743,678,336	1,738,997,998	1,635,080,000
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	1,719,014,822	1,743,678,336	1,738,997,998	1,635,080,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	3,942,311,379	4,014,352,956	3,989,463,175	3,831,501,154
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	3,942,311,379	4,014,352,956	3,989,463,175	3,831,501,154
Public Utilities (Unaffiliated)	17. United States.....	291,503,519	292,898,012	293,058,913	286,244,360
	18. Canada.....	2,006,469	2,355,902	1,990,177	6,881,921
	19. Other Countries.....	16,093,807	16,001,000	16,177,185	16,250,000
	20. Totals.....	309,603,796	311,254,914	311,226,275	309,376,281
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	3,064,720,302	3,077,193,410	3,084,021,703	3,071,859,554
	22. Canada.....	62,064,606	62,699,788	63,224,316	69,272,921
	23. Other Countries.....	174,579,565	173,742,266	176,090,271	175,908,000
	24. Totals.....	3,301,364,473	3,313,635,464	3,323,336,290	3,317,040,475
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
<b>26. Total Bonds.....</b>		<b>11,488,083,475</b>	<b>11,619,350,696</b>	<b>11,602,263,511</b>	<b>11,241,606,135</b>
<b>PREFERRED STOCKS</b>					
Public Utilities (Unaffiliated)	27. United States.....	24,334,216	24,432,111	24,076,377	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	24,334,216	24,432,111	24,076,377	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	17,383,599	17,426,818	17,166,262	
	32. Canada.....	0	0	0	
	33. Other Countries.....	8,884,060	9,106,540	8,953,012	
	34. Totals.....	26,267,659	26,533,358	26,119,274	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	113,816,395	126,693,726	129,487,686	
	36. Canada.....	9,176,648	9,176,648	8,971,938	
	37. Other Countries.....	3,203,995	3,203,995	3,107,900	
	38. Totals.....	126,197,038	139,074,369	141,567,524	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
<b>40. Total Preferred Stocks.....</b>		<b>176,798,913</b>	<b>190,039,838</b>	<b>191,763,175</b>	
<b>COMMON STOCKS</b>					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	4,768,144	4,768,144	27,556,855	
	50. Canada.....	0	0	0	
	51. Other Countries.....	26,445,327	26,445,327	17,027,175	
	52. Totals.....	31,213,471	31,213,471	44,584,030	
Parent, Subsidiaries and Affiliates	53. Totals.....	3,597,870,365	3,597,870,365	1,796,242,496	
<b>54. Total Common Stocks.....</b>		<b>3,629,083,836</b>	<b>3,629,083,836</b>	<b>1,840,826,526</b>	
<b>55. Total Stocks.....</b>		<b>3,805,882,749</b>	<b>3,819,123,674</b>	<b>2,032,589,701</b>	
<b>56. Total Bonds and Stocks.....</b>		<b>15,293,966,224</b>	<b>15,438,474,370</b>	<b>13,634,853,212</b>	

## SCHEDULE D - VERIFICATION BETWEEN YEARS

## Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	13,690,780,556	7. Amortization of premium.....	48,096,139
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	3,647,515,979	8. Foreign exchange adjustment:	
3. Accrual of discount.....	12,373,889	8.1 Column 15, Part 1.....	6,406
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	(616,941)	8.3 Column 16, Part 2, Section 2.....	7,141
4.2 Columns 15 - 17, Part 2, Section 1.....	1,909,616	8.4 Column 15, Part 4.....	(8,695,809)
4.3 Column 15, Part 2, Section 2.....	386,608,979	9. Book/adjusted carrying value at end of current period.....	15,293,966,224
4.4 Columns 11 - 13, Part 4.....	(2,389,625)	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	25,413,512	11. Subtotal (Lines 9 plus 10).....	15,293,966,224
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	2,410,851,340	12. Total nonadmitted amounts.....	265,379
		13. Statement value of bonds and stocks, current year.....	15,293,700,844

## 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	219,831	53,392	58,065	3,779	36,491	3,502	1,318	253,715	XXX
2. 1997.....	3,458,238	634,781	2,823,457	2,143,681	363,886	234,678	32,294	192,287	13,534	69,494	2,160,931	XXX
3. 1998.....	3,448,734	618,743	2,829,991	2,565,760	556,758	245,519	37,268	185,411	16,026	71,840	2,386,638	XXX
4. 1999.....	3,357,289	609,032	2,748,257	2,620,318	677,980	260,297	46,648	140,053	18,695	74,169	2,277,345	XXX
5. 2000.....	3,457,868	757,174	2,700,694	2,508,252	639,791	259,446	46,625	136,983	20,876	83,997	2,197,390	XXX
6. 2001.....	3,725,051	689,102	3,035,949	2,825,341	824,130	256,438	58,460	148,734	22,452	68,286	2,325,471	XXX
7. 2002.....	4,123,846	897,470	3,226,376	1,993,600	540,049	232,610	63,455	123,923	16,131	61,313	1,730,497	XXX
8. 2003.....	4,491,151	945,379	3,545,772	1,821,607	424,913	185,908	50,186	118,495	12,008	55,698	1,638,903	XXX
9. 2004.....	4,606,421	911,974	3,694,447	1,632,635	404,728	129,904	38,872	133,464	10,570	51,403	1,441,834	XXX
10. 2005.....	4,912,367	1,242,487	3,669,880	1,660,041	524,968	76,255	24,032	133,350	7,645	45,444	1,313,001	XXX
11. 2006.....	4,853,474	1,183,296	3,670,178	737,557	101,479	25,021	5,560	127,712	2,332	26,813	780,919	XXX
12. Totals.....	XXX	XXX	XXX	20,728,623	5,112,073	1,964,140	407,180	1,476,904	143,770	609,775	18,506,644	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,197,668	377,160	1,429,554	292,559	131,504	11,123	259,907	20,847	97,440	832	1,576	2,413,553	XXX
2. 1997.....	130,824	66,106	99,086	31,940	19,259	11,609	8,539	(1,190)	9,467	517	672	158,193	XXX
3. 1998.....	133,436	50,449	108,675	39,593	12,264	4,083	14,658	1,119	6,006	33	1,264	179,764	XXX
4. 1999.....	197,249	79,406	136,982	51,899	19,223	6,990	11,156	(5,888)	8,554	24	2,098	240,733	XXX
5. 2000.....	297,050	108,910	250,011	96,396	27,060	9,837	13,222	(3,620)	8,880	20	4,125	384,680	XXX
6. 2001.....	435,375	216,933	344,298	195,126	39,458	18,214	26,416	3,390	17,865	110	9,235	429,638	XXX
7. 2002.....	381,546	168,038	282,088	112,719	41,078	13,721	13,888	(16,009)	20,365	(54)	9,850	460,550	XXX
8. 2003.....	406,948	151,849	466,289	275,373	51,632	15,779	64,235	14,159	37,293	(150)	22,030	569,388	XXX
9. 2004.....	473,168	186,024	598,898	267,583	55,453	15,914	126,119	22,232	30,490	(292)	28,784	792,667	XXX
10. 2005.....	544,022	230,612	1,094,238	522,575	51,795	13,823	159,770	44,097	37,580	(552)	38,017	1,076,850	XXX
11. 2006.....	530,727	151,878	1,192,191	400,405	42,416	8,329	187,973	39,425	75,808	(722)	53,705	1,429,800	XXX
12. Totals.....	4,728,013	1,787,364	6,002,309	2,286,168	491,142	129,422	885,883	118,560	349,747	(234)	171,356	8,135,815	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,957,504	456,049
2. 1997.	2,837,820	518,695	2,319,124	82.1	81.7	82.1	0	0	22.41	131,864	26,329
3. 1998.	3,271,729	705,327	2,566,402	94.9	114.0	90.7	0	0	22.41	152,069	27,694
4. 1999.	3,393,832	875,754	2,518,079	101.1	143.8	91.6	0	0	22.41	202,926	37,807
5. 2000.	3,500,906	918,836	2,582,070	101.2	121.4	95.6	0	0	22.41	341,755	42,925
6. 2001.	4,093,924	1,338,815	2,755,110	109.9	194.3	90.7	0	0	22.41	367,614	62,025
7. 2002.	3,089,097	898,051	2,191,047	74.9	100.1	67.9	0	0	22.41	382,877	77,673
8. 2003.	3,152,407	944,116	2,208,291	70.2	99.9	62.3	0	0	22.41	446,015	123,373
9. 2004.	3,180,131	945,630	2,234,501	69.0	103.7	60.5	0	0	22.41	618,459	174,208
10. 2005.	3,757,051	1,367,201	2,389,850	76.5	110.0	65.1	0	0	22.41	885,072	191,777
11. 2006.	2,919,404	708,686	2,210,719	60.2	59.9	60.2	0	0	22.41	1,170,635	259,165
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	6,656,790	1,479,025

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.....	6,255,818	6,041,303	5,920,503	5,730,559	5,605,458	6,250,664	6,293,629	6,595,713	6,842,655	6,923,470	80,815	327,757	
2. 1997.....	2,064,019	2,091,407	2,078,312	2,066,368	2,085,544	2,087,366	2,097,026	2,115,061	2,130,896	2,136,070	5,174	21,008	
3. 1998.....	XXX	2,194,116	2,180,812	2,217,941	2,275,475	2,315,745	2,336,689	2,365,897	2,385,349	2,395,430	10,082	29,533	
4. 1999.....	XXX	XXX	2,026,454	2,030,715	2,131,243	2,226,424	2,306,984	2,360,048	2,366,399	2,393,524	27,126	33,477	
5. 2000.....	XXX	XXX	XXX	1,987,602	2,068,174	2,133,407	2,280,844	2,409,605	2,430,734	2,463,430	32,696	53,826	
6. 2001.....	XXX	XXX	XXX	XXX	2,445,642	2,480,218	2,573,544	2,614,516	2,584,554	2,618,378	33,823	3,862	
7. 2002.....	XXX	XXX	XXX	XXX	XXX	2,150,615	1,985,906	2,028,118	2,051,475	2,071,905	20,430	43,787	
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	2,169,530	2,047,204	2,082,641	2,078,425	(4,216)	31,221	
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,414,274	2,189,013	2,097,407	(91,606)	(316,867)	
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,448,768	2,239,603	(209,165)	XXX	
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,022,090	XXX	XXX	
											12. Totals.....	(94,841)	227,603

## 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	1,093,898	1,862,035	2,420,389	2,864,603	3,298,322	3,783,181	4,020,454	4,279,853	4,500,578	XXX	XXX
2. 1997.....	616,752	1,034,587	1,309,519	1,542,122	1,717,439	1,821,529	1,903,396	1,942,152	1,961,862	1,982,178	XXX	XXX
3. 1998.....	XXX	724,432	1,173,958	1,516,558	1,760,767	1,941,513	2,065,405	2,135,597	2,175,206	2,217,253	XXX	XXX
4. 1999.....	XXX	XXX	703,115	1,181,437	1,534,527	1,822,121	1,961,750	2,044,202	2,113,239	2,155,987	XXX	XXX
5. 2000.....	XXX	XXX	XXX	697,135	1,202,861	1,566,230	1,817,452	1,896,664	2,006,461	2,081,282	XXX	XXX
6. 2001.....	XXX	XXX	XXX	XXX	706,664	1,300,726	1,673,707	1,922,705	2,107,178	2,199,189	XXX	XXX
7. 2002.....	XXX	XXX	XXX	XXX	XXX	602,995	1,022,770	1,273,678	1,477,310	1,622,706	XXX	XXX
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	628,442	1,076,166	1,363,595	1,532,416	XXX	XXX
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	639,699	1,100,236	1,318,939	XXX	XXX
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	686,918	1,187,296	XXX	XXX
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	655,538	XXX	XXX

## SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior.....	3,538,858	2,732,195	2,248,493	1,835,535	1,468,734	1,670,943	1,345,400	1,416,321	1,479,018	1,384,945
2. 1997.....	888,609	541,910	345,221	215,153	153,565	111,691	79,670	75,686	74,017	78,486
3. 1998.....	XXX	884,332	484,623	286,838	202,342	143,704	108,721	103,311	100,643	84,376
4. 1999.....	XXX	XXX	778,199	344,341	155,168	64,323	149,549	124,913	87,901	105,007
5. 2000.....	XXX	XXX	XXX	747,636	370,315	148,306	213,305	247,925	168,044	173,916
6. 2001.....	XXX	XXX	XXX	XXX	1,129,656	615,550	424,042	262,622	167,947	176,979
7. 2002.....	XXX	XXX	XXX	XXX	XXX	1,073,184	512,044	344,584	244,839	205,964
8. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	1,098,193	537,577	359,246	252,166
9. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,303,986	696,835	449,401
10. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,131,671	700,293
11. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	953,337

**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	23,090,555	22,827,224	0	18,161,881	6,487,684	39,258,395	18,726	0
2. Alaska.....AK	YES	672,814	666,527	0	1,431,614	(1,053,029)	4,184,856	97	8,764
3. Arizona.....AZ	YES	34,802,333	34,149,620	1,192	4,853,498	11,409,715	54,231,762	19,079	12,097
4. Arkansas.....AR	YES	24,151,752	21,086,453	0	6,530,248	25,084,546	57,029,605	14,719	1,691
5. California.....CA	YES	569,034	17,433	0	18,965,145	(18,548,827)	170,899,286	447	8,423
6. Colorado.....CO	YES	52,797,303	51,226,918	0	17,614,080	23,137,851	89,491,381	61,923	900
7. Connecticut.....CT	YES	44,749,639	46,971,524	73,993	57,728,013	37,460,192	173,157,687	152,952	61
8. Delaware.....DE	YES	17,416,312	18,131,633	0	7,852,832	8,679,931	35,874,225	47,514	0
9. District of Columbia.....DC	YES	20,679,120	19,019,057	0	5,312,524	15,651,546	48,860,927	11,503	0
10. Florida.....FL	YES	58,517,163	54,846,801	123,360	65,967,253	(15,405,526)	287,550,526	9,270	(930)
11. Georgia.....GA	YES	44,295,778	44,403,819	0	28,548,028	18,065,784	82,636,230	406,947	8,674
12. Hawaii.....HI	YES	4,298,008	4,396,583	0	2,079,147	2,146,761	12,032,236	329	0
13. Idaho.....ID	YES	7,893,386	7,512,310	0	4,564,086	5,074,210	9,663,408	10,067	0
14. Illinois.....IL	YES	115,634,356	114,780,282	358	79,955,838	75,946,354	328,263,763	60,058	(1)
15. Indiana.....IN	YES	41,700,504	43,440,633	77	21,490,484	33,782,030	51,893,631	12,514	16,341
16. Iowa.....IA	YES	18,043,289	18,012,455	0	15,249,547	7,481,125	49,254,418	3,856	(1)
17. Kansas.....KS	YES	49,325,061	46,704,207	83	19,381,210	34,142,603	51,533,994	33,707	253
18. Kentucky.....KY	YES	13,157,145	12,192,972	184	4,511,529	7,983,306	31,345,167	7,580	0
19. Louisiana.....LA	YES	13,074,525	13,237,986	0	147,472,129	61,055,218	86,586,215	11,006	3,251
20. Maine.....ME	YES	4,917,391	5,025,364	0	986,255	798,549	7,460,051	32,719	0
21. Maryland.....MD	YES	51,784,859	48,451,580	2,551	27,800,796	30,927,809	78,895,452	336,856	142
22. Massachusetts.....MA	YES	138,825,533	156,188,244	2,600	75,429,863	74,748,994	290,987,727	592,107	(468)
23. Michigan.....MI	YES	34,449,281	34,765,194	16,804	17,388,488	11,591,828	112,786,656	16,963	(51)
24. Minnesota.....MN	YES	16,284,054	16,469,331	161	8,860,468	(9,054,275)	61,030,641	19,730	5,449
25. Mississippi.....MS	YES	25,319,000	21,673,862	9	28,397,206	4,554,290	55,923,357	20,132	590
26. Missouri.....MO	YES	31,991,849	28,221,869	0	21,955,623	23,831,257	87,257,506	14,766	0
27. Montana.....MT	YES	9,365,063	8,883,920	0	3,090,007	3,898,654	13,703,171	15,540	19,036
28. Nebraska.....NE	YES	30,434,707	31,580,906	0	10,967,700	12,781,767	57,894,718	13,402	0
29. Nevada.....NV	YES	35,459,870	36,515,619	0	16,399,357	4,848,919	43,838,197	19,579	6,140
30. New Hampshire.....NH	YES	30,544,505	31,776,363	0	14,349,023	20,006,208	55,860,797	148,414	0
31. New Jersey.....NJ	YES	151,708,723	150,718,605	153,027	96,760,229	153,837,411	359,604,523	160,667	19,214
32. New Mexico.....NM	YES	5,788,127	5,264,495	0	4,866,648	(81,253)	22,189,461	3,415	1,466
33. New York.....NY	YES	195,945,581	202,133,678	10,914	286,582,954	236,647,503	1,154,362,465	830,718	(26,796)
34. North Carolina.....NC	YES	103,578,664	103,542,392	6,217	29,478,976	40,442,943	148,587,779	606,258	23,089
35. North Dakota.....ND	YES	1,296,933	1,232,538	0	833,657	(62,463)	2,157,085	374	43,647
36. Ohio.....OH	YES	31,142,585	34,029,635	0	59,331,702	25,258,149	106,643,857	25,610	0
37. Oklahoma.....OK	YES	22,127,399	22,180,470	0	3,810,811	3,701,377	20,255,063	19	0
38. Oregon.....OR	YES	10,040,616	9,882,638	0	5,173,420	5,207,076	23,758,958	13,677	0
39. Pennsylvania.....PA	YES	99,374,138	95,262,318	3,039	56,389,089	58,301,724	337,626,686	1,093,609	40,113
40. Rhode Island.....RI	YES	10,391,142	11,479,376	0	11,134,245	5,196,353	24,217,751	36,009	608
41. South Carolina.....SC	YES	18,101,441	18,235,690	0	7,356,673	6,132,235	37,944,289	14,288	729
42. South Dakota.....SD	YES	3,245,786	5,836,751	0	9,308,144	3,584,632	13,540,189	1,672	0
43. Tennessee.....TN	YES	58,409,475	56,073,621	0	13,808,253	25,129,353	84,707,550	108,907	323
44. Texas.....TX	YES	74,939,130	65,668,584	0	39,373,739	40,150,165	309,837,051	208,486	(652)
45. Utah.....UT	YES	11,787,082	11,453,038	0	4,785,900	4,212,189	15,683,668	21,772	(63)
46. Vermont.....VT	YES	11,828,313	12,187,067	0	4,120,877	4,767,799	21,206,948	25,213	27,148
47. Virginia.....VA	YES	88,034,657	87,794,989	2,196	34,426,443	39,766,625	118,817,711	108,703	25,434
48. Washington.....WA	YES	28,194,295	27,150,396	158	29,625,720	5,376,071	53,658,092	40,534	1
49. West Virginia.....WV	YES	7,283,340	5,026,929	0	2,418,058	(2,987,703)	55,910,709	8,573	0
50. Wisconsin.....WI	YES	14,085,009	13,410,464	1,857	2,283,926	7,358,098	28,879,364	8,467	446
51. Wyoming.....WY	YES	4,154,491	4,132,525	0	948,933	44,909	5,650,655	2,745	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	YES	37,002	36,932	0	1,475	5,716	4,269	0	0
54. Puerto Rico.....PR	YES	1,236,631	1,648,185	0	55,815	57,991	428,773	6	0
55. US Virgin Islands.....VI	YES	2,087	2,087	0	0	17,540	17,542	0	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0	0	0
57. Canada.....CN	NO	0	0	0	(13,993)	(450,075)	0	0	0
58. Aggregate Other Alien.....OT	XXX	(240,716)	(73,164)	(409,808)	2,532,600	(1,153,791)	5,472,849	0	0
59. Totals.....(a)	54	1,946,736,119	1,937,486,927	(11,028)	1,458,688,166	1,177,976,044	5,480,549,273	5,432,222	245,068

**DETAILS OF WRITE-INS**

5801. Other Alien Combined.....XXX		(240,716)	(73,164)	(409,808)	2,532,600	(1,153,791)	5,472,849	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		(240,716)	(73,164)	(409,808)	2,532,600	(1,153,791)	5,472,849	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.

NOTE - CALIFORNIA: ADMITTED REINSURER.

(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