



ANNUAL STATEMENT

For the Year Ended December 31, 2005
of the Condition and Affairs of the

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	State of Domicile or Port of Entry CONNECTICUT	Country of Domicile US
Incorporated/Organized..... March 25, 1903	Commenced Business..... May 12, 1906	
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 Vice President, Treas. & Corporate Controller	4.	

OTHER

JOHN JOSEPH ALBANO #	Executive Vice President, Commercial Lines	JAY STEVEN BENET #	Vice Chairman & Chief Financial Officer
ANDY FRANCIS BESSETTE	Executive Vice President & Chief Administrative Officer	CHARLES JOSEPH CLARKE	Vice Chairman
JOHN PATRICK CLIFFORD JR	Executive Vice President, Human Resources	WILLIAM PATRICK HANNON #	Exec. V. P., Special Services & Business Conduct Officer
WILLIAM HERBERT HEYMAN #	Vice Chairman & Chief Investment Officer	JOSEPH PATRICK LACHER JR #	Exec. Vice President, & Chief Exec. Officer, Personal Lines
SAMUEL GERSTEN LISS #	Executive Vice President, Strategic Development	WADE THOMAS OVERGAARD #	Senior Vice President & Chief Corporate Actuary
PAULINE CUSANO PANIK	Senior Vice President, Accounting Standards	KATHLEEN LYNCH PRESTON #	Executive Vice President, Field Marketing
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 #			

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) Chairman of the Board, President & CEO (Title)	_____ (Signature) BRUCE ALLEN BACKBERG 2. (Printed Name) Senior Vice President & Corporate Secretary (Title)	_____ (Signature) DOUGLAS KENNETH RUSSELL 3. (Printed Name) Senior Vice President, Treas. & Corporate Controller (Title)
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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).....	10,299,888,338	0	10,299,888,338	7,862,503,454
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	194,334,149	0	194,334,149	283,796,070
2.2 Common stocks.....	3,196,558,069	0	3,196,558,069	3,100,031,879
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	64,371,968	0	64,371,968	67,604,461
3.2 Other than first liens.....	29,185,354	0	29,185,354	29,282,678
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	151,781,314	0	151,781,314	151,731,549
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 (\$.....(523,778,607), Sch. E-Part 1), cash equivalents (\$.....339,033,462, Sch. E-Part 2) and short-term investments (\$.....309,032,124, Sch. DA).....	124,286,979	0	124,286,979	371,146,309
6. Contract loans (including \$.....0 premium notes).....	2,909,109	2,909,109	0	0
7. Other invested assets (Schedule BA).....	888,408,728	18,962,337	869,446,391	1,055,169,523
8. Receivables for securities.....	117,914,107	0	117,914,107	25,857,963
9. Aggregate write-ins for invested assets.....	0	0	0	4,286
10. Subtotals, cash and invested assets (Lines 1 to 9).....	15,069,638,116	21,871,446	15,047,766,669	12,947,128,172
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	122,167,726	0	122,167,726	98,840,501
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	246,467,084	34,749,804	211,717,280	241,727,716
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....13,075,363 earned but unbilled premiums).....	832,594,331	7,806,257	824,788,075	736,303,100
13.3 Accrued retrospective premiums.....	44,593,363	2,097,847	42,495,516	98,664,056
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	1,238,297,294	0	1,238,297,294	783,406,232
14.2 Funds held by or deposited with reinsured companies.....	14,107,680	0	14,107,680	20,310,366
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	90,758,780
16.2 Net deferred tax asset.....	618,459,186	342,725,526	275,733,660	261,204,989
17. Guaranty funds receivable or on deposit.....	13,300,452	0	13,300,452	13,922,925
18. Electronic data processing equipment and software.....	48,141,065	741,056	47,400,009	35,694,699
19. Furniture and equipment, including health care delivery assets (\$.....0).....	84,516,726	84,516,726	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.....	168,344,214	0	168,344,214	88,011,122
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	383,159,055	108,152,131	275,006,923	254,138,366
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	18,883,786,292	602,660,793	18,281,125,499	15,670,111,023
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	18,883,786,292	602,660,793	18,281,125,499	15,670,111,023

DETAILS OF WRITE-INS

0901. Receivable on derivative contracts.....	0	0	0	5,164
0902. Investments in process.....	0	0	0	(879)
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	4,286
2301. COLI supplemental benefits trust.....	107,530,460	0	107,530,460	98,778,126
2302. Amounts receivable under high deductible policies.....	33,220,127	4,711,068	28,509,058	32,829,986
2303. Equities and deposits in pools and associations.....	48,147,915	0	48,147,915	50,380,571
2398. Summary of remaining write-ins for Line 23 from overflow page.....	194,260,552	103,441,063	90,819,489	72,149,683
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	383,159,055	108,152,131	275,006,923	254,138,366

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	6,894,428,741	6,263,236,247
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	5,063,098	7,502,563
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,504,585,758	1,272,044,595
4. Commissions payable, contingent commissions and other similar charges.....	125,526,956	125,224,010
5. Other expenses (excluding taxes, licenses and fees).....	73,738,228	142,126,767
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	135,981,655	98,440,917
7.1 Current federal and foreign income taxes (including \$.....59,218,653 on realized capital gains (losses)).....	174,510,513	112,517,303
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 \$.....6,811,657,269 and including warranty reserves of \$.....0).....	1,660,813,146	1,591,280,672
10. Advance premiums.....	50,875,902	52,861,360
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	5,611,923	202,668
12. Ceded reinsurance premiums payable (net of ceding commissions).....	83,326,144	78,373,408
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	246,205,484	55,958,054
14. Amounts withheld or retained by company for account of others.....	651,869,157	602,419,527
15. Remittances and items not allocated.....	218,777,333	321,550,582
16. Provision for reinsurance (Schedule F, Part 7).....	511,808,111	147,537,343
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	2,145,163	16,124,000
18. Drafts outstanding.....	0	267,409
19. Payable to parent, subsidiaries and affiliates.....	0	839,095
20. Payable for securities.....	75,666,671	124,037,694
21. Liability for amounts held under uninsured accident and health plans.....	0	0
22. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
23. Aggregate write-ins for liabilities.....	(80,118,368)	18,224,854
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,340,815,614	11,030,769,067
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,340,815,614	11,030,769,067
27. Aggregate write-ins for special surplus funds.....	19,836,271	1,142,318
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	2,490,031,265
33. Unassigned funds (surplus).....	2,195,442,348	2,138,168,373
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).....	5,940,309,885	4,639,341,956
36. TOTALS (Page 2, Line 26, Col. 3).....	18,281,125,499	15,670,111,023

DETAILS OF WRITE-INS

2301. Payable on derivative contracts.....	4,757,303	4,157,290
2302. Freddie Mac collateral liability.....	3,915,176	0
2303. Rental income paid in advance.....	1,407,341	1,724,560
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(90,198,187)	12,343,005
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(80,118,368)	18,224,854
2701. Special surplus from retroactive reinsurance.....	19,836,271	1,142,318
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).....	19,836,271	1,142,318
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

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	3,669,880,204	3,591,084,513
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	2,246,651,703	2,146,486,439
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	506,089,907	477,964,892
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,020,806,375	954,936,257
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,773,547,986	3,579,387,588
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(103,667,782)	11,696,925
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,020,349,386	1,052,233,328
10. Net realized capital gains (losses) less capital gains tax of \$.....51,574,619 (Exhibit of Capital Gains (Losses)).....	(14,086,834)	113,041,219
11. Net investment gain (loss) (Lines 9 + 10).....	1,006,262,552	1,165,274,547
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....5,422,892 amount charged off \$.....12,859,359).....	(7,436,466)	(12,503,261)
13. Finance and service charges not included in premiums.....	18,479,566	21,766,275
14. Aggregate write-ins for miscellaneous income.....	43,598,410	(11,063,856)
15. Total other income (Lines 12 through 14).....	54,641,510	(1,800,842)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	957,236,281	1,175,170,629
17. Dividends to policyholders.....	3,440,706	(5,067,866)
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).....	953,795,575	1,180,238,495
19. Federal and foreign income taxes incurred.....	217,425,119	245,025,689
20. Net income (Line 18 minus Line 19) (to Line 22).....	736,370,456	935,212,806
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	4,639,341,956	4,501,011,549
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	736,370,456	935,212,806
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(16,351,266).....	83,491,131	(348,960,588)
25. Change in net unrealized foreign exchange capital gain (loss).....	(22,402,619)	269,304
26. Change in net deferred income tax.....	34,229,216	62,733,231
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	(16,626,087)	(124,606,434)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(364,270,768)	(34,843,132)
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.....	5,176,600	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	1,225,000,000	465,000,000
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.....	(380,000,000)	(816,500,000)
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	25,220
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	1,300,967,929	138,330,407
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	5,940,309,885	4,639,341,956
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Retroactive reinsurance gain/loss.....	17,356,226	0
1402. Profit and loss, miscellaneous.....	16,425,764	(15,969,111)
1403. Change in COLI cash values.....	9,841,682	7,293,214
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(25,262)	(2,387,959)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	43,598,410	(11,063,856)
3701. Prior period adjustment.....	0	25,220
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	25,220

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,869,492,765	3,510,135,097
2. Net investment income.....	980,309,934	1,104,092,478
3. Miscellaneous income.....	54,641,510	451,895
4. Total (Lines 1 through 3).....	4,904,444,209	4,614,679,471
5. Benefit and loss related payments.....	2,066,587,049	1,540,767,426
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,287,367,220	1,261,883,704
8. Dividends paid to policyholders.....	(1,968,549)	(2,967,994)
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	207,006,528	236,040,890
10. Total (Lines 5 through 9).....	3,558,992,248	3,035,724,027
11. Net cash from operations (Line 4 minus Line 10).....	1,345,451,961	1,578,955,444
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,529,860,966	2,688,106,853
12.2 Stocks.....	293,537,131	316,132,800
12.3 Mortgage loans.....	3,550,140	66,712,629
12.4 Real estate.....	0	125,000
12.5 Other invested assets.....	352,016,104	150,005,539
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	10,785	(1,711,501)
12.7 Miscellaneous proceeds.....	(88,009,555)	66,532,359
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,090,965,572	3,285,903,680
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,990,121,945	2,675,241,151
13.2 Stocks.....	188,485,245	1,099,583,417
13.3 Mortgage loans.....	0	53,625,000
13.4 Real estate.....	4,329,910	19,719,256
13.5 Other invested assets.....	185,084,570	152,563,796
13.6 Miscellaneous applications.....	53,637,587	157,920,375
13.7 Total investments acquired (Lines 13.1 to 13.6).....	4,421,659,257	4,158,652,995
14. Net increase (decrease) in contract loans and premium notes.....	2,605,531	(808,835)
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(2,333,299,216)	(871,940,480)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	1,225,000,000	465,000,000
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.....	380,000,000	816,500,000
16.6 Other cash provided (applied).....	(104,012,074)	(242,854,025)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	740,987,926	(594,354,025)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(246,859,330)	112,660,938
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	371,146,309	258,485,371
19.2 End of year (Line 18 plus Line 19.1).....	124,286,979	371,146,309
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	119,903,404	37,679,228	49,658,227	107,924,405
2. Allied lines.....	99,426,926	33,898,473	40,378,920	92,946,480
3. Farmowners multiple peril.....	19,313,820	11,815,674	10,324,747	20,804,747
4. Homeowners multiple peril.....	442,131,490	296,212,004	261,582,149	476,761,344
5. Commercial multiple peril.....	591,520,312	337,966,948	305,752,883	623,734,377
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	69,920,820	10,116,823	22,925,522	57,112,121
9. Inland marine.....	163,753,621	52,775,200	67,413,694	149,115,127
10. Financial guaranty.....	256,502	0	(347)	256,849
11.1 Medical malpractice - occurrence.....	312,174	(369,164)	(80)	(56,910)
11.2 Medical malpractice - claims-made.....	(4,035,977)	5,225,180	359,781	829,422
12. Earthquake.....	18,667,251	8,162,069	6,956,023	19,873,297
13. Group accident and health.....	855,778	0	279,593	576,185
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	(1,764,151)	1,995	49,092	(1,811,248)
16. Workers' compensation.....	525,924,207	56,992,106	138,848,567	444,067,746
17.1 Other liability - occurrence.....	429,092,267	102,430,153	162,084,730	369,437,689
17.2 Other liability - claims-made.....	201,397,842	61,568,817	91,631,583	171,335,077
18.1 Products liability - occurrence.....	50,924,219	10,954,159	11,792,594	50,085,783
18.2 Products liability - claims-made.....	4,054,169	665,214	1,378,226	3,341,157
19.1, 19.2 Private passenger auto liability.....	318,649,788	162,904,131	135,619,562	345,934,357
19.3, 19.4 Commercial auto liability.....	322,788,390	114,070,100	127,672,432	309,186,058
21. Auto physical damage.....	278,168,036	135,669,382	117,168,034	296,669,384
22. Aircraft (all perils).....	113,977	0	123,323	(9,346)
23. Fidelity.....	23,196,564	4,280,350	10,707,779	16,769,135
24. Surety.....	67,896,406	9,357,186	17,892,024	59,361,569
26. Burglary and theft.....	1,939,129	268,568	1,320,347	887,350
27. Boiler and machinery.....	34,365,971	20,467,628	17,198,242	37,635,357
28. Credit.....	278,716	(91)	88,815	189,810
29. International.....	6,987,487	0	365,507	6,621,980
30. Reinsurance - nonproportional assumed property.....	1,291,280	66,653	(271,884)	1,629,816
31. Reinsurance - nonproportional assumed liability.....	11,860,727	0	4,047,391	7,813,336
32. Reinsurance - nonproportional assumed financial lines.....	938,558	0	80,809	857,749
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	3,800,129,705	1,473,178,787	1,603,428,288	3,669,880,204

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

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

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	47,943,359	1,884,051	(169,183)	.0	49,658,227
2.	Allied lines.....	39,049,107	1,455,240	(125,427)	.0	40,378,920
3.	Farmowners multiple peril.....	10,324,747	.0	.0	.0	10,324,747
4.	Homeowners multiple peril.....	261,582,149	.0	.0	.0	261,582,149
5.	Commercial multiple peril.....	305,399,027	435,162	(71,857)	(9,449)	305,752,883
6.	Mortgage guaranty.....	.0	.0	.0	.0	.0
8.	Ocean marine.....	23,673,986	539,662	(1,288,127)	.0	22,925,522
9.	Inland marine.....	56,850,545	11,779,566	(1,216,418)	.0	67,413,694
10.	Financial guaranty.....	(347)	.0	.0	.0	(347)
11.1	Medical malpractice - occurrence.....	(80)	.0	.0	.0	(80)
11.2	Medical malpractice - claims-made.....	2,526	.0	.0	357,255	359,781
12.	Earthquake.....	6,450,868	505,155	.0	.0	6,956,023
13.	Group accident and health.....	279,593	.0	.0	.0	279,593
14.	Credit accident and health (group and individual).....	.0	.0	.0	.0	.0
15.	Other accident and health.....	45,633	230	3,229	.0	49,092
16.	Workers' compensation.....	197,717,760	487,698	(3,119,219)	(56,237,672)	138,848,567
17.1	Other liability - occurrence.....	154,943,613	602,936	(2,987,624)	9,525,805	162,084,730
17.2	Other liability - claims-made.....	74,975,001	17,009,851	(353,268)	.0	91,631,583
18.1	Products liability - occurrence.....	10,657,410	349,517	(206,423)	992,091	11,792,594
18.2	Products liability - claims-made.....	1,282,249	95,978	.0	.0	1,378,226
19.1, 19.2	Private passenger auto liability.....	135,619,562	.0	.0	(0)	135,619,562
19.3, 19.4	Commercial auto liability.....	126,392,840	624,929	(439,409)	1,094,073	127,672,432
21.	Auto physical damage.....	117,178,520	75,972	(54,859)	(31,598)	117,168,034
22.	Aircraft (all perils).....	123,323	.0	.0	.0	123,323
23.	Fidelity.....	6,322,067	4,385,712	.0	.0	10,707,779
24.	Surety.....	1,867,846	19,070,955	(3,046,777)	.0	17,892,024
26.	Burglary and theft.....	586,048	734,299	.0	.0	1,320,347
27.	Boiler and machinery.....	17,252,327	(54,085)	.0	.0	17,198,242
28.	Credit.....	88,815	.0	.0	.0	88,815
29.	International.....	365,507	.0	.0	.0	365,507
30.	Reinsurance - nonproportional assumed property.....	(271,884)	.0	.0	.0	(271,884)
31.	Reinsurance - nonproportional assumed liability.....	3,862,782	184,609	.0	.0	4,047,391
32.	Reinsurance - nonproportional assumed financial lines.....	78,324	2,485	.0	.0	80,809
33.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34.	TOTALS.....	1,600,643,226	60,169,920	(13,075,363)	(44,309,496)	1,603,428,288
35.	Accrued retrospective premiums based on experience.....					44,309,496
36.	Earned but unbilled premiums.....					13,075,363
37.	Balance (sum of Lines 34 through 36).....					1,660,813,147

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) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [].

(b) State here basis of computation used in each case:

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	146,809,015	545,048,088	6,476,462	446,998,807	131,431,355	119,903,404
2. Allied lines.....	103,568,920	566,133,817	6,447,194	389,700,645	187,022,359	99,426,926
3. Farmowners multiple peril.....	14,842,833	83,547,870	0	77,642,308	1,434,575	19,313,820
4. Homeowners multiple peril.....	68,305,916	2,208,488,218	0	1,744,814,086	89,848,558	442,131,490
5. Commercial multiple peril.....	260,751,950	2,926,018,297	160,773	2,379,829,510	215,581,198	591,520,312
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	(401,808)	347,363,692	557,336	246,323,733	31,274,667	69,920,820
9. Inland marine.....	41,192,768	822,661,419	2,092,878	646,765,484	55,427,959	163,753,621
10. Financial guaranty.....	342,977	2,168,221	50,778	263,752	2,041,721	256,502
11.1 Medical malpractice - occurrence.....	0	295,163	0	(196,292)	179,280	312,174
11.2 Medical malpractice - claims-made.....	2,552,323	(99,256)	0	3,880,308	2,608,736	(4,035,977)
12. Earthquake.....	26,190,684	69,696,033	1,608,373	36,132,399	42,695,440	18,667,251
13. Group accident and health.....	0	8,707,023	0	7,851,245	0	855,778
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	18,590,154	(1,744,875)	(57,958)	(405,153)	18,956,625	(1,764,151)
16. Workers' compensation.....	615,957,196	2,554,680,507	64,651,625	2,027,841,717	681,523,404	525,924,207
17.1 Other liability - occurrence.....	216,039,923	2,211,898,506	50,318	1,687,813,928	311,082,552	429,092,267
17.2 Other liability - claims-made.....	17,319,269	921,950,791	636,811	628,765,490	109,743,539	201,397,842
18.1 Products liability - occurrence.....	743,347	209,903,696	0	151,199,439	8,523,385	50,924,219
18.2 Products liability - claims-made.....	1,650	18,932,594	0	12,870,474	2,009,601	4,054,169
19.1, 19.2 Private passenger auto liability.....	130,986,901	1,446,911,834	10,671,583	1,251,758,751	18,161,779	318,649,788
19.3, 19.4 Commercial auto liability.....	145,689,831	1,416,504,521	51,139,000	1,204,227,139	86,317,823	322,788,390
21. Auto physical damage.....	110,353,693	1,256,373,167	9,103,809	1,073,933,538	23,729,095	278,168,036
22. Aircraft (all perils).....	(51,608)	508,913	0	351,039	(7,711)	113,977
23. Fidelity.....	842,450	97,830,744	138,878	64,370,565	11,244,943	23,196,564
24. Surety.....	9,436,315	284,545,983	26,099	177,382,158	48,729,832	67,896,406
26. Burglary and theft.....	106,045	9,923,276	0	8,006,445	83,747	1,939,129
27. Boiler and machinery.....	10,605,527	118,308,005	51,511,177	134,371,911	11,686,827	34,365,971
28. Credit.....	0	1,207,958	0	933,039	(3,797)	278,716
29. International.....	0	27,756,337	0	20,768,850	0	6,987,487
30. Reinsurance - nonproportional assumed property.....	XXX	52,839	3,954,362	4,667,752	(1,951,830)	1,291,280
31. Reinsurance - nonproportional assumed liability.....	XXX	61,232,427	5,407,366	39,119,981	15,659,086	11,860,727
32. Reinsurance - nonproportional assumed financial lines.....	XXX	4,268,971	0	3,226,727	103,686	938,558
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	1,940,776,270	18,221,074,779	214,626,866	14,471,209,774	2,105,138,435	3,800,129,705

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.....	37,274,842	176,817,997	195,272,778	18,820,061	51,290,910	33,971,353	36,139,617	33.5
2. Allied lines.....	232,139,534	497,656,985	661,513,299	68,283,220	105,487,895	77,833,726	95,937,389	103.2
3. Farmowners multiple peril.....	5,535,318	28,964,140	25,169,409	9,330,049	7,481,530	7,877,838	8,933,741	42.9
4. Homeowners multiple peril.....	27,461,183	1,006,764,807	804,534,119	229,691,871	182,415,914	110,627,768	301,480,017	63.2
5. Commercial multiple peril.....	147,814,583	818,076,967	600,571,187	365,320,364	749,639,921	743,230,959	371,729,326	59.6
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	(311,552)	37,426,495	30,083,036	7,031,908	37,619,874	17,216,290	27,435,493	48.0
9. Inland marine.....	61,407,312	158,563,201	57,198,381	162,772,132	78,943,361	187,062,142	54,653,351	36.7
10. Financial guaranty.....	62,147	(36,117)	(26,648)	52,679	36,116	1,091,000	(1,002,206)	(390.2)
11.1 Medical malpractice - occurrence.....	125,000	(113,035,865)	(85,769,901)	(27,140,963)	46,845,607	21,883,078	(2,178,435)	3,827.8
11.2 Medical malpractice - claims-made.....	16,694,529	(82,368,219)	(41,398,408)	(24,275,282)	102,406,241	42,507,976	35,622,983	4,294.9
12. Earthquake.....	250,000	639,548	294,738	594,810	6,129,342	3,157,764	3,566,388	17.9
13. Group accident and health.....	0	(2,547,756)	(138,632)	(2,409,124)	6,039,138	0	3,630,014	630.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	2,906,036	(26,420,683)	(6,468,808)	(17,045,840)	8,759,591	1,479,325	(9,765,573)	539.2
16. Workers' compensation.....	253,870,878	(45,146,886)	41,680,280	167,043,712	1,917,524,763	1,822,149,929	262,418,546	59.1
17.1 Other liability - occurrence.....	231,187,812	(449,014,960)	(267,931,247)	50,104,100	1,363,541,878	1,091,407,233	322,238,745	87.2
17.2 Other liability - claims-made.....	151,354,958	235,855,923	7,913,844	379,297,037	295,930,086	564,802,428	110,424,695	64.4
18.1 Products liability - occurrence.....	14,017,659	(337,554,021)	(317,561,992)	(5,974,369)	466,760,850	507,250,021	(46,463,540)	(92.8)
18.2 Products liability - claims-made.....	(931,469)	7,665,324	13,991,879	(7,258,024)	7,826,934	2,646,248	(2,077,337)	(62.2)
19.1, 19.2 Private passenger auto liability.....	100,164,723	817,355,390	640,744,952	276,775,161	336,161,508	422,482,507	190,454,162	55.1
19.3, 19.4 Commercial auto liability.....	93,885,073	451,159,545	494,680,669	50,363,949	398,024,083	324,080,876	124,307,156	40.2
21. Auto physical damage.....	64,881,844	590,741,745	506,799,700	148,823,889	28,082,785	45,480,394	131,426,280	44.3
22. Aircraft (all perils).....	37,081	(999,085)	807,527	(1,769,530)	5,849,767	510,397	3,569,840	(38,195.6)
23. Fidelity.....	16,149,034	7,316,148	3,863,452	19,601,730	17,806,769	31,828,546	5,579,952	33.3
24. Surety.....	13,979,694	(71,947,978)	(24,708,839)	(33,259,445)	112,564,544	33,473,773	45,831,326	77.2
26. Burglary and theft.....	675,083	(4,374,775)	(3,279,227)	(420,465)	1,802,379	1,080,968	300,945	33.9
27. Boiler and machinery.....	1,012,324	14,112,879	14,894,678	230,525	16,550,352	15,946,827	834,049	2.2
28. Credit.....	0	(10,274,665)	(7,699,876)	(2,574,789)	2,948,829	5,019	369,022	194.4
29. International.....	3,120	(139,025,198)	(103,883,236)	(35,138,842)	29,739,766	621,748	(6,020,824)	(90.9)
30. Reinsurance - nonproportional assumed property.....	XXX	(125,450,673)	(97,402,904)	(28,047,768)	57,096,576	24,621,337	4,427,471	271.7
31. Reinsurance - nonproportional assumed liability.....	XXX	(711,557,899)	(556,115,323)	(155,442,576)	443,355,193	124,861,742	163,050,875	2,086.8
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(16,376,406)	(12,320,508)	(4,055,898)	8,346,923	51,093	4,239,932	494.3
33. Aggregate write-ins for other lines of business.....	16,647,362	8,907,407	19,419,838	6,134,931	1,419,320	1,995,945	5,558,306	0.0
34. TOTALS.....	1,488,294,108	2,721,893,317	2,594,728,215	1,615,459,210	6,894,428,741	6,263,236,247	2,246,651,703	61.2

DETAILS OF WRITE-INS

3301. Auto warranty.....	16,647,362	8,907,407	19,419,838	6,134,931	1,419,320	1,995,945	5,558,306	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).....	16,647,362	8,907,407	19,419,838	6,134,931	1,419,320	1,995,945	5,558,306	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.....	53,098,535	318,538,589	314,596,668	57,040,455	7,288,071	34,733,757	47,771,374	51,290,910	5,025,653
2. Allied lines.....	339,368,937	674,547,471	921,491,345	92,425,064	112,843,587	293,529,948	393,310,704	105,487,895	7,333,806
3. Farmowners multiple peril.....	1,177,135	10,276,527	8,931,817	2,521,845	4,127,673	23,746,529	22,914,517	7,481,530	2,499,935
4. Homeowners multiple peril.....	10,169,363	273,603,515	222,170,704	61,602,174	6,630,026	788,891,466	674,707,751	182,415,914	19,108,388
5. Commercial multiple peril.....	179,188,278	1,675,216,442	1,466,724,258	387,680,462	229,997,832	1,962,448,437	1,830,486,811	749,639,921	228,076,651
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	4,314,577	166,762,323	148,938,781	22,138,119	8,761,443	126,818,188	120,097,876	37,619,874	7,153,864
9. Inland marine.....	1,598,332	243,449,203	208,724,300	36,323,235	81,754,149	192,314,478	231,448,502	78,943,361	10,787,036
10. Financial guaranty.....	0	(1)	0	(1)	0	36,117	0	36,116	71,604
11.1 Medical malpractice - occurrence.....	64,235	250,930,233	196,358,837	54,635,630	70,593,755	(34,124,342)	44,259,436	46,845,607	8,673,848
11.2 Medical malpractice - claims-made.....	35,593,792	562,660,112	479,666,345	118,587,558	56,690,215	(92,739,634)	(19,868,102)	102,406,241	11,485,215
12. Earthquake.....	250,000	2,215,504	2,491,740	(26,235)	13,620,995	20,539,119	28,004,537	6,129,342	1,400,847
13. Group accident and health.....	0	5,975,190	483,571	5,491,619	0	8,783,378	8,235,859	(a) 6,039,138	(11,228)
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	2,481,781	553,230	1,928,552	176,600	15,597,614	8,943,174	(a) 8,759,591	4,086,868
16. Workers' compensation.....	704,705,656	6,373,308,353	6,046,649,774	1,031,364,235	675,773,115	5,641,267,481	5,430,880,068	1,917,524,763	250,588,880
17.1 Other liability - occurrence.....	258,678,061	1,948,388,719	1,852,657,801	354,408,978	948,263,756	4,631,204,923	4,570,335,779	1,363,541,878	421,621,852
17.2 Other liability - claims-made.....	461,806,241	485,977,175	844,300,848	103,482,568	570,490,562	916,964,542	1,295,007,586	295,930,086	63,051,317
18.1 Products liability - occurrence.....	25,946,569	405,687,745	348,917,295	82,717,019	282,043,255	1,672,231,804	1,570,231,228	466,760,850	275,005,961
18.2 Products liability - claims-made.....	30,025	14,408,936	13,886,805	552,156	1,798,252	38,085,868	32,609,343	7,826,934	4,503,488
19.1, 19.2 Private passenger auto liability.....	112,795,801	790,822,253	717,271,289	186,346,765	63,091,474	632,334,901	545,611,632	336,161,508	69,196,187
19.3, 19.4 Commercial auto liability.....	99,979,462	1,084,866,242	991,060,019	193,785,685	120,880,776	1,166,357,569	1,082,999,948	398,024,083	66,093,044
21. Auto physical damage.....	2,254,932	30,011,694	25,893,290	6,373,336	33,471,716	87,858,604	99,620,871	28,082,785	6,580,134
22. Aircraft (all perils).....	416,406	127,114,434	124,656,434	2,874,405	1,735,292	21,687,703	20,447,632	5,849,767	486,609
23. Fidelity.....	15,700,011	47,144,316	55,252,413	7,591,914	94,364,682	54,173,339	138,323,167	17,806,769	4,263,589
24. Surety.....	30,149,905	716,016,464	636,242,640	109,923,728	15,460,800	(29,871,537)	(17,051,553)	112,564,544	20,677,600
26. Burglary and theft.....	2,113	773,230	607,590	167,753	8,731,851	7,310,704	14,407,929	1,802,379	287,070
27. Boiler and machinery.....	978,917	30,988,263	27,675,071	4,292,110	2,804,628	73,609,554	64,155,940	16,550,352	1,915,920
28. Credit.....	0	10,368,832	8,045,177	2,323,655	0	2,820,464	2,195,290	2,948,829	55,513
29. International.....	1,036,501	30,623,657	24,567,434	7,092,724	127,532	100,930,216	78,410,707	29,739,566	14,929
30. Reinsurance - nonproportional assumed property.....	XXX	133,031,607	107,204,161	25,827,446	XXX	147,817,155	116,548,025	57,096,576	3,591,363
31. Reinsurance - nonproportional assumed liability.....	XXX	1,222,775,502	965,521,965	257,253,537	XXX	1,312,013,884	1,125,912,228	443,355,193	10,902,352
32. Reinsurance - nonproportional assumed financial lines.....	XXX	13,125,824	10,376,456	2,749,368	XXX	25,130,588	19,533,033	8,346,923	57,465
33. Aggregate write-ins for other lines of business.....	(1,734)	0	(1,346)	(389)	5,538,789	796,367	4,915,447	1,419,320	0
34. TOTALS.....	2,339,302,047	17,652,090,136	16,771,916,712	3,219,475,472	3,417,060,826	19,843,299,182	19,585,406,739	6,894,428,741	1,504,585,757

DETAILS OF WRITE-INS

3301. Auto warranty.....	(1,734)	0	(1,346)	(389)	5,538,789	796,367	4,915,447	1,419,320	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).....	(1,734)	0	(1,346)	(389)	5,538,789	796,367	4,915,447	1,419,320	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.....	259,752,002	0	0	259,752,002
1.2 Reinsurance assumed.....	2,383,269,982	0	0	2,383,269,982
1.3 Reinsurance ceded.....	2,341,560,760	0	0	2,341,560,760
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	301,461,224	0	0	301,461,224
2. Commission and brokerage:				
2.1 Direct excluding contingent.....	0	206,606,983	0	206,606,983
2.2 Reinsurance assumed excluding contingent.....	0	2,183,561,312	0	2,183,561,312
2.3 Reinsurance ceded excluding contingent.....	0	1,926,551,011	0	1,926,551,011
2.4 Contingent - direct.....	0	21,204,073	0	21,204,073
2.5 Contingent - reinsurance assumed.....	0	324,241,227	0	324,241,227
2.6 Contingent - reinsurance ceded.....	0	272,139,427	0	272,139,427
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	536,923,157	0	536,923,157
3. Allowances to managers and agents.....	0	219,679	0	219,679
4. Advertising.....	2,669	2,462,802	5,352	2,470,824
5. Boards, bureaus and associations.....	1,289,898	19,270,549	2,629	20,563,076
6. Surveys and underwriting reports.....	4,863	8,602,064	558	8,607,484
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	129,723,629	211,408,102	(4,156,863)	336,974,868
8.2 Payroll taxes.....	7,503,660	11,615,567	146,732	19,265,958
9. Employee relations and welfare.....	23,544,056	20,386,397	30,821	43,961,275
10. Insurance.....	7,574,602	3,367,728	277,352	11,219,682
11. Directors' fees.....	0	2,409	0	2,409
12. Travel and travel items.....	7,172,741	11,987,598	(905,576)	18,254,763
13. Rent and rent items.....	9,544,318	16,178,963	234,607	25,957,888
14. Equipment.....	1,578,285	5,656,596	212,623	7,447,503
15. Cost or depreciation of EDP equipment and software.....	1,470,725	13,410,638	425,811	15,307,173
16. Printing and stationery.....	1,409,835	3,511,773	185,469	5,107,076
17. Postage, telephone and telegraph, exchange and express.....	1,970,449	11,871,058	659,011	14,500,518
18. Legal and auditing.....	16,562,348	13,399,667	(3,614,308)	26,347,706
19. Totals (Lines 3 to 18).....	209,352,076	353,351,589	(6,495,783)	556,207,882
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....	0	120,681,135	0	120,681,135
20.2 Insurance department licenses and fees.....	0	5,292,512	0	5,292,512
20.3 Gross guaranty association assessments.....	0	8,007,765	0	8,007,765
20.4 All other (excluding federal and foreign income and real estate).....	0	6,698,077	0	6,698,077
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	140,679,491	0	140,679,491
21. Real estate expenses.....	0	0	16,123,339	16,123,339
22. Real estate taxes.....	0	0	5,046,423	5,046,423
23. Reimbursements by uninsured accident and health plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	(4,723,392)	(10,147,861)	46,418	(14,824,835)
25. Total expenses incurred.....	506,089,908	1,020,806,376	14,720,398	(a).....1,541,616,681
26. Less unpaid expenses - current year.....	1,504,585,758	334,616,366	630,474	1,839,832,597
27. Add unpaid expenses - prior year.....	1,272,044,595	262,673,029	37,540,754	1,572,258,378
28. Amounts receivable relating to uninsured accident and health plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	273,548,745	948,863,039	51,630,678	1,274,042,462

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	(488,400)	26,414,701	46,418	25,972,719
2402. Service reimbursements.....	(4,234,992)	(36,562,562)	0	(40,797,554)
2403.	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	(4,723,392)	(10,147,861)	46,418	(14,824,835)

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....27,430,863	.....33,151,954
1.1 Bonds exempt from U.S. tax.....	(a).....201,199,585	.....210,384,768
1.2 Other bonds (unaffiliated).....	(a).....159,825,075	.....166,162,261
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....14,774,870	.....14,838,145
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....618,842	.....652,560
2.21 Common stocks of affiliates.....	.....257,600,000	.....257,600,000
3. Mortgage loans.....	(c).....4,812,496	.....4,812,496
4. Real estate.....	(d).....28,770,855	.....28,770,855
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....25,143,534	.....26,999,492
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....294,312,426	.....294,312,426
9. Aggregate write-ins for investment income.....	.....3,112,145	.....3,112,145
10. Total gross investment income.....	.....1,017,600,692	.....1,040,797,102
11. Investment expenses.....		(g).....14,720,398
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....1,447,173
14. Depreciation on real estate and other invested assets.....		(i).....4,280,145
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....20,447,716
17. Net investment income (Line 10 minus Line 16).....		.....1,020,349,386

DETAILS OF WRITE-INS

0901. GNMA Dollar Rolls.....	.....201,204	.....201,204
0902. Security Lending Fees.....	.....828,733	.....828,733
0903. Miscellaneous Income.....	.....2,082,208	.....2,082,208
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....3,112,145	.....3,112,145
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 \$.....16,778,395 accrual of discount less \$.....46,675,141 amortization of premium and less \$.....20,310,867 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....10,243 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 \$.....28,770,855 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....316,857 accrual of discount less \$.....97,188 amortization of premium and less \$.....1,656,302 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 \$.....1,447,173 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....4,280,145 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. government bonds.....	.....(964,495)	.....0	.....0	.....(964,495)
1.1 Bonds exempt from U.S. tax.....	.....2,266,865	.....0	.....0	.....2,266,865
1.2 Other bonds (unaffiliated).....	.....18,823,687	.....(1,123,482)	.....(11,981,915)	.....5,718,290
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....13,416,017	.....(78,778)	.....(3,857,079)	.....9,480,160
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....9,381,822	.....(2,197,257)	.....3,063,654	.....10,248,219
2.21 Common stocks of affiliates.....	.....0	.....0	.....105,263,921	.....105,263,921
3. Mortgage loans.....	.....0	.....0	.....0	.....0
4. Real estate.....	.....0	.....0	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....10,785	.....432,779	.....0	.....443,564
7. Derivative instruments.....	.....6,376,183	.....0	.....999,783	.....7,375,966
8. Other invested assets.....	.....0	.....(4,503,537)	.....(52,660,190)	.....(57,163,727)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(4,352,804)	.....3,909,072	.....(443,732)
10. Total capital gains (losses).....	.....49,310,864	.....(11,823,079)	.....44,737,246	.....82,225,031

DETAILS OF WRITE-INS

0901. Foreign Exchange.....	.....0	.....(504,099)	.....3,909,072	.....3,404,973
0902. Mortgage Loan Adjustment.....	.....0	.....0	.....0	.....0
0903. Repatriation Adjustment.....	.....0	.....(3,848,705)	.....0	.....(3,848,705)
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	.....(4,352,804)	.....3,909,072	.....(443,732)

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	2,909,109	303,579	(2,605,531)
7. Other invested assets (Schedule BA).....	18,962,337	57,674,550	38,712,213
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).....	21,871,446	57,978,129	36,106,683
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.....	34,749,804	21,233,084	(13,516,720)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	7,806,257	9,647,065	1,840,808
13.3 Accrued retrospective premiums.....	2,097,847	6,597,695	4,499,848
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.....	342,725,526	306,673,715	(36,051,811)
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	741,054	619,394	(121,659)
19. Furniture and equipment, including health care delivery assets.....	84,516,726	74,709,593	(9,807,133)
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.....	108,152,131	108,576,028	423,897
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	602,660,791	586,034,704	(16,626,087)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	602,660,791	586,034,704	(16,626,087)

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.....	4,711,068	3,657,185	(1,053,883)
2302. Other assets nonadmitted.....	103,441,063	104,918,843	1,477,780
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).....	108,152,131	108,576,028	423,897

NOTES TO FINANCIAL STATEMENTS**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 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, Gulf Group Lloyds, and Commercial Guaranty Lloyds Insurance Company, all unincorporated associations, reported on Schedule BA based on the underlying statutory equity of their 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.

Canadian dollar denominated assets, liabilities, revenues and expenses of the Company's Canadian operations are included in the financial statements at the Canadian currency amounts. The net assets of the Canadian operations are translated at the year-end exchange rate and the adjustment into U.S. dollars is reflected as a separate asset or liability in the Company's balance sheet. The change in this liability is charged or credited directly to unassigned surplus.

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

In connection with combining the Travelers Property Casualty Pool and the St. Paul Pool to form the St. Paul Travelers Reinsurance Pool (see Note 26), the method of applying SSAP No. 6, *Uncollected Premium Balances, Bills Receivable for Premiums and Amounts Due from Agents and Brokers*, previously used by the former members of the St. Paul Pool was conformed to the method used by the St. Paul Travelers Reinsurance Pool. This change resulted in an increase in surplus that was offset by an increase in nonadmitted assets of a similar amount.

NOTES TO FINANCIAL STATEMENTS**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, 2005.

B. Statutory Merger:

On July 1, 2005, Gulf Insurance Company (GIC), a Connecticut domiciled insurance entity was merged into the Company. The statutory merger method was utilized in merging the two entities, of which the Company was the surviving entity. The Company retired 100% of the outstanding common stock of GIC.

Details of the results of operations for the previously separate entities for the period ending June 30, 2005 were as follows:

	<u>The Company</u>	<u>GIC</u>
Net underwriting gain or (loss)	\$ 222,769,609	\$ (1,066,052)
Net investment gain or (loss)	413,100,069	33,669,063
Other income	4,061,387	(295,082)
Dividends to policyholders	<u>3,374,313</u>	<u>-</u>
Net income after capital gains tax and before all other federal and foreign income taxes	636,556,752	32,307,929
Federal and foreign income taxes incurred	<u>191,082,493</u>	<u>(3,754,410)</u>
Net income	<u>\$ 445,474,259</u>	<u>\$ 36,062,339</u>

C. Impairment Loss:

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

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

The maximum percentage of any one loan-to-value of security at the time the loan was made, exclusive of any purchase money or insured or guaranteed mortgages was 72%.

Taxes, assessments and other amounts advanced by the Company, and excluded from the mortgage loan balance, totaled \$406,365 and \$0 at December 31, 2005 and 2004, respectively.

At December 31, 2005, the Company held one impaired mortgage loan with a book value of \$29,185,353. In 2005 the average recorded investment on this mortgage loan was \$29,234,016.

The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. No interest income was recognized while the above loan was impaired.

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.

The Company used IDC, as well as broker quotes when necessary, in determining the fair value of its loan-backed securities.

E. Repurchase Agreements:

Not applicable.

F. Real Estate:

Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES**A. Not applicable.**

- B. The Company's investments in joint ventures, limited partnerships and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. In 2005, the Company's impairment write-down totaled \$10,720,000 and related to one Schedule BA asset investment. The investment was impaired when the Company received reports indicating that it was unlikely there would be sufficient cash distributions from existing fund investments to recover the remaining statutory book value. Fair values provided by the general partner or determined by management will generally be used for impairment purposes unless a lower value is considered more appropriate.

NOTES TO FINANCIAL STATEMENTS**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, 2005, 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 to adjust the asset duration of its investment portfolio in order to reduce the Company's overall risk exposure to changes in interest rates. To hedge the Company's overall risk exposure to changes in interest rates, the Company enters short positions in financial futures contracts which offset asset price changes resulting from changes in market interest rates. These transactions are economic hedges of such exposure and, because these derivative instruments have not been designated as accounting hedges, fair value accounting has been applied. Accordingly the open derivative contracts are recorded at fair value with the changes in the fair value recorded as unrealized capital gain (loss) and these contracts are subsequently recorded to realized capital gain (loss) when closed. 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 are used on an ongoing basis to provide an economic hedge of the Company's exposure to foreign currency exchange rates that result from direct foreign currency investments. To hedge against adverse changes in exchange rates, the Company enters contracts to exchange foreign currency for U.S. Dollars with major financial institutions. These transactions are economic hedges of such exposure and, because these derivative instruments have not been designated as accounting hedges, fair value accounting has been applied. Accordingly the open derivative contracts are recorded at fair value with the changes in the fair value recorded as unrealized capital gain (loss) and these contracts are subsequently recorded to realized capital gain (loss) when closed. These contracts generally are not settled prior to maturity. At the maturity date the Company must purchase the foreign currency necessary to settle the contracts.

Forward contracts are also used as foreign currency hedges of the Company's net investment in its foreign (Canadian) branch operations. To hedge against adverse changes in exchange rates, the Company enters contracts to exchange foreign currency for U.S. Dollars with major financial institutions. These derivative instruments are effective hedges of the net investment in foreign operations. They are accounted for consistent with the translation of the net assets of the foreign operations with change in the foreign exchange adjustment recorded as an unrealized capital gain (loss). All the unrealized gains (losses) on these derivative contracts were included in the assessment of hedge effectiveness. See Schedule DB - Part C for additional information on forward contracts.

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, 2005</u>	<u>December 31, 2004</u>	
Total of gross deferred tax assets	\$ 751,636,108	\$ 551,144,148	
Total of deferred tax liabilities	<u>(133,176,922)</u>	<u>(68,214,860)</u>	
Net deferred tax asset (liability)	618,459,186	482,929,288	
Deferred tax asset nonadmitted	<u>(342,725,526)</u>	<u>(257,924,853)</u>	
admitted deferred tax asset (liability)	<u>\$ 275,733,660</u>	<u>\$ 225,004,435</u>	Net
(Increase) decrease in nonadmitted asset	\$ (84,800,673)	\$ (14,636,428)	

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

Not applicable.

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Federal	\$ 218,631,923	\$ 273,414,988
Foreign	<u>(1,206,804)</u>	<u>675,369</u>
	217,425,119	274,090,357
Federal income taxes on net capital gains	<u>51,574,619</u>	<u>31,675,547</u>
Federal and foreign income taxes incurred	<u>\$ 268,999,738</u>	<u>\$ 305,765,904</u>

NOTES TO FINANCIAL STATEMENTS

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, 2005</u>	<u>December 31, 2004</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 330,979,579	\$ 221,412,659
Unearned premium reserves	119,145,519	99,844,922
Alternative minimum tax adjustment	4,863,765	0
Nonadmitted assets	90,977,342	91,057,261
Insurance related assessments	13,599,697	13,481,712
Employee benefits	47,116,218	31,245,984
Investments	98,270,203	39,669,019
Other	<u>46,683,785</u>	<u>54,432,591</u>
Total deferred tax assets	751,636,108	551,144,148
Nonadmitted deferred tax assets	<u>(342,725,526)</u>	<u>(257,924,853)</u>
Admitted deferred tax assets	<u>408,910,582</u>	<u>293,219,295</u>
Deferred tax liabilities:		
Investments	109,603,172	60,946,269
Other	<u>23,573,750</u>	<u>7,268,591</u>
Total deferred tax liabilities	<u>133,176,922</u>	<u>68,214,860</u>
Net admitted tax asset	<u>\$ 275,733,660</u>	<u>\$ 225,004,435</u>

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>	Change
Total deferred tax assets	\$ 751,636,108	\$ 551,144,148	\$ 200,491,960
Total deferred tax liabilities	<u>(133,176,922)</u>	<u>(68,214,860)</u>	<u>(64,962,062)</u>
Net deferred tax asset (liability)	<u>\$ 618,459,186</u>	<u>\$ 482,929,288</u>	135,529,898
Tax effect of unrealized gains (losses)			(16,351,266)
Liquidation of subsidiary			<u>(84,949,416)</u>
Change in net deferred income taxes			<u>\$ 34,229,216</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, 2005</u>	<u>December 31, 2004</u>
Pretax net income (loss)	\$1,005,370,194	\$1,403,304,419
Taxes at statutory rate	\$ 351,879,568	\$ 491,156,546
Increase (decrease) attributable to:		
Nontaxable investment income	(163,258,920)	(178,466,446)
Nonadmitted assets	79,919	(34,709,775)
Tax return to estimate	1,365,245	-
Tax reserve adjustment	23,055,647	(4,506,480)
Other	<u>21,649,063</u>	<u>(8,860,275)</u>
Total statutory income taxes	<u>\$ 234,770,522</u>	<u>\$ 264,613,570</u>
Federal and foreign taxes incurred	\$ 268,999,738	\$ 305,765,904
Change in net deferred taxes	<u>(34,229,216)</u>	<u>(41,152,334)</u>
Total statutory income taxes	<u>\$ 234,770,522</u>	<u>\$ 264,613,570</u>
Effective tax rate	23.4%	18.9%

- E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.
2. The Company has \$281,225,542 and \$266,474,600 of federal income tax from the current and prior tax year respectively, available for recoupment in the event of future losses.
- F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The St. Paul Travelers Companies, Inc. (STA). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.
2. The Company is a party to the STA tax allocation agreement, which sets forth the manner in which the total consolidated federal income tax is allocated. Member companies of the STA consolidated return group pay taxes annually on their separate taxable income. Companies with a current federal income tax receivable from STA will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by STA in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

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

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A-C. The Company paid dividends of \$380 million and \$809 million to its parent company, Travelers Insurance Group Holdings Inc. (TIGHI) in 2005 and 2004, respectively.

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.

On July 1, 2005 GIC, lead company of the Gulf Insurance Pool, merged with and into the Company; this transaction was accounted for as a statutory merger. For further discussion see Note 3.

TIGHI contributed capital of \$1.225 billion to the Company during 2005.

The Company made capital contributions to Gulf Insurance Holdings U.K. Ltd. totaling \$3,537,236 in 2005.

In 2004, the Company contributed cash of \$462 million to CIRI, \$9.5 million to Gulf Insurance Holdings U.K. Ltd., and \$3 million to Travelers Medical Management Services Inc., all non-insurance subsidiaries of the Company. In addition, the Company contributed \$330 million to CIRI, resulting from debt forgiveness on two long-term borrowing agreements.

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.

NOTES TO FINANCIAL STATEMENTS

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

1. The principal banking functions for the property-casualty operations of STA and some or all of its affiliated property-casualty insurance companies are handled by the Company. Settlements between the companies are made at least monthly.
2. STA maintains a private short-term investment pool in which affiliated companies may participate. Effective January 1, 2005 the "Pooling Agreement for Travelers Money Market Liquidity" (MMLP) dated August 20, 2002 was amended to include additional STA entities. With this amendment the MMLP was renamed the "Pooling Agreement for St. Paul Travelers Money Market Liquidity" (STAMMLP). This pool is managed by 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, 2005, the STAMMLP totaled \$3,775,854,353.
- D. At December 31, 2005, the Company had \$168,344,214 receivable from affiliates. 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 ¹

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

- G. All of the issued and outstanding common stock of the Company is owned by TIGHI, which in turn is indirectly owned by STA, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.

11. DEBT

Not applicable.

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

Not applicable.

B. Defined Contribution Plans:

Not applicable.

C. Multiemployer Plans:

Not applicable.

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

The Company participates in a qualified noncontributory defined benefit pension plan 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. The Company's allocated share of the pension expense was \$4,280,155 and \$5,714,021 for 2005 and 2004, respectively.

NOTES TO FINANCIAL STATEMENTS

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. The Company's allocated share of the postretirement benefit expense was \$3,771,216 and \$269,157 for 2005 and 2004, 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. The Company's allocated share of the 401(k) savings plan expense was \$12,147,021 and \$7,418,328 for 2005 and 2004, 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 cash dividends to shareholders that can be made during 2006 without prior approval is \$736,370,000.

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 2005. See Note 23F for additional detail.

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$1,307,816,236.

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

At December 31, 2005, the Company had commitments to fund investments of \$141,320,755.

B. Assessments:

The Company has accrued liabilities of \$62.3 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.6 million at December 31, 2005. 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, 2005, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

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

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

1. At December 31, 2005 and 2004, 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 2005 and 2004 was \$96,213,036 and \$83,583,422, 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.

NOTES TO FINANCIAL STATEMENTS

2. Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$417,639,192 at December 31, 2005. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2006	\$90,305,410
2007	85,630,757
2008	61,487,838
2009	43,021,988
2010	33,650,202

At December 31, 2005, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$649,376.

3. Sale-Leaseback Transactions:

Not applicable.

- B. Lessor's Business Activities:

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

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

The Company uses 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.

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 \$141,320,755 at December 31, 2005.

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, 2005, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$27.0 million.

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. Effective April 1, 2004, the Company entered into a new securities lending agreement. 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.

- 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, 2005, 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 5	1	\$ 69,922	\$ 69,305	\$ (5,487)
NAIC 4	4	\$ 2,185,504	\$ 2,721,379	\$ (44,693)
NAIC 3	1	\$ 183,496	\$ 534,112	\$ (1,376)

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

Not applicable.

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

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

20. SEPTEMBER 11 EVENTS

Through December 31, 2005, 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%.

NOTES TO FINANCIAL STATEMENTS

(in millions)	Case + IBNR Reserve	Total Incurred
Gross Loss & LAE	\$ 720.1	\$ 2,504.8
Ceded Loss & LAE	<u>(385.1)</u>	<u>(1,455.6)</u>
Net Loss & LAE	<u>\$ 335.0</u>	\$ 1,049.2
Additional & reinstatement premiums		(42.2)
Reduction in reinsurance		
contingent commission expense		<u>(91.0)</u>
Total STA Pool Net Pretax Cost		<u>\$ 916.0</u>
Company's retention from		
22.41% participation in the STA Pool		<u>\$ 205.3</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.

On April 1, 2004, TPC completed the previously announced merger into the St. Paul Companies, Inc. (SPC), forming STA. Each share of TPC class A and class B common stock was exchanged for 0.4334 of a share of SPC common stock.

2005 Schedule P:

The 1995 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				
	1995	1994	1993	1992	1991 & Prior
Part 1A	\$ 638	\$ 105	\$ 162	\$ 89	\$ 519
Part 1B	259	15,580	192	182	52,855
Part 1C	2,261	1,287	314	560	3,940
Part 1D	59,487	51,448	48,678	54,976	599,697
Part 1E	7,565	6,926	6,038	6,398	54,074
Part 1F - Section 1	626	228	199	189	3,009
Part 1F - Section 2	1,997	917	704	637	2,625
Part 1G	423	503	64	61	2,035
Part 1H - Section 1	18,651	31,429	44,336	9,760	575,760
Part 1H - Section 2	2,150	1,540	2,737	929	3,201
Part 1M	0	2	34	34	446
Part 1N	98	255	5	31	390
Part 1O	7,353	59,360	2,435	4,263	154,500
Part 1P	32	23	0	0	87
Part 1R - Section 1	10,421	7,481	6,498	4,655	470,631
Part 1R - Section 2	352	201	53	50	1,208

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	(1,233)	(606)	(1,060)
Workers' Compensation	0	(702)	(2,473)	(2,924)
Commercial Multiple Peril	0	(11,995)	0	0
Medical Malpractice - CM	0	(14,705)	(3,597)	0
Special Liability	0	(417)	0	(28)
Other Liability - Occ	(199)	(32,409)	(7)	(3,226)
Other Liability - CM	0	(6,588)	(178)	(8)
Special Property	0	0	0	(302)
Other	0	0	0	(148)
Reinsurance A	0	0	0	(1,755)
Reinsurance B	0	0	0	(8,227)

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. Benefit Plans:

Not applicable.

NOTES TO FINANCIAL STATEMENTS**22. EVENTS SUBSEQUENT**

1. Effective July 1, 2005, retroactive to January 1, 2005, the Company and USF&G Insurance Company of Mississippi (USF&G of Mississippi) entered into a Quota Share Reinsurance Agreement pursuant to which the Company reinsures USF&G of Mississippi for 100% of its reinsured liabilities. Effective January 1, 2006, the Company and USF&G of Mississippi entered into Amendment No. 1 to the Quota Share Reinsurance Agreement (Amendment No. 1) pursuant to which the Company reinsures 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.

2. 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.
3. 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.
4. 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). 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, 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.

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, 2005, 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	\$ 11,814,493,021
Travelers Casualty and Surety Company	06-6033504	9,458,991,815
The Phoenix Insurance Company	06-0303275	2,322,236,457
The Standard Fire Insurance Company	06-6033509	2,250,645,352
United States Fidelity and Guaranty Company	52-0515280	2,057,104,967
Travelers Casualty Insurance Company of America	06-0876835	1,266,267,663
Farmington Casualty Company	06-1067463	689,064,382
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	635,371,054
The Travelers Indemnity Company of Connecticut	06-0336212	635,371,054
The Charter Oak Fire Insurance Company	06-0291290	590,626,613
St. Paul Surplus Lines Insurance Company	41-1230819	407,174,408
The Travelers Indemnity Company of America	58-6020487	357,955,523
St. Paul Protective Insurance Company	36-2542404	268,466,642
Travelers Commercial Insurance Company	06-1286268	219,247,758
Travelers Casualty Company of Connecticut	06-1286266	219,247,758
Travelers Commercial Casualty Company	95-3634110	219,247,758
Travelers Property Casualty Company of America	36-2719165	165,554,430
Travelers Property Casualty Insurance Company	06-1286274	138,707,765
Athena Assurance Company	41-1435765	134,233,321
St. Paul Medical Liability Insurance Company	41-1435766	134,233,321
Travelers Personal Security Insurance Company	06-1286264	125,284,433
Travelers Personal Insurance Company	36-3703200	125,284,433
Travelers Excess and Surplus Lines Company	06-1203698	125,284,433
TravCo Insurance Company	35-1838077	125,284,433
The Travelers Home and Marine Insurance Company	35-1838079	125,284,433
Discover Property & Casualty Insurance Company	36-2999370	67,116,661
Discover Specialty Insurance Company	52-1925132	67,116,661
Total		<u>\$ 34,744,896,550</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	\$ 10,987,954,313
Travelers Property Casualty Company of America	36-2719165	9,578,797,195
Travelers Casualty and Surety Company	06-6033504	5,360,931,112
United States Fidelity and Guaranty Company	52-0515280	4,221,893,781
The Standard Fire Insurance Company	06-6033509	2,324,804,134
The Travelers Indemnity Company of Connecticut	06-0336212	2,323,239,626
The Travelers Indemnity Company of America	58-6020487	2,056,214,911
The Charter Oak Fire Insurance Company	06-0291290	1,632,202,834
The Phoenix Insurance Company	06-0303275	1,268,765,032
St. Paul Surplus Lines Insurance Company	41-1230819	861,938,965
Discover Property & Casualty Insurance Company	36-2999370	860,660,053
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	722,123,322
Travelers Casualty Insurance Company of America	06-0876835	419,855,946
Farmington Casualty Company	06-1067463	326,856,709
Travelers Property Casualty Insurance Company	06-1286274	243,301,529
St. Paul Protective Insurance Company	36-2542404	203,153,599
TravCo Insurance Company	35-1838077	193,550,918

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Travelers Commercial Casualty Company	95-3634110	167,185,003
Travelers Personal Insurance Company	36-3703200	156,827,947
Travelers Excess and Surplus Lines Company	06-1203698	114,116,249
Travelers Commercial Insurance Company	06-1286268	100,100,465
Travelers Casualty Company of Connecticut	06-1286266	94,348,549
Athena Assurance Company	41-1435765	93,694,379
St. Paul Medical Liability Insurance Company	41-1435766	63,795,610
Travelers Personal Security Insurance Company	06-1286264	57,990,416
Discover Specialty Insurance Company	52-1925132	56,409,772
The Travelers Home and Marine Insurance Company	35-1838079	54,249,988
Total		<u>\$ 44,544,962,358</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, 2005, 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	\$ 2,380,883,064
American Re-Insurance Company	0361	13-4924125	1,110,414,446
Swiss Reinsurance America Corporation	0181	13-1675535	633,023,075
Transatlantic Reinsurance Company	0012	13-5616275	623,018,068
XL Reinsurance America	1285	13-1290712	392,885,257
General Reinsurance Corporation	0031	13-2673100	349,323,686
Employers Reinsurance Corporation	0350	48-0921045	339,838,621
National Flood Insurance Program	0000	AA-9992201	324,935,713
United States Aircraft Insurance Group	0000	AA-9995043	321,166,969
Odyssey America Reinsurance Corporation	0158	47-0698507	311,400,290
GE Reinsurance Corporation	0350	36-2667627	277,098,427
Everest Reinsurance Company	1120	22-2005057	219,400,954
Converium Reins (North America) Inc	3018	06-1325038	217,656,121
Hannover Ruckversicherungs Ag	5000	AA-1340125	212,738,041

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

B. Reinsurance Recoverable in Dispute:

Reinsurance recoverables on paid and unpaid (including IBNR) losses in dispute that exceed in the aggregate 10% of the Company's policyholders surplus at December 31, 2005, were as follows:

	Group Code	F.E.I.N.	Amount	Status
American Re-Insurance Company	0361	13-4924125	\$ 204,052,935	Litigation
Excess & Casualty Reinsurance Association	0000	AA-9995022	156,910,619	Litigation
Transatlantic Reinsurance Company	0012	13-5616275	100,698,511	Litigation
XL Reinsurance America	1285	13-1290712	82,712,711	Litigation
Odyssey America Reinsurance Corporation	0158	47-0698507	75,744,566	Litigation
Gerling Global Reinsurance Corp of America	0604	13-5009848	58,171,654	Litigation
Insurance Company of North America	0626	23-0723970	19,865,862	Litigation
Insurance Company of North America	0626	23-0723970	4,139,706	Notification
General Reinsurance Corporation	0031	13-2673100	10,312,446	Notification
All Other			34,559,283	Notification
Total			<u>\$ 747,168,293</u>	

C. Reinsurance Assumed and Ceded:

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 7,531,091,723	\$ 855,415,153	\$ 5,994,990,344	\$ 680,937,873	\$ 1,536,101,379	\$ 174,477,280
All Other	75,974,515	8,629,526	816,666,925	92,760,690	(740,692,410)	(84,131,164)
Total	<u>\$ 7,607,066,238</u>	<u>\$ 864,044,679</u>	<u>\$ 6,811,657,269</u>	<u>\$ 773,698,563</u>	<u>\$ 795,408,969</u>	<u>\$ 90,346,116</u>

Direct Unearned Premium Reserve \$ 865,404,177

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$89,963,617 at December 31, 2005. This balance represents the Company's 22.41% pro rata share of the net amount of the STA Pool (see Note 26):

Direct Business	\$ 31,160,695
Add: Reinsurance Assumed	364,876,030
Less: Reinsurance Ceded	<u>306,073,108</u>
Net	<u>\$ 89,963,617</u>

NOTES TO FINANCIAL STATEMENTS

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 \$9,264,878, which is reflected in losses incurred.

<u>Company – Uncollectible</u>	<u>Company – (Recovered)</u>
Lloyds of London	Walbrook Insurance Company Ltd.
Gerling Global Reinsurance Corp of America	Realex Group NV Syndicate SO14
Utica Mutual Insurance Company	Mutual Reinsurance Company Ltd.
American Re-Insurance Company	London & Overseas Insurance Company Ltd.
Transatlantic Reinsurance Company	English & American Insurance Company Ltd.
Swiss Reinsurance America Corporation	Trenwick America Reinsurance Corporation
Old Republic Insurance Company	Andrew Weir Insurance Company Ltd.
Global Reinsurance Corp – U.S. Branch	Kingscroft Insurance Company Ltd.
Allstate Insurance Company	All other under (\$400,000)
Fremont Indemnity Company	
MTU Limited	
Century Reinsurance Company	
Seguros La Republica S.A.	
Onebeacon America Insurance Company	
Excess & Casualty Reinsurance Association	
All other under \$400,000	

E. Commutation of Ceded Reinsurance:

The Company has reported in the current year, losses incurred of \$1,338,153 as a result of commutation of reinsurance, (from the companies listed below):

<u>Company</u>
Abeille Reassurances
Axa Belgium
Axa Re United Kingdom
City of Westminster Insurance Co. Ltd.
Contental Casualty
Copenhagen Reinsurance Company (UK) Limited
CX Reinsurance Company Ltd.
Delta Lloyd Vrekeringsgroep
Dominion Insurance Company Ltd.
Drake Insurance Company Limited
Excess Insurance Company
Gerling Global Reinsurance Corporation of America
Hannover Ruckversicherungs AG and Eisen & Stahl
Harleysville Insurance Company (UK) Ltd.
Hudson Reinsurance Company Ltd.
Lakewood Insurance Company
Lincoln National Life
Markel International Insurance Company Limited
Minster Insurance Company Ltd.
Motor Union Insurance Company Ltd.
Nissay Dowa General Insurance Co. Ltd.
Norden Insurance Company (UK) Ltd.
Pearl Assurance PLC
Providence Washington
Provincial Insurance Company Plc.
River Thames Insurance Company Ltd.
Riverstone Insurance (UK) Ltd.
Scor Reinsurance (UK) Company Ltd.
Security Insurance Company (UK) Ltd.
Sirius International Insurance Corporation
Sphere Drake Insurance Ltd.
Stronghold Insurance Company Ltd.
Toa Re Insurance Company (UK) Ltd.
Tryg Baltica International (UK) Ltd
Turegum Insurance Company Ltd.
Walton Insurance Company Ltd.
Wasusau Insurance Company (UK) Ltd.

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)	2,322,181
(3) Adjustments - Current Year	0	643,705
(4) Current Total	<u>\$ 1,434,240</u>	<u>\$111,728,927</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	0	0
(4) Current Total	<u>\$ 2,342,985</u>	<u>\$ 96,056,721</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 834,947	\$ 13,816,318
(2) Current Year	8,088	5,125,959
(3) Current Total	<u>\$ 843,035</u>	<u>\$ 18,942,277</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	2,641,972
(3) Adjustments - Current Year	0	643,705

NOTES TO FINANCIAL STATEMENTS

(4) Current Year Restricted Surplus	\$ 908,745	\$ 18,927,526
(5) Cumulative Total Transferred to Unassigned Funds	\$ 0	\$ (3,255,320)

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

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
American Re-Insurance Company (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)	-	15,399,151
Platinum Underwriters Reinsurance Inc. (10357)	-	22,702,412
Various	-	3,775,394
Total	\$ 1,434,240	\$ 111,728,927

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>
nSpire Re Limited (AA-1784124)	\$ 0	\$ 0	\$ 7,731,099
Platinum Underwriters Reinsurance Inc. (10357)	407,919	0	0
Various	878,771	246,375	96,180
Total	\$ 1,286,690	\$ 246,375	\$ 7,827,279

G. Reinsurance Accounted for as a Deposit:

The Company entered into an assumed reinsurance contract agreement ultimately determined to be of a deposit type nature on January 1, 1995. This contract had been renewed annually through 2001. The Company has recorded various deposits received. Each year the ultimate cash flow had been redetermined and the yield adjusted at which time an interest income/expense is recorded.

In 2004, the Company received notice from the cedant of a full limit loss and as a result, increased the liability to the limit. Payout of the total liability was made in 2005.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
1995	\$ 0			\$ 0
1996	513,562			(513,562)
1997	240,562			(754,124)
1998	222,991			(977,116)
1999	218,883			(1,195,999)
2000*	0	\$ (186,876)		(1,382,875)
2001	199,318	268,797		(1,313,396)
2002	175,231	607,848		(880,779)
2003	75,397	219,563		(736,613)
2004	0	(3,163,366)		(3,899,979)
2005	0	1,771,618	\$ 2,128,361	0

*This interest was recorded in 2001.

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

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

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

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

C. See Schedule P - Part 7A.

D. Calculation of nonadmitted retrospective premium:

1. Total accrued retro premium	\$ 44,593,363
2. Unsecured amount	20,978,468
3. Less: Nonadmitted amount (10%)	2,097,847
4. Admitted amount (1) - (3)	\$ 42,495,516

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

In 2005, the charge for incurred loss and loss adjustment expenses for claims arising in prior years increased by \$130,817,299, primarily due to other liability – occurrence and reinsurance assumed liability, partially offset by a decrease in special property, workers' compensation, commercial multiple peril and commercial auto liability loss and loss adjustment expense reserves. The increase in other liability and products liability is primarily due to asbestos and environmental reserve strengthening. The offsetting decrease is 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

On July 1, 2005, effective January 1, 2005, STA completed its previously announced initiative of combining its two major insurance pools (the Travelers Property Casualty Pool, which includes the Company, and former members of the St. Paul Pool) and United States Fidelity and Guaranty Company, after receiving all required regulatory approvals, to form a new pool called the St. Paul Travelers Reinsurance Pool (the STA Pool).

The Company is a participant in the STA Pool, an intercompany pooling arrangement. The lead company 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

NOTES TO FINANCIAL STATEMENTS

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, 2005, for structured settlement annuities purchased by members of the STA Pool (see Note 26), of which \$827,866,707 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	\$1,186,964,859
The Travelers Life and Annuity Company, Hartford, CT	Yes	411,569,380
Symetra Life Insurance Company, Bellevue, WA	Yes	290,009,864
ING Life Insurance and Annuity Company, Hartford, CT	Yes	267,110,816
First Colony Life Insurance Company, Lynchburg, VA	Yes	205,121,334
GE Capital Assurance Company, Seattle, WA	Yes	200,495,192
The Travelers Insurance Company, Hartford, CT	Yes	187,922,227
All other companies		944,990,650

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

30. PREMIUM DEFICIENCY RESERVES

As of December 31, 2005, the Company had liabilities of \$804,822 related to premium deficiency reserves for the Financial Guaranty 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, 2005, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$1,309,639,102 and the amount billed and outstanding on paid claims was \$25,571,274. 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

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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.

A settlement with a fixed and determinable Other Liability payment is discounted at a rate of 2.63%.

The December 31, 2005 liabilities of the Company and its affiliates listed below included the following amounts of such discounted liabilities:

Company	Workers' Compensation	Other Liability	Other Liability- Structured Payments	
St. Paul Fire and Marine Insurance Company	\$ 410,224,660	\$ 9,797,487	\$ 3,354,574	
The Travelers Indemnity Company	348,753,212	8,329,349	2,851,897	
Travelers Casualty and Surety Company	328,988,973	7,857,315	2,690,276	
The Phoenix Insurance Company	80,768,816	1,929,019	660,479	
The Standard Fire Insurance Company	78,278,833	1,869,550	640,118	
United States Fidelity and Guaranty Company	71,275,757	1,702,294	582,851	
Travelers Casualty Insurance Company of America	44,041,570	1,051,854	360,146	
Farmington Casualty Company	23,966,084	572,387	195,980	
The Automobile Insurance Company of Hartford, Connecticut	22,098,597	527,786	180,709	
The Travelers Indemnity Company of Connecticut	22,098,597	527,786	180,709	
The Charter Oak Fire Insurance Company	20,542,358	490,618	167,983	
St. Paul Surplus Lines Insurance Company	14,161,777	338,229	115,807	
The Travelers Indemnity Company of America	12,449,914	297,344	101,808	
St. Paul Protective Insurance Company	9,337,435	223,008	76,356	
Travelers Casualty Company of Connecticut	7,625,572	182,123	62,357	
Travelers Commercial Casualty Company	7,625,572	182,123	62,357	
Travelers Commercial Insurance Company	7,625,572	182,123	62,357	
Travelers Property Casualty Company of America	5,758,085	137,522	47,086	
Travelers Property Casualty Insurance Company	4,824,342	115,221	39,451	
St. Paul Medical Liability Insurance Company	4,668,718	111,504	38,178	
Athena Assurance Company	4,668,718	111,504	38,178	
TravCo Insurance Company	4,357,470	104,070	35,633	
Travelers Excess and Surplus Lines Company	4,357,470	104,070	35,633	
The Travelers Home and Marine Insurance Company	4,357,470	104,070	35,633	
Travelers Personal Security Insurance Company	4,357,470	104,070	35,633	
Travelers Personal Insurance Company	4,357,470	104,070	35,633	
Discover Property & Casualty Insurance Company	2,334,359	55,752	19,089	
Discover Specialty Insurance Company	2,334,359	55,752	19,089	
\$ 1,556,239,230	\$ 37,168,000	\$ 12,726,000		Total

The amount of tabular discount for workers' compensation and other liability reserves at December 31, 2005 was as follows:

Tabular Discount Included in Schedule P - Part 1

Company	Workers' Compensation		Other Liability		Other Liability - Structured Payments
	Case	IBNR	Case	IBNR	IBNR
St. Paul Fire and Marine Insurance Company	\$156,089,807	\$ 70,820,978	\$ 4,052,323	\$ 2,127,252	\$ 155,656
The Travelers Indemnity Company	132,700,023	60,208,578	3,445,089	1,808,487	132,328
Travelers Casualty and Surety Company	125,179,762	56,796,490	3,249,852	1,705,998	124,829
The Phoenix Insurance Company	30,732,401	13,943,888	797,859	418,833	30,646
The Standard Fire Insurance Company	29,784,967	13,514,018	773,262	405,921	29,701
United States Fidelity and Guaranty Company	27,120,308	12,305,011	704,083	369,606	27,044
Travelers Casualty Insurance Company of America	16,757,745	7,603,314	435,056	228,381	16,711
Farmington Casualty Company	9,119,056	4,137,493	236,744	124,278	9,093
The Automobile Insurance Company of Hartford, CT	8,408,480	3,815,091	218,297	114,594	8,385
The Travelers Indemnity Company of Connecticut	8,408,480	3,815,091	218,297	114,594	8,385
The Charter Oak Fire Insurance Company	7,816,333	3,546,422	202,924	106,524	7,794
St. Paul Surplus Lines Insurance Company	5,388,533	2,444,882	139,894	73,437	5,373
The Travelers Indemnity Company of America	4,737,172	2,149,347	122,984	64,560	4,724
St. Paul Protective Insurance Company	3,552,879	1,612,010	92,238	48,420	3,543
Travelers Casualty Company of Connecticut	2,901,518	1,316,475	75,328	39,543	2,893
Travelers Commercial Casualty Company	2,901,518	1,316,475	75,328	39,543	2,893
Travelers Commercial Insurance Company	2,901,518	1,316,475	75,328	39,543	2,893
Travelers Property Casualty Company of America	2,190,942	994,073	56,880	29,859	2,185
Travelers Property Casualty Insurance Company	1,835,654	832,872	47,656	25,017	1,831
St. Paul Medical Liability Insurance Company	1,776,439	806,005	46,119	24,210	1,771
Athena Assurance Company	1,776,439	806,005	46,119	24,210	1,771
TravCo Insurance Company	1,658,010	752,271	43,044	22,596	1,653
Travelers Excess and Surplus Lines Company	1,658,010	752,271	43,044	22,596	1,653
The Travelers Home and Marine Insurance Company	1,658,010	752,271	43,044	22,596	1,653
Travelers Personal Security Insurance Company	1,658,010	752,271	43,044	22,596	1,653
Travelers Personal Insurance Company	1,658,010	752,271	43,044	22,596	1,653
Discover Property & Casualty Insurance Company	888,220	403,003	23,060	12,105	886
Discover Specialty Insurance Company	888,220	403,003	23,060	12,105	886
Total	\$592,146,464	\$268,668,354	\$15,373,000	\$ 8,070,000	\$ 590,486

B. Non-tabular reserves have not been discounted.

C. Except for the following companies, no changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

For the following companies, the discount rate used for discounting workers' compensation reserves was changed from 3.5% to 5.0%:

Company	Current Liabilities 2004 & Prior @ 5.0% Discount	Current Liabilities 2004 & Prior @ 3.5% Discount	Change in Discounted Liabilities
St. Paul Fire and Marine Insurance Company	\$ 49,951,914	\$ 57,997,428	\$ (8,045,514)
United States Fidelity and Guaranty Company	8,679,050	10,076,943	(1,397,893)
St. Paul Surplus Lines Insurance Company	1,724,440	2,002,187	(277,747)
St. Paul Protective Insurance Company	1,136,993	1,320,124	(183,131)
St. Paul Medical Liability Insurance Company	568,497	660,062	(91,565)
Athena Assurance Company	568,497	660,062	(91,565)

NOTES TO FINANCIAL STATEMENTS

Discover Property & Casualty Insurance Company	284,248	330,031	(45,783)
Discover Specialty Insurance Company	284,248	330,031	(45,783)

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. In addition, a thorough annual review is conducted with representatives of the claim, legal, reinsurance as well as financial areas, specifically to review pending asbestos claims, other relevant facts and applicable law. Based upon such a review, asbestos reserves are established for the Company's future exposure.

Because each policyholder presents different liability and coverage issues, the Company generally evaluates the exposure presented by each policyholder on a policyholder-by-policyholder basis. In the course of this evaluation, the Company considers: 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. When the gross ultimate exposure for indemnity and related claim adjustment expense is determined for a policyholder, 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.

With respect to its asbestos exposures, the Company also compares its historical direct, assumed 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 254,594,000	\$ 271,002,000	\$ 1,111,965,000	\$ 834,645,000	\$ 915,192,000
b. Incurred losses and LAE:	75,015,000	999,799,000	31,742,000	183,017,000	174,317,000
c. Calendar year payments for losses and LAE:	<u>58,607,000</u>	<u>158,836,000</u>	<u>309,062,000</u>	<u>102,470,000</u>	<u>97,806,000</u>
d. Ending reserves:	<u>\$ 271,002,000</u>	<u>\$ 1,111,965,000</u>	<u>\$ 834,645,000</u>	<u>\$ 915,192,000</u>	<u>\$ 991,703,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 45,364,000	\$ 54,386,000	\$ 89,455,000	\$ 84,141,000	\$ 109,276,000
b. Incurred losses and LAE:	15,232,000	42,098,000	2,017,000	31,374,000	28,860,000
c. Calendar year payments for losses and LAE:	<u>6,210,000</u>	<u>7,029,000</u>	<u>7,331,000</u>	<u>6,239,000</u>	<u>17,722,000</u>
d. Ending reserves:	<u>\$ 54,386,000</u>	<u>\$ 89,455,000</u>	<u>\$ 84,141,000</u>	<u>\$ 109,276,000</u>	<u>\$ 120,414,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 246,951,000	\$ 265,651,000	\$ 931,642,000	\$ 732,965,000	\$ 864,545,000
b. Incurred losses and LAE:	67,407,000	800,486,000	24,025,000	203,318,000	200,570,000
c. Calendar year payments for losses and LAE:	<u>48,707,000</u>	<u>134,495,000</u>	<u>222,702,000</u>	<u>71,738,000</u>	<u>89,525,000</u>
d. Ending reserves:	<u>\$ 265,651,000</u>	<u>\$ 931,642,000</u>	<u>\$ 732,965,000</u>	<u>\$ 864,545,000</u>	<u>\$ 975,590,000</u>

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

1. Direct Basis:	\$ 865,925,000
2. Assumed Reinsurance Basis:	\$ 78,551,000
3. Net of Ceded Reinsurance Basis:	\$ 831,827,000

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

1. Direct Basis:	\$ 169,814,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis:	\$ 165,198,000

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 240,412,000	\$ 196,876,000	\$ 139,933,000	\$ 97,154,000	\$ 118,563,000
b. Incurred losses and LAE:	26,266,000	(2,724,000)	21,486,000	64,249,000	9,665,000
c. Calendar year payments for losses and LAE:	<u>69,802,000</u>	<u>54,219,000</u>	<u>64,265,000</u>	<u>42,840,000</u>	<u>52,444,000</u>
d. Ending reserves:	<u>\$ 196,876,000</u>	<u>\$ 139,933,000</u>	<u>\$ 97,154,000</u>	<u>\$ 118,563,000</u>	<u>\$ 75,784,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 44,593,000	\$ 31,674,000	\$ 31,236,000	\$ 29,762,000	\$ 33,228,000
b. Incurred losses and LAE:	(8,830,000)	4,499,000	2,230,000	7,395,000	966,000
c. Calendar year payments for losses and LAE:	<u>4,089,000</u>	<u>4,937,000</u>	<u>3,704,000</u>	<u>3,929,000</u>	<u>2,850,000</u>
d. Ending reserves:	<u>\$ 31,674,000</u>	<u>\$ 31,236,000</u>	<u>\$ 29,762,000</u>	<u>\$ 33,228,000</u>	<u>\$ 31,344,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 249,617,000	\$ 201,035,000	\$ 150,256,000	\$ 113,654,000	\$ 139,044,000
b. Incurred losses and LAE:	14,497,000	461,000	16,993,000	61,426,000	11,165,000
c. Calendar year payments for losses and LAE:	<u>63,079,000</u>	<u>51,240,000</u>	<u>53,595,000</u>	<u>36,036,000</u>	<u>55,105,000</u>
d. Ending reserves:	<u>\$ 201,035,000</u>	<u>\$ 150,256,000</u>	<u>\$ 113,654,000</u>	<u>\$ 139,044,000</u>	<u>\$ 95,104,000</u>

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

1. Direct Basis:	\$ 53,126,000
2. Assumed Reinsurance Basis:	\$ 21,669,000
3. Net of Ceded Reinsurance Basis	\$ 71,252,000

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

1. Direct Basis:	\$ 21,046,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis	\$ 20,919,000

As a result of the processes and procedures described above, management believes that the reserves carried for asbestos and environmental claims at December 31, 2005 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 major 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 which cannot now be 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 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 has seen an increase in the Company's asbestos-related loss and loss expense experience as a result of the exhaustion or unavailability due to insolvency of other insurance potentially available to policyholders along with the insolvency or bankruptcy of other defendants. 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. 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 claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Company's operating results and financial condition in future periods.

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	633,755,578	4.2	633,755,578	4.2
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	35,998,893	0.2	35,998,893	0.2
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	39,164,432	0.3	39,164,432	0.3
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,176,470,683	7.8	1,176,470,683	7.8
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	1,225,645,906	8.1	1,225,645,906	8.1
1.43 Revenue and assessment obligations.....	2,854,255,995	18.9	2,854,255,995	19.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	256,219,012	1.7	256,219,012	1.7
1.512 Issued or guaranteed by FNMA and FHLMC.....	866,253,805	5.7	866,253,805	5.8
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.....	299,964,828	2.0	299,964,828	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.....	692,429,771	4.6	692,429,771	4.6
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	1,954,610,614	13.0	1,954,610,614	13.0
2.2 Unaffiliated foreign securities.....	265,118,821	1.8	265,118,821	1.8
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.....	194,334,149	1.3	194,334,149	1.3
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	45,841,059	0.3	45,841,059	0.3
3.4 Other equity securities:				
3.41 Affiliated.....	3,148,342,748	20.9	3,148,342,748	20.9
3.42 Unaffiliated.....	2,374,253	0.0	2,374,253	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	64,371,966	0.4	64,371,966	0.4
4.6 Mezzanine real estate loans.....	29,185,354	0.2	29,185,354	0.2
5. Real estate investments:				
5.1 Property occupied by company.....	151,781,314	1.0	151,781,314	1.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	2,909,109	0.0	0	0.0
7. Receivables for securities.....	117,914,107	0.8	117,914,107	0.8
8. Cash, cash equivalents and short-term investments.....	124,286,979	0.8	124,286,979	0.8
9. Other invested assets.....	888,408,728	5.9	869,446,391	5.8
10. Total invested assets.....	15,069,638,104	100.0	15,047,766,658	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:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 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? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
-
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control.0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | | |
|------------------|---------------------|
| 1
Nationality | 2
Type of Entity |
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
-
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | | | | | | | |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
OTS | 6
FDIC | 7
SEC |
| | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Wade T. Overgaard, F.C.A.S. & M.A.A.A. (Senior Vice President and Chief Corporate Actuary) The St. Paul Travelers Companies, Inc.
One Tower Square, Hartford, CT 06183
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company: _____
- 11.12 Number of parcels involved0
- 11.13 Total book/adjusted carrying value \$.....0
- 11.2 If yes, provide explanation.
-
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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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. \$.....12,137,030

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 \$.....0
 - 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 \$.....20,418,264
 - 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: \$.....2,367,984
- 24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase	3 Chase Metrotech Ctr., 5th Fl., 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)
Future Account Agreement	Citigroup Global Mkts. 1 S. Wacker Dr. Chicago, IL 60606	Collateral for futures contracts

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

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

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

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

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

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

25.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	11,007,953,924	10,541,785,737	(466,168,187)
26.2 Preferred stocks.....	194,334,149	196,054,746	1,720,597
26.3 Totals.....	11,202,288,073	10,737,840,483	(464,447,590)

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?

\$.....8,621,747

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	2
Name	Amount Paid
Insurance Services Office	3,914,449

29.1 Amount of payments for legal expenses, if any?

\$.....22,955,504

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	2
Name	Amount Paid
Simpson, Thatcher & Bartlett	7,871,731

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

\$.....534,326

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	2
Name	Amount Paid
Debevoise & Plimpton	181,102

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	0	0
2.2 Premium Denominator.....	3,669,880,204	2,990,895,300
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....	19,199,825	1,695,356
2.5 Reserve Denominator.....	10,064,890,742	7,496,252,840
2.6 Reserve Ratio (2.4/2.5).....	0.2	0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 3.2 If yes, state the amount of calendar year premiums written on:
 - 3.21 Participating \$.....30,447,014
 - 3.22 Non-participating policies \$.....3,769,682,691
- 4. For Mutual Reporting Entities and Reciprocal Exchange 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.

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 unreinsured catastrophic loss.

- 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.12
- 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 []

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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, accounting 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 \$.....52,714,268
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....14,011,449
- 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: \$.....31,865,989
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From0.0 %
- 12.42 To0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....1,349,349,712
- 12.62 Collateral and other funds \$.....165,273,767
- 13.1 What amount of installment notes is owned and now held by the reporting entity? \$.....2,909,109
- 13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [] No [X]
- 13.3 If yes, what amount? \$.....0
- 14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....4,369,950
- 14.2 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]
- 14.3 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
- 15.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Per the Company's Reinsurance Allocation Agreement and pooling agreement.
-
- 15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? Yes [X] No []
- 15.5 If the answer to 15.4 is no, please explain:
-
- 16.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]
- 16.2 If yes, give full information:
-

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 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
17.11 Home.....	0	0	0	0	0
17.12 Products.....	0	0	0	0	0
17.13 Automobile.....	15,986,060	5,537,054	0	0	0
17.14 Other*.....	0	0	0	0	0

* Disclose type of coverage:

18.1 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:

18.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....0
18.12 Unfunded portion of Interrogatory 18.11	\$.....0
18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11	\$.....0
18.14 Case reserves portion of Interrogatory 18.11	\$.....0
18.15 Incurred but not reported portion of Interrogatory 18.11	\$.....0
18.16 Unearned premium portion of Interrogatory 18.11	\$.....0
18.17 Contingent commission portion of Interrogatory 18.11	\$.....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:

18.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	\$.....0
18.19 Unfunded portion of Interrogatory 18.18	\$.....0
18.20 Paid losses and loss adjustment expenses portion of Interrogatory 18.18	\$.....0
18.21 Case reserves portion of Interrogatory 18.18	\$.....0
18.22 Incurred but not reported portion of Interrogatory 18.18	\$.....0
18.23 Unearned premium portion of Interrogatory 18.18	\$.....0
18.24 Contingent commission portion of Interrogatory 18.18	\$.....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
	2005	2004	2003	2002	2001
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	10,037,418,133	5,539,054,490	4,629,703,663	4,108,026,445	4,376,237,126
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,723,785,642	2,564,154,826	2,349,082,452	2,161,916,563	2,056,422,299
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	6,090,517,091	4,878,363,245	4,307,933,198	3,690,485,878	3,293,500,155
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	449,841,083	129,995,624	1,115,841	4,767,558	98,827,701
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	74,915,966	19,222,086	77,311,862	76,373,398	104,909,504
6. Total (Line 34).....	20,376,477,914	13,130,790,271	11,365,147,016	10,041,569,843	9,929,896,785
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,849,107,080	1,545,553,810	1,107,577,947	938,155,644	1,003,479,022
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	681,858,367	628,477,694	585,898,557	530,337,466	486,323,985
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,157,366,391	1,391,056,999	1,133,969,940	955,334,387	870,142,409
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	97,707,302	45,306,322	915,447	(6,126,307)	18,656,795
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	14,090,565	4,270,904	21,746,632	16,183,670	26,486,954
12. Total (Line 34).....	3,800,129,705	3,614,665,729	2,850,108,523	2,433,884,860	2,405,089,165
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(103,667,782)	11,696,925	196,529,550	(764,915,661)	(265,054,847)
14. Net investment gain (loss) (Line 11).....	1,006,262,552	1,165,274,546	564,545,943	387,494,699	740,165,169
15. Total other income (Line 15).....	54,641,510	(1,800,842)	66,502,076	(71,060,172)	46,434,779
16. Dividends to policyholders (Line 17).....	3,440,706	(5,067,866)	1,484,953	3,158,548	7,277,635
17. Federal and foreign income taxes incurred (Line 19).....	217,425,119	245,025,689	16,710,205	(67,181,563)	31,042,496
18. Net income (Line 20).....	736,370,456	935,212,806	809,382,411	(384,458,119)	483,224,970
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	18,281,125,499	15,670,111,023	13,315,431,225	12,544,425,938	11,803,964,651
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	211,717,280	241,727,716	159,560,606	166,689,793	153,478,341
20.2 Deferred and not yet due (Line 13.2).....	824,788,075	736,303,100	724,076,556	649,335,357	609,763,692
20.3 Accrued retrospective premiums (Line 13.3).....	42,495,516	98,664,055	57,560,539	63,052,829	85,816,742
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,340,815,614	11,030,769,068	8,814,419,676	8,581,099,736	7,979,221,371
22. Losses (Page 3, Lines 1 & 2).....	6,899,491,838	6,270,738,810	4,806,289,474	4,755,876,815	4,222,989,237
23. Loss adjustment expenses (Page 3, Line 3).....	1,504,585,758	1,272,044,595	1,025,895,511	1,068,026,750	1,134,510,043
24. Unearned premiums (Page 3, Line 9).....	1,660,813,146	1,591,280,672	1,304,517,640	1,144,513,439	1,059,206,024
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).....	5,940,309,885	4,639,341,956	4,501,011,549	3,963,326,203	3,824,743,280
Risk-Based Capital Analysis					
27. Total adjusted capital.....	5,940,309,885	4,639,341,956	4,501,011,549	3,963,326,203	3,824,743,280
28. Authorized control level risk-based capital.....	1,440,872,444	1,317,822,341	1,166,704,056	1,095,042,371	1,003,590,093
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1).....	68.4	56.9	59.5	47.9	50.7
30. Stocks (Lines 2.1 & 2.2).....	22.5	30.8	28.9	29.9	33.8
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.6	0.7	1.0	1.2	1.3
32. Real estate (Lines 4.1, 4.2 & 4.3).....	1.0	1.1	1.1	1.0	0.2
33. Cash, cash equivalents and short-term investments (Line 5).....	0.8	2.7	0.2	10.5	3.6
34. Contract loans (Line 6).....	0.0	0.0	0.0	XXX	XXX
35. Other invested assets (Line 7).....	5.8	7.6	9.2	9.4	10.3
36. Receivable for securities (Line 8).....	0.8	0.2	0.1	0.1	0.0
37. Aggregate write-ins for invested assets (Line 9).....	0.0	0.0	0.0	(0.0)	0.0
38. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	0	0	330,000,000	0	0
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	3,148,342,748	2,927,704,761	2,933,105,434	2,832,206,612	2,965,907,798
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.....	236,832,855	375,567,392	349,374,178	313,046,042	358,966,384
45. Total of above lines 39 to 44.....	3,385,175,603	3,303,272,153	3,612,479,613	3,145,252,654	3,324,874,182
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).....	57.0	89.6	80.3	72.8	86.9

The year 2004 has been restated to reflect the merger of Gulf Insurance Company into the Company.

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2005	2004	2003	2002	2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24).....	83,491,131	(348,960,588)	232,589,256	(147,624,629)	168,148,841
48. Dividends to stockholders (Line 35).....	(380,000,000)	(816,500,000)	(396,000,000)	(350,000,000)	(400,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	1,300,967,929	138,330,407	537,685,346	138,582,922	620,366,332
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,345,285,395	3,763,082,883	3,283,174,587	3,672,445,758	3,654,950,649
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,816,673,315	1,184,788,309	1,077,730,190	1,141,080,338	1,119,978,844
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,085,895,142	1,700,153,342	1,634,661,050	1,691,226,028	1,759,839,354
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(184,281,450)	67,429,929	2,236,412	43,327,330	9,839,342
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	(853,384,978)	198,444,785	123,128,590	133,729,103	46,698,773
55. Total (Line 34).....	4,210,187,424	6,913,899,248	6,120,930,830	6,681,808,555	6,591,306,962
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	858,935,321	664,701,305	758,121,389	933,902,199	833,482,147
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	398,873,646	283,652,417	240,455,030	234,077,387	242,332,466
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	609,835,186	453,813,037	446,859,407	468,152,684	486,213,485
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(64,638,700)	24,357,861	859,052	10,070,630	(132,334)
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	(187,546,242)	35,832,100	32,253,305	52,602,452	3,107,840
61. Total (Line 34).....	1,615,459,210	1,462,356,720	1,478,548,183	1,698,805,351	1,565,003,603
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2).....	61.2	65.5	57.6	95.7	74.7
64. Loss expenses incurred (Line 3).....	13.8	14.3	9.1	11.2	9.2
65. Other underwriting expenses incurred (Line 4).....	27.8	26.4	25.9	26.1	27.8
66. Net underwriting gain (loss) (Line 8).....	(2.8)	(6.2)	7.4	(33.0)	(11.7)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	25.4	30.8	22.0	27.8	24.2
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	75.0	80.0	66.8	106.9	83.9
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).....	62.0	71.0	63.3	61.4	62.9
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	113,280	209,002	(70,594)	811,357	27,422
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100).....	2.4	0.0	(1.8)	21.2	0.9
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	830,551	679,336	844,465	770,188	(63,407)
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).....	18.5	0.0	22.1	24.0	(1.8)

The year 2004 has been restated to reflect the merger of Gulf Insurance Company into the Company.

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	1,089,736,909	1,084,256,402	1,087,458,370	1,096,616,379
	2. Canada.....	4,959,552	4,370,691	5,041,202	4,960,000
	3. Other Countries.....	34,204,880	35,575,892	34,245,232	34,421,000
	4. Totals.....	1,128,901,342	1,124,202,984	1,126,744,804	1,135,997,379
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	1,176,470,683	1,200,477,895	1,193,777,855	1,113,670,000
	6. Canada.....	44,988,789	41,788,949	45,202,515	43,757,000
	7. Other Countries.....	0	0	0	0
	8. Totals.....	1,221,459,472	1,242,266,844	1,238,980,370	1,157,427,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	1,225,645,906	1,238,419,964	1,237,237,387	1,160,665,000
	10. Canada.....	1,533,641	1,817,791	1,532,354	1,550,000
	11. Other Countries.....	0	0	0	0
	12. Totals.....	1,227,179,548	1,240,237,755	1,238,769,741	1,162,215,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	3,556,746,374	3,631,151,109	3,588,187,350	3,460,444,482
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	3,556,746,374	3,631,151,109	3,588,187,350	3,460,444,482
Public Utilities (Unaffiliated)	17. United States.....	266,789,438	269,007,586	268,452,955	260,523,320
	18. Canada.....	5,339,517	5,838,168	5,370,212	10,175,921
	19. Other Countries.....	6,650,362	6,558,900	6,726,690	6,500,000
	20. Totals.....	278,779,317	281,404,654	280,549,857	277,199,241
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	2,679,781,860	2,691,306,255	2,703,940,465	2,683,461,876
	22. Canada.....	71,122,579	71,640,635	72,851,839	77,482,921
	23. Other Countries.....	135,917,848	135,288,522	136,905,534	136,077,000
	24. Totals.....	2,886,822,287	2,898,235,412	2,913,697,838	2,897,021,796
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
Total Bonds.....		10,299,888,341	10,417,498,758	10,386,929,960	10,090,304,897
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	31,322,248	31,315,498	30,101,574	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	31,322,248	31,315,498	30,101,574	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	22,645,690	22,649,379	21,954,352	
	32. Canada.....	0	0	0	
	33. Other Countries.....	5,280,941	6,424,736	6,401,671	
	34. Totals.....	27,926,631	29,074,115	28,356,023	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	125,156,482	125,736,345	143,396,428	
	36. Canada.....	9,109,588	9,109,588	8,971,938	
	37. Other Countries.....	819,200	819,200	1,215,357	
	38. Totals.....	135,085,270	135,665,133	153,583,723	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
Total Preferred Stocks.....		194,334,149	196,054,746	212,041,320	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	381,180	381,180	440,263	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	381,180	381,180	440,263	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	9	9	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	9	9	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	9,947,945	9,947,945	32,192,851	
	50. Canada.....	1,763,032	1,763,032	975,477	
	51. Other Countries.....	36,123,147	36,123,147	24,859,737	
	52. Totals.....	47,834,124	47,834,124	58,028,065	
Parent, Subsidiaries and Affiliates	53. Totals.....	3,148,342,748	3,148,342,748	1,737,326,470	
Total Common Stocks.....		3,196,558,061	3,196,558,061	1,795,794,798	
Total Stocks.....		3,390,892,210	3,392,612,807	2,007,836,118	
Total Bonds and Stocks.....		13,690,780,551	13,810,111,565	12,394,766,078	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	11,233,455,250	7. Amortization of premium.....	46,675,142
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	4,178,607,190	8. Foreign exchange adjustment:	
3. Accrual of discount.....	16,778,395	8.1 Column 15, Part 1.....	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	(10,669)
4.1 Columns 12 - 14, Part 1.....	(12,488,085)	8.3 Column 16, Part 2, Section 2.....	(708,744)
4.2 Columns 15 - 17, Part 2, Section 1.....	(4,504,843)	8.4 Column 15, Part 4.....	(986,808)
4.3 Column 15, Part 2, Section 2.....	115,173,090	9. Book/adjusted carrying value at end of current period.....	13,690,780,556
4.4 Columns 11 - 13, Part 4.....	(5,024,767)	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	40,563,787	11. Subtotal (Lines 9 plus 10).....	13,690,780,556
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	1,823,398,097	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	13,690,780,556

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.....	237,688	52,387	68,295	7,702	28,282	736	(15,402)	273,441	XXX.....
2. 1996.....	3,579,213	783,628	2,795,585	2,144,494	390,686	204,641	15,900	186,925	13,763	64,530	2,115,712	XXX.....
3. 1997.....	3,458,238	634,781	2,823,457	2,114,814	351,301	225,717	27,368	190,094	13,342	69,223	2,138,614	XXX.....
4. 1998.....	3,448,734	618,743	2,829,991	2,509,932	537,484	236,798	34,041	178,613	15,895	70,668	2,337,924	XXX.....
5. 1999.....	3,357,289	609,032	2,748,257	2,562,706	654,313	245,043	40,197	134,124	18,546	72,317	2,228,818	XXX.....
6. 2000.....	3,457,868	757,174	2,700,694	2,398,008	592,604	240,963	39,907	134,944	20,688	77,343	2,120,717	XXX.....
7. 2001.....	3,725,051	689,102	3,035,949	2,692,534	765,880	227,988	47,464	144,130	22,098	61,353	2,229,209	XXX.....
8. 2002.....	4,123,846	897,470	3,226,376	1,774,914	439,394	184,715	42,925	119,339	15,696	53,565	1,580,953	XXX.....
9. 2003.....	4,491,151	945,379	3,545,772	1,609,433	345,572	130,891	31,157	111,182	11,479	47,639	1,463,297	XXX.....
10. 2004.....	4,606,421	911,974	3,694,447	1,321,486	277,955	76,122	19,417	124,730	9,789	42,365	1,215,177	XXX.....
11. 2005.....	4,912,367	1,242,487	3,669,880	781,705	113,949	24,751	5,588	104,917	6,057	22,797	785,777	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	20,147,715	4,521,525	1,865,923	311,665	1,457,280	148,090	566,398	18,489,639	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.....	1,169,254	362,076	1,479,971	314,965	120,709	9,914	248,719	9,272	103,875	689	1,438	2,425,612	XXX.....
2. 1996.....	76,460	26,363	74,372	21,735	6,683	1,788	15,782	5,246	5,450	75	694	123,539	XXX.....
3. 1997.....	156,354	72,477	91,524	31,383	20,110	12,299	14,878	3,034	7,961	238	1,401	171,396	XXX.....
4. 1998.....	149,818	51,970	136,130	52,716	12,259	4,490	19,308	3,997	9,431	38	2,459	213,734	XXX.....
5. 1999.....	223,882	76,525	135,585	67,707	20,552	5,738	17,209	(654)	11,281	59	3,829	259,135	XXX.....
6. 2000.....	350,530	117,302	259,070	115,974	30,841	11,640	22,683	(87)	12,382	89	6,606	430,587	XXX.....
7. 2001.....	513,699	237,363	341,104	208,535	50,678	20,648	42,620	9,778	21,361	32	11,584	493,106	XXX.....
8. 2002.....	493,754	205,109	365,558	168,407	55,560	17,461	40,129	(161)	26,332	68	16,745	590,450	XXX.....
9. 2003.....	493,835	185,480	628,317	352,960	67,021	18,218	105,772	31,554	32,958	(230)	29,872	739,922	XXX.....
10. 2004.....	575,613	233,911	911,575	376,446	62,816	14,935	193,638	43,474	38,053	(507)	41,983	1,113,436	XXX.....
11. 2005.....	857,163	272,311	1,783,055	820,480	53,920	9,173	219,001	61,229	86,930	(1,221)	65,429	1,838,096	XXX.....
12. Totals.....	5,060,363	1,840,887	6,206,261	2,531,308	501,149	126,305	939,739	166,681	356,014	(670)	182,041	8,399,015	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.....	1,972,184	453,428
2. 1996.	2,714,806	475,555	2,239,251	75.8	60.7	80.1	0	0	22.41	102,734	20,805
3. 1997.	2,821,453	511,443	2,310,011	81.6	80.6	81.8	0	0	22.41	144,019	27,378
4. 1998.	3,252,289	700,631	2,551,658	94.3	113.2	90.2	0	0	22.41	181,262	32,473
5. 1999.	3,350,384	862,431	2,487,953	99.8	141.6	90.5	0	0	22.41	215,236	43,899
6. 2000.	3,449,421	898,117	2,551,304	99.8	118.6	94.5	0	0	22.41	376,323	54,264
7. 2001.	4,034,114	1,311,798	2,722,315	108.3	190.4	89.7	0	0	22.41	408,905	84,201
8. 2002.	3,060,302	888,899	2,171,403	74.2	99.0	67.3	0	0	22.41	485,797	104,654
9. 2003.	3,179,408	976,189	2,203,219	70.8	103.3	62.1	0	0	22.41	583,712	156,210
10. 2004.	3,304,034	975,420	2,328,614	71.7	107.0	63.0	0	0	22.41	876,831	236,605
11. 2005.	3,911,441	1,287,568	2,623,874	79.6	103.6	71.5	0	0	22.41	1,547,426	290,670
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	6,894,429	1,504,586

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
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior.....	6,329,105	6,100,112	5,917,356	5,848,387	5,684,530	5,575,899	6,226,519	6,250,792	6,541,846	6,808,400	266,554	557,608
2. 1996.....	2,147,233	2,186,808	2,155,050	2,103,218	2,077,131	2,060,662	2,055,247	2,073,939	2,084,969	2,065,358	(19,611)	(8,582)
3. 1997.....	XXX	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	15,834	33,870
4. 1998.....	XXX	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	19,451	48,660
5. 1999.....	XXX	XXX	XXX	2,026,454	2,030,715	2,131,243	2,226,424	2,306,984	2,360,048	2,366,399	6,351	59,415
6. 2000.....	XXX	XXX	XXX	XXX	1,987,602	2,068,174	2,133,407	2,280,844	2,409,605	2,430,734	21,129	149,890
7. 2001.....	XXX	XXX	XXX	XXX	XXX	2,445,642	2,480,218	2,573,544	2,614,516	2,584,554	(29,961)	11,011
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	2,150,615	1,985,906	2,028,118	2,051,475	23,356	65,568
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,169,530	2,047,204	2,082,641	35,437	(86,888)
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,414,274	2,189,013	(225,261)	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,448,768	XXX	XXX
12. Totals.....											113,280	830,551

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
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior.....	000	973,492	1,780,472	2,349,930	2,758,912	3,102,403	3,469,270	3,912,232	4,122,511	4,368,405	XXX	XXX
2. 1996.....	622,613	1,057,611	1,344,529	1,543,207	1,692,580	1,793,303	1,860,154	1,902,052	1,929,045	1,942,550	XXX	XXX
3. 1997.....	XXX	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	XXX	XXX
4. 1998.....	XXX	XXX	724,432	1,173,958	1,516,558	1,760,767	1,941,513	2,065,405	2,135,597	2,175,206	XXX	XXX
5. 1999.....	XXX	XXX	XXX	703,115	1,181,437	1,534,527	1,822,121	1,961,750	2,044,202	2,113,239	XXX	XXX
6. 2000.....	XXX	XXX	XXX	XXX	697,135	1,202,861	1,566,230	1,817,452	1,896,664	2,006,461	XXX	XXX
7. 2001.....	XXX	XXX	XXX	XXX	XXX	706,664	1,300,726	1,673,707	1,922,705	2,107,178	XXX	XXX
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	602,995	1,022,770	1,273,678	1,477,310	XXX	XXX
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	628,442	1,076,166	1,363,595	XXX	XXX
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	639,699	1,100,236	XXX	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	686,918	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
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior.....	3,619,564	2,890,504	2,302,598	1,978,499	1,651,793	1,340,313	1,584,574	1,267,577	1,336,041	1,414,170
2. 1996.....	994,568	648,354	429,597	269,993	183,742	128,421	86,370	77,823	80,281	64,848
3. 1997.....	XXX	888,609	541,910	345,221	215,153	153,565	111,691	79,670	75,686	74,017
4. 1998.....	XXX	XXX	884,332	484,623	286,838	202,342	143,704	108,721	103,311	100,643
5. 1999.....	XXX	XXX	XXX	778,199	344,341	155,168	64,323	149,549	124,913	87,901
6. 2000.....	XXX	XXX	XXX	XXX	747,636	370,315	148,306	213,305	247,925	168,044
7. 2001.....	XXX	XXX	XXX	XXX	XXX	1,129,656	615,550	424,042	262,622	167,947
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	1,073,184	512,044	344,584	244,839
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,098,193	537,577	359,246
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,303,986	696,835
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,131,671

SCHEDULE T - PART 2

INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	Direct Business Only					6 Totals
	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama.....AL	0	0	0	0	0	0
2. Alaska.....AK	0	0	0	0	0	0
3. Arizona.....AZ	0	0	0	0	0	0
4. Arkansas.....AR	0	0	0	0	0	0
5. California.....CA	0	0	0	0	0	0
6. Colorado.....CO	0	0	0	0	0	0
7. Connecticut.....CT	0	0	0	0	0	0
8. Delaware.....DE	0	0	0	0	0	0
9. District of Columbia.....DC	0	0	0	0	0	0
10. Florida.....FL	0	0	0	0	0	0
11. Georgia.....GA	0	0	0	0	0	0
12. Hawaii.....HI	0	0	0	0	0	0
13. Idaho.....ID	0	0	0	0	0	0
14. Illinois.....IL	0	0	0	0	0	0
15. Indiana.....IN	0	0	0	0	0	0
16. Iowa.....IA	0	0	0	0	0	0
17. Kansas.....KS	0	0	0	0	0	0
18. Kentucky.....KY	0	0	0	0	0	0
19. Louisiana.....LA	0	0	0	0	0	0
20. Maine.....ME	0	0	0	0	0	0
21. Maryland.....MD	0	0	0	0	0	0
22. Massachusetts.....MA	0	0	0	0	0	0
23. Michigan.....MI	0	0	0	0	0	0
24. Minnesota.....MN	0	0	0	0	0	0
25. Mississippi.....MS	0	0	0	0	0	0
26. Missouri.....MO	0	0	0	0	0	0
27. Montana.....MT	0	0	0	0	0	0
28. Nebraska.....NE	0	0	0	0	0	0
29. Nevada.....NV	0	0	0	0	0	0
30. New Hampshire.....NH	0	0	0	0	0	0
31. New Jersey.....NJ	0	0	0	0	0	0
32. New Mexico.....NM	0	0	0	0	0	0
33. New York.....NY	0	0	0	0	0	0
34. North Carolina.....NC	0	0	0	0	0	0
35. North Dakota.....ND	0	0	0	0	0	0
36. Ohio.....OH	0	0	0	0	0	0
37. Oklahoma.....OK	0	0	0	0	0	0
38. Oregon.....OR	0	0	0	0	0	0
39. Pennsylvania.....PA	0	0	0	0	0	0
40. Rhode Island.....RI	0	0	0	0	0	0
41. South Carolina.....SC	0	0	0	0	0	0
42. South Dakota.....SD	0	0	0	0	0	0
43. Tennessee.....TN	0	0	0	0	0	0
44. Texas.....TX	0	0	0	0	0	0
45. Utah.....UT	0	0	0	0	0	0
46. Vermont.....VT	0	0	0	0	0	0
47. Virginia.....VA	0	0	0	0	0	0
48. Washington.....WA	0	0	0	0	0	0
49. West Virginia.....WV	0	0	0	0	0	0
50. Wisconsin.....WI	0	0	0	0	0	0
51. Wyoming.....WY	0	0	0	0	0	0
52. American Samoa.....AS	0	0	0	0	0	0
53. Guam.....GU	0	0	0	0	0	0
54. Puerto Rico.....PR	0	0	0	0	0	0
55. US Virgin Islands.....VI	0	0	0	0	0	0
56. Canada.....CN	0	0	0	0	0	0
57. Aggregate Other Alien.....OT	0	0	0	0	0	0
58. Totals.....	0	0	0	0	0	0

NONE

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	... Aprilgrange Limited	United Kingdom	
... St. Paul Fire and Marine Insurance Company (24767) *	Minnesota	41-0406690	... Lloyds Syndicate 5000 *	United Kingdom	
... St. Paul Mercury Insurance Company (24791) *	Minnesota	41-0881659	... Societe Nationale d'Assurances du Rwanda (10%) *	Rwanda	
... St. Paul Guardian Insurance Company (24775) *	Minnesota	41-0963301	... Travelers Property Casualty Corp.	Connecticut	06-1008174
... St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... Travelers Insurance Group Holdings Inc.	Delaware	06-1445591
... Seaboard Surety Company (22535)*	New York	13-5379820	... TPC Investments Inc.	Connecticut	06-1534005
... St. Paul Specialty Underwriting, Inc.	Delaware	41-1404467	... TPC UK Investments Inc. LLC	United Kingdom	
... St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509
... Athena Assurance Company (41769) *	Minnesota	41-1435765	... The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755
... St. Paul Medical Liability Insurance Company (41750) *	Minnesota	41-1435766	... Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... Northbrook Holdings, Inc.	Delaware	51-0375653	... Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... Travelers (Bermuda) Limited *	Bermuda	98-0190863
... Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... St. Paul Venture Capital VI, LLC (99%)	Delaware	41-1985249	... Farmington Casualty Company (41483) *	Connecticut	06-1067463
... St. Paul Risk Management International, Ltd.	United Kingdom		... St. Paul Guarantee Insurance Company *	Canada	
... Unionamerica Holdings, Ltd.	United Kingdom		... Coronation Insurance Company, Ltd. *	Canada	
... Unionamerica Acquisition Company, Ltd.	United Kingdom		... TCS European Investments Inc.	Connecticut	06-1549972
... Unionamerica Insurance Company, Ltd. *	United Kingdom		... Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... Unionamerica Combined Investment Co., Ltd.	United Kingdom		... Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835
... Jago Dedicated, Ltd. (88.9%)	United Kingdom		... Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266
... Jago Capital Limited	United Kingdom		... Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268
... Lloyds Syndicate 205 *	United Kingdom		... Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698
... MMedica Insurance Company, Ltd. *	Ireland		... Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040
... Captiva, Ltd. (81.1%) *	Bermuda	98-0170615	... Travelers PC Fund Investments, Inc.	Connecticut	06-1514468
... United States Fidelity and Guaranty Company (25887) *	Maryland	52-0515280	... The Travelers Indemnity Company (25658) *	Connecticut	06-0566050
... Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... Commercial Guaranty Lloyds Insurance Company (37249) *	Texas	75-1690643
... Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290
... USF&G Insurance Company of Mississippi (10620) *	Mississippi	52-1850698	... First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141
... Afianzadora Insurgentes, S.A. De C.V. (99.9%) *	Mexico		... First Trenton Indemnity Company (29930) *	New Jersey	22-3129711
... Discover Re Managers, Inc.	Delaware	06-1288492	... Travelers Auto Insurance Co. of New Jersey (10785) *	New Jersey	22-3499393
... Discover Reinsurance Company (44440) *	Indiana	06-1313745	... Atlantic Insurance Company (22209) *	Texas	75-6013587
... Discovery Managers, Ltd.	Connecticut	06-1273933	... Gulf Group Lloyds (37494) *	Texas	75-1647927
... Mountain Ridge Insurance Company (10950) *	Vermont	52-1957776	... Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361
... St. Paul Multinational Holdings, Inc.	Delaware	52-1965525	... Select Insurance Company (22233) *	Texas	75-6013697
... St. Paul Insurance Company (S.A.) Limited *	South Africa		... Gulf Insurance Holdings U.K. Ltd.	United Kingdom	
... St. Paul Re, Inc.	New York	13-5060567	... Gulf Underwriting Holdings Limited	United Kingdom	
... St. Paul Re Management PTE, Ltd.*	Singapore		... Gulf Underwriting Limited *	United Kingdom	
... St. Paul Bermuda Holdings, Inc.	Delaware	41-1835264	... St. Paul Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	
... St. Paul (Bermuda), Ltd. *	Bermuda	98-0162036	... The Northland Company	Minnesota	41-0588627
... St. Paul Re (Bermuda), Ltd. *	Bermuda	98-0114704	... Commercial Guaranty Casualty Insurance Company (21296) *	Indiana	35-0293730
... St. Paul Reinsurance Company Limited *	United Kingdom		... Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830
... St. Paul Travelers Insurance Company Limited *	United Kingdom		... Jupiter Holdings, Inc.	Minnesota	41-1769846
			... American Equity Insurance Company (43117) *	Arizona	86-0703220
			... American Equity Specialty Insurance Company (10819) *	California	86-0868106

Notes:

* Denotes affiliated insurer

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