



ANNUAL STATEMENT

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

UNITED STATES FIDELITY AND GUARANTY COMPANY

NAIC Group Code.....3548, 3548 (Current Period) (Prior Period)	NAIC Company Code..... 25887	Employer's ID Number..... 52-0515280
Organized under the Laws of Maryland Incorporated/Organized..... March 19, 1896	State of Domicile or Port of Entry Maryland Commenced Business..... August 1, 1896	Country of Domicile US
Statutory Home Office	111 Schilling Road..... Hunt Valley MD 21031 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	385 Washington Street..... St. Paul MN 55102 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Mail Address	385 Washington Street..... St. Paul MN 55102 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	385 Washington Street..... St. Paul MN 55102 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	www.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	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

JOHN JOSEPH ALBANO #	JAY STEVEN BENET	ANDY FRANCIS BESSETTE	WILLIAM HERBERT HEYMAN
MICHAEL FREDERICK KLEIN #	JOSEPH PATRICK LACHER JR. #	BRIAN WILLIAM MACLEAN	DOREEN SPADORCIA #
KENNETH FRANKLIN SPENCE III #			

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)	(Signature)	(Signature)
BRIAN WILLIAM MACLEAN	BRUCE ALLEN BACKBERG	DOUGLAS KENNETH RUSSELL
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman of the Board, President & CEO	Senior Vice President & Corporate Secretary	Senior Vice President, Treas. & Corporate Controller

(Title)

(Title)

(Title)

Subscribed and sworn to before me

a. Is this an original filing?

Yes [X] No []

This _____ day of _____

b. If no 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	2,583,787,570	0	2,583,787,570	2,049,542,421
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	387,400	0	387,400	618,768
2.2 Common stocks.....	562,204,824	0	562,204,824	677,080,740
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	37,378,617	0	37,378,617	38,206,919
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....9,934,229, Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$.....371,996,505, Sch. DA).....	381,930,734	0	381,930,734	970,671,965
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	170,087,727	458,344	169,629,383	183,406,631
8. Receivables for securities.....	1,990,718	0	1,990,718	8,534
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	3,737,767,590	458,344	3,737,309,246	3,919,535,978
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	32,436,129	0	32,436,129	24,459,120
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	50,550,501	7,101,923	43,448,578	60,776,133
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....2,672,912 earned but unbilled premiums).....	170,099,329	1,595,389	168,503,941	91,742,239
13.3 Accrued retrospective premiums.....	9,113,682	428,743	8,684,938	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	0	0	0	395,722,668
14.2 Funds held by or deposited with reinsured companies.....	38,143,907	0	38,143,907	41,617,925
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.....	55,266,389	0	55,266,389	172,810,608
16.2 Net deferred tax asset.....	155,426,409	77,121,779	78,304,630	53,698,176
17. Guaranty funds receivable or on deposit.....	1,646,446	0	1,646,446	0
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	6,966,852
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	30,675,375	972,780	29,702,595	75,273,231
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	4,281,125,758	87,678,959	4,193,446,799	4,842,602,930
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	4,281,125,758	87,678,959	4,193,446,799	4,842,602,930

DETAILS OF WRITE-INS

0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0
2301. Suspense, undistributed payments.....	20,292,862	0	20,292,862	232,887
2302. Amounts receivable under high deductible policies.....	6,888,947	972,780	5,916,166	396,004
2303. Equities and deposits in pools and associations.....	2,681,000	0	2,681,000	28,069,278
2398. Summary of remaining write-ins for Line 23 from overflow page.....	812,567	0	812,567	46,575,062
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	30,675,375	972,780	29,702,595	75,273,231

UNITED STATES FIDELITY AND GUARANTY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	1,403,321,562	1,883,728,476
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	212,420	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	306,614,808	412,055,739
4. Commissions payable, contingent commissions and other similar charges.....	25,135,728	29,776,496
5. Other expenses (excluding taxes, licenses and fees).....	14,775,244	24,634,057
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	22,233,166	26,737,347
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	0
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 \$....187,637,858 and including warranty reserves of \$.....0).....	339,359,001	336,497,441
10. Advance premiums.....	932,714	10,565,189
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	1,146,926	3,111,511
12. Ceded reinsurance premiums payable (net of ceding commissions).....	16,998,832	14,239,883
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	53,769
14. Amounts withheld or retained by company for account of others.....	4,749,072	0
15. Remittances and items not allocated.....	7,069,412	0
16. Provision for reinsurance (Schedule F, Part 7).....	0	149,623,023
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	83,187
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	36,715,817	141,675,622
20. Payable for securities.....	0	134,604,558
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.....	3,582,180	(66,148,294)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	2,182,846,881	3,101,238,003
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	2,182,846,881	3,101,238,003
27. Aggregate write-ins for special surplus funds.....	4,053,999	20,876,814
28. Common capital stock.....	35,214,075	35,214,075
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	2,693,087,203	2,691,632,834
33. Unassigned funds (surplus).....	(721,755,359)	(1,006,358,796)
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).....	2,010,599,918	1,741,364,927
36. TOTALS (Page 2, Line 26, Col. 3).....	4,193,446,799	4,842,602,930

DETAILS OF WRITE-INS

2301. Other liabilities.....	22,225,694	23,397,587
2302. Retrospective premium reserve.....	238,865	0
2303. Retroactive reinsurance reserve assumed.....	120,826	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(19,003,206)	(89,545,881)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	3,582,180	(66,148,294)
2701. Special surplus from retroactive reinsurance.....	4,053,999	20,876,814
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).....	4,053,999	20,876,814
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

UNITED STATES FIDELITY AND GUARANTY COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	750,048,082	670,403,068
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	460,276,040	1,237,564,058
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	103,136,166	308,638,910
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	206,471,085	249,207,694
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	769,883,291	1,795,410,663
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(19,835,209)	(1,125,007,594)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	150,734,108	173,537,154
10. Net realized capital gains (losses) less capital gains tax of \$.....2,989,290 (Exhibit of Capital Gains (Losses)).....	67,389,179	105,240,380
11. Net investment gain (loss) (Lines 9 + 10).....	218,123,286	278,777,534
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....(700,232) amount charged off \$.....819,581).....	(1,519,813)	142,088
13. Finance and service charges not included in premiums.....	3,776,725	2,608,685
14. Aggregate write-ins for miscellaneous income.....	(17,108,393)	25,969,459
15. Total other income (Lines 12 through 14).....	(14,851,481)	28,720,231
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	183,436,597	(817,509,829)
17. Dividends to policyholders.....	703,188	1,327,310
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).....	182,733,409	(818,837,139)
19. Federal and foreign income taxes incurred.....	(14,048,452)	(323,065,556)
20. Net income (Line 18 minus Line 19) (to Line 22).....	196,781,861	(495,771,583)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,741,364,927	1,032,045,489
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	196,781,861	(495,771,583)
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....6,050,415.....	(85,399,002)	(139,382,525)
25. Change in net unrealized foreign exchange capital gain (loss).....	(10,736,263)	272,637
26. Change in net deferred income tax.....	(36,316,230)	(4,988,098)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	61,770,352	26,024,496
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	149,623,023	(28,916,364)
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.....	(7,943,119)	(22,919,150)
32. Capital changes:		
32.1 Paid in.....	0	(8,464,533)
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	1,454,369	1,383,464,559
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	0	0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	269,234,991	709,319,438
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	2,010,599,918	1,741,364,927
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Profit and loss, miscellaneous.....	93,223	5,100,289
1402. Fines and penalties of regulatory authorities.....	(681)	(5,566)
1403. Retroactive reinsurance gain/loss.....	(17,200,935)	20,876,814
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	(2,078)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(17,108,393)	25,969,459
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	666,397,000	672,986,225
2. Net investment income.....	147,927,507	176,669,361
3. Miscellaneous income.....	(14,851,481)	56,606,749
4. Total (Lines 1 through 3).....	799,473,026	906,262,335
5. Benefit and loss related payments.....	541,273,847	794,205,911
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	435,798,948	503,754,330
8. Dividends paid to policyholders.....	2,667,773	1,987,524
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	(128,603,380)	(153,082,304)
10. Total (Lines 5 through 9).....	851,137,188	1,146,865,461
11. Net cash from operations (Line 4 minus Line 10).....	(51,664,162)	(240,603,126)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	234,548,157	898,601,647
12.2 Stocks.....	159,345,539	62,405,061
12.3 Mortgage loans.....	828,303	20,439,009
12.4 Real estate.....	0	160,650
12.5 Other invested assets.....	8,704,509	74,049,605
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(10,522)	551,176
12.7 Miscellaneous proceeds.....	(3,964,368)	(8,534)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	399,451,618	1,056,198,614
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	777,232,810	1,049,055,907
13.2 Stocks.....	61,966,299	327,519,038
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	256,049	967,766
13.6 Miscellaneous applications.....	132,622,374	(134,604,558)
13.7 Total investments acquired (Lines 13.1 to 13.6).....	972,077,532	1,242,938,153
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(572,625,915)	(186,739,539)
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.....	1,454,369	1,375,000,026
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	34,094,477	(64,913,888)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	35,548,846	1,310,086,138
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).....	(588,741,231)	882,743,473
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	970,671,965	87,928,492
19.2 End of year (Line 18 plus Line 19.1).....	381,930,734	970,671,965
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

UNITED STATES FIDELITY AND GUARANTY COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 1	Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	15,668,657	16,538,265	10,148,803	22,058,118
2. Allied lines.....	9,547,064	17,702,556	8,252,363	18,997,257
3. Farmowners multiple peril.....	6,361,603	0	2,110,100	4,251,503
4. Homeowners multiple peril.....	101,996,175	48,893,217	53,460,341	97,429,051
5. Commercial multiple peril.....	90,548,704	99,407,655	62,487,649	127,468,711
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	16,333,963	25,164	4,685,359	11,673,768
9. Inland marine.....	38,958,242	5,296,233	13,777,542	30,476,933
10. Financial guaranty.....	(263,752)	263,752	0	0
11.1 Medical malpractice - occurrence.....	(11,600)	0	(16)	(11,584)
11.2 Medical malpractice - claims-made.....	242,438	0	73,530	168,909
12. Earthquake.....	(1,003,953)	6,487,188	1,421,624	4,061,612
13. Group accident and health.....	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	0	0	0	0
16. Workers' compensation.....	119,501,290	(357,853)	28,376,905	90,766,531
17.1 Other liability - occurrence.....	68,795,807	39,842,601	33,125,750	75,512,658
17.2 Other liability - claims-made.....	52,827,278	921,096	18,727,026	35,021,348
18.1 Products liability - occurrence.....	6,988,667	5,660,981	2,410,088	10,239,560
18.2 Products liability - claims-made.....	964,741	0	281,672	683,068
19.1, 19.2 Private passenger auto liability.....	98,410,754	0	27,716,983	70,693,771
19.3, 19.4 Commercial auto liability.....	46,886,009	42,402,234	26,092,804	63,195,439
21. Auto physical damage.....	74,375,367	10,199,166	23,945,988	60,628,544
22. Aircraft (all perils).....	23,314	0	25,204	(1,890)
23. Fidelity.....	3,965,696	1,650,944	2,188,382	3,428,259
24. Surety.....	(23,304,402)	38,895,748	3,656,647	11,934,699
26. Burglary and theft.....	447,524	3,733	269,843	181,413
27. Boiler and machinery.....	11,253,107	(47,368)	3,514,857	7,690,882
28. Credit.....	56,958	0	18,151	38,806
29. International.....	1,429,609	0	74,700	1,354,909
30. Reinsurance - nonproportional assumed property.....	277,445	(0)	(55,566)	333,010
31. Reinsurance - nonproportional assumed liability.....	2,356,833	67,830	827,178	1,597,485
32. Reinsurance - nonproportional assumed financial lines.....	191,826	0	16,515	175,311
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	743,825,360	333,853,144	327,630,423	750,048,082

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

UNITED STATES FIDELITY AND GUARANTY COMPANY 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.

	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.....	9,798,330	385,049	(34,577)	.0	10,148,803
2. Allied lines.....	7,980,585	297,412	(25,634)	.0	8,252,363
3. Farmowners multiple peril.....	2,110,100	.0	.0	.0	2,110,100
4. Homeowners multiple peril.....	53,460,341	.0	.0	.0	53,460,341
5. Commercial multiple peril.....	62,415,330	88,935	(14,686)	(1,931)	62,487,649
6. Mortgage guaranty.....	.0	.0	.0	.0	.0
8. Ocean marine.....	4,838,325	110,292	(263,258)	.0	4,685,359
9. Inland marine.....	11,618,719	2,407,426	(248,603)	.0	13,777,542
10. Financial guaranty.....	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence.....	(16)	.0	.0	.0	(16)
11.2 Medical malpractice - claims-made.....	516	.0	.0	73,013	73,530
12. Earthquake.....	1,318,384	103,240	.0	.0	1,421,624
13. Group accident and health.....	.0	.0	.0	.0	.0
14. Credit accident and health (group and individual).....	.0	.0	.0	.0	.0
15. Other accident and health.....	.0	.0	.0	.0	.0
16. Workers' compensation.....	40,408,181	99,672	(637,484)	(11,493,465)	28,376,905
17.1 Other liability - occurrence.....	31,666,299	123,224	(610,590)	1,946,818	33,125,750
17.2 Other liability - claims-made.....	15,322,869	3,476,355	(72,199)	.0	18,727,026
18.1 Products liability - occurrence.....	2,178,087	71,432	(42,187)	202,757	2,410,088
18.2 Products liability - claims-made.....	262,057	19,615	.0	.0	281,672
19.1, 19.2 Private passenger auto liability.....	27,716,983	.0	.0	(0)	27,716,983
19.3, 19.4 Commercial auto liability.....	25,831,290	127,719	(89,803)	223,599	26,092,804
21. Auto physical damage.....	23,948,131	15,527	(11,212)	(6,458)	23,945,988
22. Aircraft (all perils).....	25,204	.0	.0	.0	25,204
23. Fidelity.....	1,292,060	896,321	.0	.0	2,188,382
24. Surety.....	381,737	3,897,589	(622,679)	.0	3,656,647
26. Burglary and theft.....	119,772	150,071	.0	.0	269,843
27. Boiler and machinery.....	3,525,911	(11,054)	.0	.0	3,514,857
28. Credit.....	18,151	.0	.0	.0	18,151
29. International.....	74,700	.0	.0	.0	74,700
30. Reinsurance - nonproportional assumed property.....	(55,566)	.0	.0	.0	(55,566)
31. Reinsurance - nonproportional assumed liability.....	789,449	37,729	.0	.0	827,178
32. Reinsurance - nonproportional assumed financial lines.....	16,007	508	.0	.0	16,515
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34. TOTALS.....	327,061,938	12,297,063	(2,672,912)	(9,055,667)	327,630,423
35. Accrued retrospective premiums based on experience.....					9,055,667
36. Earned but unbilled premiums.....					2,672,912
37. Balance (sum of Lines 34 through 36).....					339,359,002

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:

UNITED STATES FIDELITY AND GUARANTY COMPANY

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.....	11,529,759	33,680,933	8,820	29,550,855	0	15,668,657
2. Allied lines.....	12,129,341	29,802,880	1,282,136	33,667,293	0	9,547,064
3. Farmowners multiple peril.....	0	6,361,603	0	0	0	6,361,603
4. Homeowners multiple peril.....	675,031	94,919,535	56,402,975	50,001,366	0	101,996,175
5. Commercial multiple peril.....	91,598,747	190,659,868	12,000	191,721,911	0	90,548,704
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	0	16,361,067	26,946	54,050	0	16,333,963
9. Inland marine.....	31,407,804	45,038,143	(421)	37,487,285	0	38,958,242
10. Financial guaranty.....	0	263,752	0	527,505	0	(263,752)
11.1 Medical malpractice - occurrence.....	0	(11,600)	0	0	0	(11,600)
11.2 Medical malpractice - claims-made.....	0	242,438	0	0	0	242,438
12. Earthquake.....	252,202	(30,236,309)	37,418,337	13,326,769	(4,888,586)	(1,003,953)
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	(43)	(43)	0	0
16. Workers' compensation.....	188,767,986	222,637,632	81,788	291,986,116	0	119,501,290
17.1 Other liability - occurrence.....	67,259,859	114,406,564	736,629	113,772,915	(165,670)	68,795,807
17.2 Other liability - claims-made.....	816,735	53,832,056	455	1,821,971	(3)	52,827,278
18.1 Products liability - occurrence.....	4,575,682	13,729,711	0	11,316,725	0	6,988,667
18.2 Products liability - claims-made.....	0	964,741	0	0	0	964,741
19.1, 19.2 Private passenger auto liability.....	19,581	98,412,078	(24)	20,881	0	98,410,754
19.3, 19.4 Commercial auto liability.....	31,219,764	90,463,540	14,151,291	89,149,645	(201,059)	46,886,009
21. Auto physical damage.....	8,742,818	85,598,983	368,386	20,334,820	0	74,375,367
22. Aircraft (all perils).....	0	23,314	19,334	19,334	0	23,314
23. Fidelity.....	2,199,925	5,647,734	0	3,881,963	0	3,965,696
24. Surety.....	28,784,511	18,195,845	137,187	70,421,945	0	(23,304,402)
26. Burglary and theft.....	23,823	451,784	0	28,084	0	447,524
27. Boiler and machinery.....	4,176,720	11,416,858	0	4,340,471	0	11,253,107
28. Credit.....	0	56,958	(345)	(345)	0	56,958
29. International.....	0	1,429,609	0	0	0	1,429,609
30. Reinsurance - nonproportional assumed property.....	XXX	277,749	85,459	85,763	0	277,445
31. Reinsurance - nonproportional assumed liability.....	XXX	2,463,172	(81,960)	24,379	0	2,356,833
32. Reinsurance - nonproportional assumed financial lines.....	XXX	191,826	768	768	0	191,826
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	484,180,287	1,107,282,465	110,649,718	963,542,428	(5,255,318)	743,825,360

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.....	7,006,761	6,026,566	476,653	12,556,674	10,368,037	15,517,386	7,407,326	33.6
2. Allied lines.....	25,919,764	8,491,946	15,129,161	19,282,549	21,558,883	21,234,398	19,607,034	103.2
3. Farmowners multiple peril.....	0	296,816	2,720,836	(2,424,020)	1,529,023	(2,720,809)	1,825,812	42.9
4. Homeowners multiple peril.....	1,003,442	259,200,840	164,938,901	95,265,380	37,280,897	70,931,683	61,614,593	63.2
5. Commercial multiple peril.....	98,952,865	41,322,669	(5,892,837)	146,168,371	153,206,196	223,402,345	75,972,222	59.6
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	(1,159,620)	(1,711,047)	551,427	7,688,488	2,632,961	5,606,954	48.0
9. Inland marine.....	9,073,735	(3,262,559)	7,488,430	(1,677,254)	16,133,895	3,286,549	11,170,092	36.7
10. Financial guaranty.....	(36,201)	0	(36,117)	(84)	0	(84)	(0)	0.0
11.1 Medical malpractice - occurrence.....	47,873	(10,019,839)	(687,919)	(9,284,047)	9,573,979	735,389	(445,457)	3,845.5
11.2 Medical malpractice - claims-made.....	0	(13,649,158)	0	(13,649,158)	20,929,075	0	7,279,917	4,310.0
12. Earthquake.....	9,049	(341,420)	(38,783)	(293,589)	1,252,672	230,209	728,875	17.9
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	950	2,017,939	2,011,907	6,982	0	6,982	0	0.0
16. Workers' compensation.....	80,411,699	(137,915,678)	(343,045,156)	285,541,177	391,890,377	623,799,727	53,631,827	59.1
17.1 Other liability - occurrence.....	61,857,742	(142,391,157)	(171,375,261)	90,841,845	276,868,522	301,825,893	65,884,474	87.2
17.2 Other liability - claims-made.....	1,720,370	(36,704,860)	(3,515,900)	(31,468,590)	60,480,135	6,442,533	22,569,012	64.4
18.1 Products liability - occurrence.....	6,526,555	(88,553,674)	(66,487,093)	(15,540,026)	95,332,840	89,410,055	(9,617,241)	(93.9)
18.2 Products liability - claims-made.....	0	(2,023,996)	(9,134)	(2,014,862)	1,599,615	9,365	(424,612)	(62.2)
19.1, 19.2 Private passenger auto liability.....	6,563,526	(16,333,863)	4,480,043	(14,250,381)	68,702,351	15,528,099	38,923,871	55.1
19.3, 19.4 Commercial auto liability.....	66,119,180	8,641,530	5,593,152	69,167,559	81,231,512	125,305,129	25,093,941	39.7
21. Auto physical damage.....	6,553,620	26,079,097	4,130,824	28,501,894	5,739,362	7,320,905	26,920,350	44.4
22. Aircraft (all perils).....	0	879,882	(3,249,568)	4,129,450	1,188,113	4,582,932	734,631	(38,863.2)
23. Fidelity.....	1,066,859	(2,058,917)	(295,489)	(696,568)	3,603,528	1,726,460	1,180,499	34.4
24. Surety.....	204,791,681	11,477,331	(43,545,256)	259,814,269	23,005,159	273,452,350	9,367,078	78.5
26. Burglary and theft.....	(1,810)	(304,079)	(1,125)	(304,764)	368,358	2,090	61,503	33.9
27. Boiler and machinery.....	795,884	435,332	411,662	819,554	3,382,446	4,031,582	170,418	2.2
28. Credit.....	0	(557,955)	(674,452)	116,496	602,661	643,751	75,407	194.3
29. International.....	0	(7,308,768)	0	(7,308,768)	6,078,007	0	(1,230,761)	(90.8)
30. Reinsurance - nonproportional assumed property.....	XXX	(7,047,629)	(12,962,087)	5,914,458	11,630,691	16,623,490	921,659	276.8
31. Reinsurance - nonproportional assumed liability.....	XXX	(30,001,190)	(52,420,833)	22,419,643	90,100,785	79,276,279	33,244,149	2,081.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(830,975)	1,517,585	(2,348,560)	1,705,886	(1,509,173)	866,498	494.3
33. Aggregate write-ins for other lines of business.....	0	845,898	0	845,898	290,071	0	1,135,969	0.0
34. TOTALS.....	578,383,542	(134,749,490)	(497,048,903)	940,682,954	1,403,321,562	1,883,728,477	460,276,040	61.4

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	845,898	0	845,898	290,071	0	1,135,969	0.0
3302.	0	0	0	0	0	0	0	0.0
3303.	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	XXX
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	845,898	0	845,898	290,071	0	1,135,969	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.....	8,365,239	17,785,484	14,607,634	11,543,089	23,648,312	(227,413)	24,595,950	10,368,037	1,023,569
2. Allied lines.....	35,390,352	30,537,498	47,038,657	18,889,192	(104,044)	2,213,017	(560,718)	21,558,883	1,498,832
3. Farmowners multiple peril.....	0	515,397	0	515,397	20,603	1,013,719	20,696	1,529,023	510,919
4. Homeowners multiple peril.....	2,095,971	33,083,274	22,589,421	12,589,824	1,848,296	132,533,038	109,690,261	37,280,897	3,905,239
5. Commercial multiple peril.....	145,766,167	130,325,619	196,860,348	79,231,437	95,213,554	106,578,442	127,817,237	153,206,196	46,612,719
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	6,200,184	1,675,750	4,524,435	902	3,943,250	780,098	7,688,488	1,462,057
9. Inland marine.....	2,886,944	7,680,110	3,143,564	7,423,490	33,847,717	9,620,700	34,758,012	16,133,895	2,204,579
10. Financial guaranty.....	(1)	0	(1)	0	36,108	(0)	36,108	0	0
11.1 Medical malpractice - occurrence.....	283,167	11,166,050	283,167	11,166,050	249	(1,592,071)	249	9,573,979	1,772,700
11.2 Medical malpractice - claims-made.....	0	24,236,101	0	24,236,101	0	(3,307,025)	0	20,929,075	2,347,268
12. Earthquake.....	0	29,638	35,000	(5,362)	205,659	1,941,329	888,954	1,252,672	286,295
13. Group accident and health.....	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	82,267	6,801	89,068	0	1,932,998	(521)	1,932,477	(a) 0	0
16. Workers' compensation.....	345,980,284	471,564,347	606,761,584	210,783,048	325,307,891	514,167,988	658,368,551	391,890,377	51,213,645
17.1 Other liability - occurrence.....	207,652,425	110,945,724	247,578,572	71,019,577	205,424,777	227,283,127	226,858,960	276,868,522	86,192,946
17.2 Other liability - claims-made.....	723,255	22,851,826	2,426,033	21,149,048	4,346,338	41,644,174	6,659,426	60,480,135	12,885,990
18.1 Products liability - occurrence.....	12,374,481	20,182,857	15,652,236	16,905,102	15,012,812	81,028,946	17,614,020	95,332,840	56,175,127
18.2 Products liability - claims-made.....	0	112,846	0	112,846	45,718	1,493,960	52,909	1,599,615	920,392
19.1, 19.2 Private passenger auto liability.....	48,470,878	61,804,155	72,190,777	38,084,255	25,849,874	32,588,364	27,820,142	68,702,351	14,141,835
19.3, 19.4 Commercial auto liability.....	120,270,936	77,801,389	158,537,218	39,535,107	79,902,496	65,051,938	103,258,030	81,231,512	13,490,469
21. Auto physical damage.....	195,283	1,699,904	592,651	1,302,536	7,622,096	9,646,329	12,831,599	5,739,362	1,344,801
22. Aircraft (all perils).....	251,776	5,133,818	4,805,565	580,029	165,898	1,209,364	767,179	1,188,113	97,022
23. Fidelity.....	735,366	1,707,373	926,852	1,515,887	954,659	2,431,762	1,298,781	3,603,528	866,860
24. Surety.....	382,842,438	45,638,060	406,015,051	22,465,447	604,060	(1,235,115)	(1,170,766)	23,005,159	4,225,944
26. Burglary and theft.....	0	34,284	0	34,284	97,582	436,401	199,910	368,358	58,669
27. Boiler and machinery.....	179,480	921,060	223,349	877,191	3,522,424	3,855,437	4,872,607	3,382,446	391,562
28. Credit.....	0	953,671	478,779	474,892	0	323,442	195,673	602,661	11,345
29. International.....	0	1,449,562	0	1,449,562	214	4,628,445	214	6,078,007	3,051
30. Reinsurance - nonproportional assumed property.....	XXX	19,094,320	13,835,915	5,258,404	XXX	6,559,509	187,222	11,630,691	733,683
31. Reinsurance - nonproportional assumed liability.....	XXX	174,489,665	122,120,049	52,369,616	XXX	302,849,897	265,118,728	90,100,785	2,225,544
32. Reinsurance - nonproportional assumed financial lines.....	XXX	815,945	254,048	561,897	XXX	1,153,386	9,396	1,705,886	11,744
33. Aggregate write-ins for other lines of business.....	0	(79)	0	(79)	0	290,150	0	290,071	0
34. TOTALS.....	1,314,546,708	1,278,766,882	1,938,721,287	654,592,302	825,507,195	1,548,123,967	1,624,901,902	1,403,321,562	306,614,808

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	(79)	0	(79)	0	290,150	0	290,071	0
3302.	0	0	0	0	0	0	0	0	0
3303.	0	0	0	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	(79)	0	(79)	0	290,150	0	290,071	0

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

UNITED STATES FIDELITY AND GUARANTY COMPANY

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.....	90,029,506	0	0	90,029,506
1.2 Reinsurance assumed.....	44,020,202	0	0	44,020,202
1.3 Reinsurance ceded.....	72,649,798	0	0	72,649,798
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	61,399,910	0	0	61,399,910
2. Commission and brokerage:				
2.1 Direct excluding contingent.....	0	66,044,704	0	66,044,704
2.2 Reinsurance assumed excluding contingent.....	0	141,688,967	0	141,688,967
2.3 Reinsurance ceded excluding contingent.....	0	112,870,976	0	112,870,976
2.4 Contingent - direct.....	0	2,828,440	0	2,828,440
2.5 Contingent - reinsurance assumed.....	0	13,830,093	0	13,830,093
2.6 Contingent - reinsurance ceded.....	0	1,494,195	0	1,494,195
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	110,027,033	0	110,027,033
3. Allowances to managers and agents.....	0	44,915	0	44,915
4. Advertising.....	556	493,839	0	494,395
5. Boards, bureaus and associations.....	262,872	3,753,973	344	4,017,189
6. Surveys and underwriting reports.....	614	2,306,680	37	2,307,332
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	24,207,623	38,114,008	656,796	62,978,427
8.2 Payroll taxes.....	4,527,314	3,389,482	30,227	7,947,023
9. Employee relations and welfare.....	3,216,892	6,234,182	456,879	9,907,952
10. Insurance.....	2,962,040	(1,193,874)	0	1,768,167
11. Directors' fees.....	0	887	0	887
12. Travel and travel items.....	1,393,617	2,004,644	9,355	3,407,616
13. Rent and rent items.....	1,659,262	2,855,391	20,673	4,535,327
14. Equipment.....	323,646	1,223,759	6,721	1,554,127
15. Cost or depreciation of EDP equipment and software.....	334,537	3,051,618	49,096	3,435,250
16. Printing and stationery.....	252,011	689,751	13,114	954,876
17. Postage, telephone and telegraph, exchange and express.....	492,658	2,710,066	(2,696)	3,200,027
18. Legal and auditing.....	2,503,847	3,113,925	(816)	5,616,956
19. Totals (Lines 3 to 18).....	42,137,489	68,793,247	1,239,730	112,170,466
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....631,896.....	0	22,859,890	0	22,859,890
20.2 Insurance department licenses and fees.....	0	1,339,967	0	1,339,967
20.3 Gross guaranty association assessments.....	0	1,636,571	0	1,636,571
20.4 All other (excluding federal and foreign income and real estate).....	0	2,253,482	0	2,253,482
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	28,089,910	0	28,089,910
21. Real estate expenses.....	0	0	88	88
22. Real estate taxes.....	0	0	0	0
23. Reimbursements by uninsured accident and health plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	(401,233)	(439,105)	406,646	(433,692)
25. Total expenses incurred.....	103,136,166	206,471,085	1,646,463	(a).....311,253,715
26. Less unpaid expenses - current year.....	306,614,808	61,647,524	496,615	368,758,946
27. Add unpaid expenses - prior year.....	412,055,739	80,751,842	396,057	493,203,638
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).....	208,577,097	225,575,404	1,545,905	435,698,406

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	464,285	7,033,297	406,646	7,904,228
2402. Service reimbursements.....	(865,518)	(7,472,402)	0	(8,337,921)
2403.	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	(401,233)	(439,105)	406,646	(433,692)

(a) Includes management fees of \$.....0 to affiliates and \$....10,581 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....9,555,650	.....10,667,121
1.1 Bonds exempt from U.S. tax.....	(a).....64,902,674	.....71,780,374
1.2 Other bonds (unaffiliated).....	(a).....31,689,859	.....31,749,484
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....543,088	.....543,088
2.21 Common stocks of affiliates.....	.....3,129,344	.....3,129,344
3. Mortgage loans.....	(c).....2,693,745	.....2,693,745
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....10,620,133	.....10,549,145
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....20,287,217	.....20,287,218
9. Aggregate write-ins for investment income.....	.....981,052	.....981,052
10. Total gross investment income.....	.....144,402,762	.....152,380,571
11. Investment expenses.....		(g).....1,646,463
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....1,646,463
17. Net investment income (Line 10 minus Line 16).....		.....150,734,108

DETAILS OF WRITE-INS

0901. Security Lending Fees.....	.....326,322	.....326,322
0902. Miscellaneous Income.....	.....54,730	.....54,730
0903. Mexican Warrants.....	.....600,000	.....600,000
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).....	.....981,052	.....981,052
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 \$.....5,012,340 accrual of discount less \$.....10,165,377 amortization of premium and less \$.....4,153,792 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....582,880 accrual of discount less \$.....328,991 amortization of premium and less \$.....61,164 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. government bonds.....	.....49,921	.....0	.....0	.....49,921
1.1 Bonds exempt from U.S. tax.....	.....8,313	.....0	.....0	.....8,313
1.2 Other bonds (unaffiliated).....	.....(276,309)	.....6,277,617	.....(9,345,509)	.....(3,344,201)
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....0	.....0	.....(231,368)	.....(231,368)
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....(1,878)	.....0	.....22,391,619	.....22,389,741
2.21 Common stocks of affiliates.....	.....65,559,384	.....0	.....(105,445,803)	.....(39,886,419)
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.....	.....(10,522)	.....(1,182,268)	.....(1,363,780)	.....(2,556,570)
7. Derivative instruments.....	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....0	.....0	.....(5,242,245)	.....(5,242,245)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(45,789)	.....151,161	.....105,372
10. Total capital gains (losses).....	.....65,328,909	.....5,049,560	.....(99,085,925)	.....(28,707,456)

DETAILS OF WRITE-INS

0901. FX Adjustment - Misc.....	.....0	.....(45,789)	.....151,161	.....105,372
0902. ....	.....0	.....0	.....0	.....0
0903. ....	.....0	.....0	.....0	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....(45,789)	.....151,161	.....105,372

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	458,344	0	(458,344)
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).....	458,344	0	(458,344)
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.....	7,101,923	4,676,914	(2,425,009)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	1,595,389	633,364	(962,025)
13.3 Accrued retrospective premiums.....	428,743	0	(428,743)
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.....	77,121,779	144,094,878	66,973,099
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0
21. Receivable from parent, subsidiaries and affiliates.....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets.....	972,780	44,154	(928,626)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	87,678,959	149,449,310	61,770,351
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	87,678,959	149,449,310	61,770,351

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.....	972,780	44,154	(928,626)
2302.....	0	0	0
2303.....	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	972,780	44,154	(928,626)

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

- A. United States Fidelity and Guaranty Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Maryland. The State of Maryland requires that insurance companies domiciled in Maryland 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 Maryland 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'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).

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

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

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

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

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.

The NAIC adopted SSAP No. 88, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 46*, effective January 1, 2005. SSAP No. 88 requires companies to use audited U.S. generally accepted accounting principles equity, adjusted to a statutory basis of accounting when valuing foreign insurance subsidiaries. The change in valuation of the Company's foreign insurance subsidiary was recorded as a change in accounting principle.

NOTES TO FINANCIAL STATEMENTS

As a result of these changes, the Company recorded the following cumulative effect of changes in accounting principles as an adjustment to surplus:

Change in reserve for bad debt	\$1,057,997
Change in valuation of foreign insurance subsidiary	(9,001,076)
Total cumulative effect of change in accounting principles	<u>(\$7,943,079)</u>

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

- On December 19, 1996, the Company purchased Afianzadora Insurgents, S.A. de C.V., (Afianzadora), a property casualty insurance company located in Mexico.
- The transaction was accounted for as a statutory purchase.
- The purchase of Afianzadora resulted in goodwill in the amount of \$23.9 million.
- The Company recorded \$2.4 million of goodwill amortization in 2005. At December 31, 2005, the Company's unamortized goodwill related to the purchase of Afianzadora was \$2.4 million.

B. Statutory Merger:

Not applicable

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 68%.

Taxes, assessments and other amounts advanced by the Company, and excluded from the mortgage loan balance, totaled \$222,707 and \$0 at December 31, 2005 and 2004, respectively.

B. Debt Restructuring:

Not applicable.

C. Reverse Mortgages:

Not applicable.

D. Loan-Backed Securities:

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

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

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

Not applicable.

7. INVESTMENT INCOME

- 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.
- At December 31, 2005, the Company had no past due accrued investment income.

8. DERIVATIVE INSTRUMENTS

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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	\$ 220,277,705	\$ 245,295,551
Total of deferred tax liabilities	<u>(64,851,296)</u>	<u>(47,502,497)</u>
Net deferred tax asset (liability)	155,426,409	197,793,054
Deferred tax asset nonadmitted	<u>(77,121,779)</u>	<u>(144,094,878)</u>
Net admitted deferred tax asset (liability)	<u>\$ 78,304,630</u>	<u>\$ 53,698,176</u>
 (Increase) decrease in nonadmitted asset	 \$ 66,973,099	 \$ 12,749,891

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

As of December 31, 2005, the Company had undistributed earnings in certain foreign subsidiaries of \$2,654,000. The Company does not expect those unremitted earnings to reverse and become taxable to the Company in the foreseeable future.

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Federal	\$ (14,048,452)	\$ (356,096,146)
Foreign	<u>-</u>	<u>-</u>
	(14,048,452)	(356,096,146)
Federal income taxes on net capital gains	<u>2,989,289</u>	<u>33,030,590</u>
Federal and foreign income taxes incurred	<u>\$ (11,059,163)</u>	<u>\$ (323,065,556)</u>

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 52,426,522	\$ 92,529,912
Unearned premium reserves	32,404,840	42,043,966
Alternative minimum tax adjustment	29,936,702	-
Investments	77,488,807	73,072,732
Other	<u>28,020,834</u>	<u>37,648,941</u>
Total deferred tax assets	220,277,705	245,295,551
Nonadmitted deferred tax assets	<u>(77,121,779)</u>	<u>(144,094,878)</u>
Admitted deferred tax assets	<u>143,155,926</u>	<u>101,200,673</u>
Deferred tax liabilities:		
Investments	40,011,146	-
Partnership income	-	32,959,080
Unrealized appreciation	20,504,514	10,576,554
Deferred acquisition costs	2,851,233	2,851,233
Other	<u>1,484,403</u>	<u>1,115,630</u>
Total deferred tax liabilities	<u>64,851,296</u>	<u>47,502,497</u>
Net admitted tax asset	<u>\$ 78,304,630</u>	<u>\$ 53,698,176</u>

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>Change</u>
Total deferred tax assets	\$ 220,277,705	\$ 245,295,551	\$ (25,017,846)
Total deferred tax liabilities	<u>(64,851,296)</u>	<u>(47,502,497)</u>	<u>(17,348,799)</u>
Net deferred tax asset (liability)	<u>\$ 155,426,409</u>	<u>\$ 197,793,054</u>	<u>(42,366,645)</u>
Tax effect of unrealized gains (losses)			<u>6,050,415</u>
Change in net deferred income taxes			<u>\$ (36,316,230)</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)	\$ 185,722,699	\$ (818,837,139)
Taxes at statutory rate	\$ 65,002,945	\$ (286,592,999)
Increase (decrease) attributable to:		
Nontaxable investment income	(22,594,329)	(32,302,604)
Basis difference on subsidiary sale	(20,699,962)	-
Nonadmitted assets	5,963,338	-
Tax return to estimate	(1,628,451)	-
Other	<u>(786,474)</u>	<u>11,394,699</u>
Total statutory income taxes	<u>\$ 25,257,067</u>	<u>\$ (307,500,904)</u>
Federal and foreign taxes incurred	\$ (11,059,163)	\$ (323,065,556)
Change in net deferred taxes	<u>36,316,230</u>	<u>15,564,652</u>
Total statutory income taxes	<u>\$ 25,257,067</u>	<u>\$ (307,500,904)</u>
Effective tax rate	13.6%	37.6%

E. 1. The Company has no operating loss or tax credit carryforwards available for tax purposes.

2. The Company has no federal income tax from the current or 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

NOTES TO FINANCIAL STATEMENTS

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 made capital contributions of \$60 million and \$291.4 million to its subsidiary, Discover Re Managers, Inc. in 2005 and 2004, respectively.

During 2005 the Company received a total of \$20 million representing a return of capital from its subsidiary, Afianzadora Insurgentes, S.A. de C.V. (Afianzadora). On January 23, 2004, the Company made a capital contribution of \$35 million to Afianzadora.

In October 2005, the Company received a capital contribution of \$1,454,369 from its parent St. Paul Fire and Marine Insurance Company (Fire and Marine). The Company, in turn made a capital contribution to its wholly owned subsidiary USF&G Specialty Insurance Company for this same amount prior to its sale. For further discussion on the sale of USF&G Specialty Insurance Company see Note 21.

Effective December 31, 2004, the Company transferred its postretirement medical liability to Fire and Marine, along with \$38.1 million in cash.

On March 31, 2004 the Company repurchased 3,385,813 shares of its outstanding common stock (par value \$2.50 per share) for \$200.0 million from Fire and Marine, and subsequently retired these shares.

During the first quarter of 2004, the Company received \$63.8 million as repayment of a working capital loan from The St. Paul Travelers Companies, Inc. (f.k.a. The St. Paul Companies, Inc.), the Company's ultimate parent.

During 2004, the Company received capital contributions from its parent, Fire and Marine totaling \$1.575 billion.

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

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

1. The principal banking functions for the property-casualty operations of STA and some or all of its affiliated property-casualty insurance companies are handled by The Travelers Indemnity Company (Indemnity). Settlements between the companies are made at least monthly.
 2. Pursuant to permission granted by the State of Connecticut Insurance Department, STA maintains a private short-term investment pool in which affiliated companies may participate. At December 31, 2005, this pool was managed by Indemnity. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 2005, the "Money Market Pool" totaled \$3,775,854,353.
- D. At December 31, 2005, the Company had \$36,715,817 payable to affiliates. Accounts between and among the Company and its affiliates are settled on a daily basis through the Money Market Pool 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
Expense allocation	St. Paul Fire and Marine Insurance Company	Fire & Marine P&C ¹
Investment agreement	The St. Paul Travelers Companies, Inc.	United States Fidelity and Guaranty Company
Management Agreement	United States Fidelity and Guaranty Company	St. Paul Re, Inc.
Management Services	United States Fidelity and Guaranty Company	Discover Re Managers

¹ "Fire & Marine P&C" includes St. Paul Fire and Marine Insurance Company and some or all of its insurance subsidiaries.

- G. All of the issued and outstanding common stock of the Company is owned by Fire and Marine, an insurance company domiciled in Minnesota. The Company is a member of STA, the organization of which is shown in Schedule Y - Part 1.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 \$874,748 for 2005.

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 \$770,735 for 2005.

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 \$2,482,524 for 2005.

E. Postemployment Benefits and Compensated Absences:

Not applicable.

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

The Company has 40,000,000 shares of common capital stock authorized and 14,085,630 shares of common stock issued and outstanding with a par value of \$2.50.

The Company has 4,000,000 shares of preferred capital stock authorized with a par value of \$50 per share and no shares of preferred stock issued or outstanding.

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 Maryland 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 \$0.

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 decreased by cumulative net unrealized losses of \$1,301,887.

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

At December 31, 2005, the Company had commitments to fund investments of \$1,118,579.

B. Assessments:

The Company has accrued liabilities of \$12.7 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$0.5 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.

NOTES TO FINANCIAL STATEMENTS

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 and office equipment. The office space and office equipment leases were for various periods of time. Total rental expense under operating leases for the Company for 2005 and 2004 were \$44,449 and \$15,935,591, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

2. At December 31, 2005 the Company has remaining minimum rental payments of \$4,501 expected to be paid in 2006.

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

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 \$1,118,579 at December 31, 2005.

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:

Not applicable.

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 4.58%.

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		
4.58% participation in the STA Pool		<u>\$ 41.9</u>

21. OTHER ITEMS

A. Extraordinary Items:

Not applicable.

B. Troubled Debt Restructuring:

Not applicable.

C. Other Disclosures:

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

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.

The Company's ultimate parent, STA sold its Personal Catastrophe Risk (CATRisk) operation, STA's monoline earthquake and excess and surplus personal lines property unit, to a newly created holding company, GeoVera Holdings, Inc., established by affiliates of the private equity investment firms of Friedman Fleischer & Lowe, LLC and Hellman & Friedman LLC (purchaser). As part of the agreement, the purchaser acquired the following subsidiaries of the Company: GeoVera Insurance Company, Pacific Select Property Insurance Company and USF&G Specialty Insurance Company (together the CATRisk Companies). Regulatory approval was received for the change in control and the sale was completed on November 1, 2005. The existing intercompany reinsurance agreements with these subsidiaries were commuted at the time of the sale. Under the terms of new reinsurance agreements that received regulatory approval, the Company assumed 100% of the pre-sale loss and loss adjustment expense reserves from the CATRisk Companies.

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	\$ 130	\$ 21	\$ 33	\$ 18	\$ 106
Part 1B	53	3,184	39	37	10,802
Part 1C	462	263	64	114	780
Part 1D	12,158	10,515	9,949	11,236	122,562
Part 1E	1,546	1,415	1,234	1,308	11,051
Part 1F - Section 1	128	47	41	39	615
Part 1F - Section 2	408	187	144	130	537
Part 1G	86	96	13	12	414
Part 1H - Section 1	3,759	6,421	9,061	1,995	117,710
Part 1H - Section 2	439	315	559	190	654
Part 1M	0	1	7	7	91
Part 1N	20	53	1	6	40
Part 1O	1,503	12,131	498	871	31,064
Part 1P	6	5	0	0	18
Part 1R - Section 1	2,129	1,526	1,327	951	96,157
Part 1R - Section 2	72	41	11	10	247

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	\$ (252)	\$ (124)	\$ (217)
Workers' Compensation	0	(143)	(506)	(597)
Commercial Multiple Peril	0	(2,451)	0	0
Medical Malpractice - CM	0	(3,005)	(735)	0
Special Liability	0	(85)	0	(6)
Other Liability - Occ	(41)	(6,624)	(1)	(659)
Other Liability - CM	0	(1,347)	(36)	(2)
Special Property	0	0	0	(62)
Other	0	0	0	(30)
Reinsurance A	0	0	0	(359)
Reinsurance B	0	0	0	(1,681)

D. Uncollectible Premium Balances:

Not applicable.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries:

Not applicable.

F. Benefit Plans:

Not applicable.

22. EVENTS SUBSEQUENT

Effective July 1, 2005, retroactive to January 1, 2005, Indemnity and the Company's subsidiary USF&G Insurance Company of Mississippi (USF&G of Mississippi) entered into a Quota Share Reinsurance Agreement pursuant to which Indemnity reinsures USF&G of Mississippi for 100% of its reinsured liabilities. Effective January 1, 2006, Indemnity and USF&G of Mississippi entered into an Amendment No. 1 to the Quota Share Reinsurance Agreement (Amendment No. 1) pursuant to which Indemnity reinsures on an assumption reinsurance basis all of the outstanding policy contractual obligations of USF&G of Mississippi. As a result, Indemnity 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.

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
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

NOTES TO FINANCIAL STATEMENTS

The Travelers Home and Marine Insurance Company
Total

35-1838079

54,249,988
\$ 44,544,962.358

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:

NONE

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

B. Reinsurance Recoverable in Dispute:

Not applicable.

C. Reinsurance Assumed and Ceded:

	<u>Assumed</u> <u>Reinsurance</u>		<u>Ceded</u> <u>Reinsurance</u>		<u>Net</u>	
	<u>Premium</u> <u>Reserve</u>	<u>Commission</u> <u>Equity</u>	<u>Premium</u> <u>Reserve</u>	<u>Commission</u> <u>Equity</u>	<u>Premium</u> <u>Reserve</u>	<u>Commission</u> <u>Equity</u>
Affiliates	\$ 393,082,967	\$ 44,648,125	\$ 187,637,858	\$ 21,312,749	\$ 205,445,109	\$ 23,335,376
All Other	<u>149,368</u>	<u>16,966</u>	<u>0</u>	<u>0</u>	<u>149,368</u>	<u>16,966</u>
Total	<u>\$ 393,232,335</u>	<u>\$ 44,665,091</u>	<u>\$ 187,637,858</u>	<u>\$ 21,312,749</u>	<u>\$ 205,594,477</u>	<u>\$ 23,352,342</u>

Direct Unearned Premium Reserve \$ 133,764,524

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$17,867,497 at December 31, 2005. This balance represents the Company's 4.58% pro rata share of the net amount of the STA Pool (see Note 26):

Direct Business	\$ 7,324,776
Add: Reinsurance Assumed	30,666,351
Less: Reinsurance Ceded	<u>20,123,630</u>
Net	<u>\$ 17,867,497</u>

D. Uncollectible Reinsurance:

Not applicable.

E. Commutation of Ceded Reinsurance:

Not applicable.

Retroactive Reinsurance:

	<u>Assumed</u>	<u>Ceded</u>
1. a. Reserves Transferred:		
(1) Initial Reserves	\$ 430,520	\$ 22,228,234
(2) Adjustments - Prior Year(s)	(137,400)	474,591
(3) Adjustments - Current Year	<u>0</u>	<u>131,556</u>
(4) Current Total	<u>\$ 293,120</u>	<u>\$ 22,834,381</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 478,843	\$ 19,696,761
(2) Adjustments - Prior Year(s)	0	(65,357)
(3) Adjustments - Current Year	<u>0</u>	<u>0</u>
(4) Current Total	<u>\$ 478,843</u>	<u>\$ 19,631,404</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 170,641	\$ 2,823,683
(2) Current Year	<u>1,653</u>	<u>1,047,608</u>
(3) Current Total	<u>\$ 172,294</u>	<u>\$ 3,871,291</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 48,323	\$ 2,531,473
(2) Adjustments - Prior Year(s)	137,400	539,948
(3) Adjustments - Current Year	<u>0</u>	<u>131,556</u>
(4) Current Year Restricted Surplus	<u>\$ 185,723</u>	<u>\$ 3,868,276</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 0</u>	<u>\$ (665,299)</u>

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

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
American Re-Insurance Company (10227)	\$ 293,120	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	535,860
General Reinsurance Corporation (22039)	-	13,740,000
nSpire Re Limited (AA-1784124)	-	3,147,171
Platinum Underwriters Reinsurance Inc. (10357)	-	4,639,761
Various	-	771,589
Total	<u>\$ 293,120</u>	<u>\$ 22,834,381</u>

NOTES TO FINANCIAL STATEMENTS

f. Paid Loss/LAE Recoverable:

Company	Paid Loss/LAE Recoverables	Amount Over 90 Days Past Due	Collateral Held
nSpire Re Limited (AA-1784124)	\$ 0	\$ 0	\$ 1,580,028
Platinum Underwriters Reinsurance Inc. (10357)	83,368	0	0
Various	179,597	50,352	19,657
Total	<u>\$ 262,965</u>	<u>\$ 50,352</u>	<u>\$ 1,599,685</u>

Reinsurance Accounted for as a Deposit:

Not applicable.

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	\$ 9,113,682
2. Unsecured amount	4,287,433
3. Less: Nonadmitted amount (10%)	<u>428,744</u>
4. Admitted amount (1) - (3)	<u>\$ 8,684,938</u>

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 \$27,740,664, 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 and former members of the St. Paul Pool) and the 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 Indemnity. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with Indemnity. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by Indemnity is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of Indemnity and are not allocated to the other pool participants.

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

STA Pool Participant	NAIC Company Code	Pool Participation %
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

NOTES TO FINANCIAL STATEMENTS

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 \$169,193,642 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 \$0 related to premium deficiency reserves. See Note 1 Part C, regarding the consideration of investment income in the calculation of this premium deficiency reserve.

31. HIGH DEDUCTIBLES

At December 31, 2005, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$267,654,934 and the amount billed and outstanding on paid claims was \$5,226,079. These amounts represent the Company's proportionate share of the STA Pool (see Note 26).

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

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

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

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

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:

<u>Company</u>	<u>Workers' Compensation</u>	<u>Other Liability</u>	<u>Other Liability- Structured Payments</u>	
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	
<u>\$ 1,556,239,230</u>	<u>\$ 37,168,000</u>	<u>\$ 12,726,000</u>	<u>19,089</u>	Total

NOTES TO FINANCIAL STATEMENTS

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 -
	Case	IBNR	Case	IBNR	Structured Payments
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)
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 St Paul Travelers Insurance Pool (the STA Pool), based on its pro rata participation percentage of 4.58%.

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. Direct Basis - Asbestos:	2001	2002	2003	2004	2005
a. Beginning reserves:	\$ 52,032,000	\$ 55,385,000	\$ 227,256,000	\$ 170,579,000	\$ 187,041,000
b. Incurred losses and LAE:	15,331,000	204,333,000	6,487,000	37,404,000	35,625,000
c. Calendar year payments for losses and LAE:	11,978,000	32,462,000	63,164,000	20,942,000	19,989,000
d. Ending reserves:	<u>\$ 55,385,000</u>	<u>\$ 227,256,000</u>	<u>\$ 170,579,000</u>	<u>\$ 187,041,000</u>	<u>\$ 202,677,000</u>
2. Assumed Reinsurance Basis - Asbestos:	2001	2002	2003	2004	2005
a. Beginning reserves:	\$ 9,271,000	\$ 11,115,000	\$ 18,282,000	\$ 17,196,000	\$ 22,333,000

NOTES TO FINANCIAL STATEMENTS

b. Incurred losses and LAE:	3,113,000	8,603,000	412,000	6,412,000	5,898,000
c. Calendar year payments for losses and LAE:	<u>1,269,000</u>	<u>1,436,000</u>	<u>1,498,000</u>	<u>1,275,000</u>	<u>3,622,000</u>
d. Ending reserves:	<u>\$ 11,115,000</u>	<u>\$ 18,282,000</u>	<u>\$ 17,196,000</u>	<u>\$ 22,333,000</u>	<u>\$ 24,609,000</u>

3. Net of Ceded Reinsurance Basis - Asbestos:	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 50,470,000	\$ 54,292,000	\$ 190,402,000	\$ 149,798,000	\$ 176,690,000
b. Incurred losses and LAE:	13,776,000	163,597,000	4,910,000	41,553,000	40,990,000
c. Calendar year payments for losses and LAE:	<u>9,954,000</u>	<u>27,487,000</u>	<u>45,514,000</u>	<u>14,661,000</u>	<u>18,296,000</u>
d. Ending reserves:	<u>\$ 54,292,000</u>	<u>\$ 190,402,000</u>	<u>\$ 149,798,000</u>	<u>\$ 176,690,000</u>	<u>\$ 199,384,000</u>

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

1. Direct Basis:	\$ 176,972,000
2. Assumed Reinsurance Basis:	\$ 16,054,000
3. Net of Ceded Reinsurance Basis:	\$ 170,003,000

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

1. Direct Basis:	\$ 34,705,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis:	\$ 33,762,000

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 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.

NOTES TO FINANCIAL STATEMENTS

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.

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1. <u>Direct Basis - Environmental:</u>					
a. Beginning reserves:	\$ 49,134,000	\$ 40,236,000	\$ 28,599,000	\$ 19,856,000	\$ 24,231,000
b. Incurred losses and LAE:	5,368,000	(556,000)	4,391,000	13,130,000	1,975,000
c. Calendar year payments for losses and LAE:	<u>14,266,000</u>	<u>11,081,000</u>	<u>13,134,000</u>	<u>8,755,000</u>	<u>10,718,000</u>
d. Ending reserves:	<u>\$ 40,236,000</u>	<u>\$ 28,599,000</u>	<u>\$ 19,856,000</u>	<u>\$ 24,231,000</u>	<u>\$ 15,488,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>					
a. Beginning reserves:	\$ 9,114,000	\$ 6,473,000	\$ 6,384,000	\$ 6,083,000	\$ 6,791,000
b. Incurred losses and LAE:	(1,805,000)	920,000	456,000	1,511,000	198,000
c. Calendar year payments for losses and LAE:	<u>836,000</u>	<u>1,009,000</u>	<u>757,000</u>	<u>803,000</u>	<u>583,000</u>
d. Ending reserves:	<u>\$ 6,473,000</u>	<u>\$ 6,384,000</u>	<u>\$ 6,083,000</u>	<u>\$ 6,791,000</u>	<u>\$ 6,406,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>					
a. Beginning reserves:	\$ 51,015,000	\$ 41,086,000	\$ 30,708,000	\$ 23,228,000	\$ 28,417,000
b. Incurred losses and LAE:	2,963,000	94,000	3,473,000	12,554,000	2,282,000
c. Calendar year payments for losses and LAE:	<u>12,892,000</u>	<u>10,472,000</u>	<u>10,953,000</u>	<u>7,365,000</u>	<u>11,262,000</u>
d. Ending reserves:	<u>\$ 41,086,000</u>	<u>\$ 30,708,000</u>	<u>\$ 23,228,000</u>	<u>\$ 28,417,000</u>	<u>\$ 19,437,000</u>

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

1. Direct Basis:	\$ 10,858,000
2. Assumed Reinsurance Basis:	\$ 4,429,000
3. Net of Ceded Reinsurance Basis	\$ 14,562,000

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

1. Direct Basis:	\$ 4,301,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis	\$ 4,275,000

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.....	129,390,410	3.5	129,390,410	3.5
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	49,927,202	1.3	49,927,202	1.3
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	514,913,987	13.8	514,913,987	13.8
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	618,624,585	16.6	618,624,585	16.6
1.43 Revenue and assessment obligations.....	596,341,632	16.0	596,341,632	16.0
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.....	140,907,800	3.8	140,907,800	3.8
1.512 Issued or guaranteed by FNMA and FHLMC.....	32,039,560	0.9	32,039,560	0.9
1.513 All other.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	24,782,830	0.7	24,782,830	0.7
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.....	57,786,286	1.5	57,786,286	1.5
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	371,922,976	10.0	371,922,976	10.0
2.2 Unaffiliated foreign securities.....	47,150,302	1.3	47,150,302	1.3
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.....	387,400	0.0	387,400	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	503,309,036	13.5	503,309,036	13.5
3.42 Unaffiliated.....	58,895,788	1.6	58,895,788	1.6
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.....	37,378,617	1.0	37,378,617	1.0
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	1,990,718	0.1	1,990,718	0.1
8. Cash, cash equivalents and short-term investments.....	381,930,734	10.2	381,930,734	10.2
9. Other invested assets.....	170,087,728	4.6	169,629,383	4.5
10. Total invested assets.....	3,737,767,591	100.0	3,737,309,246	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? Maryland
- 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. 12/31/2002
- 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. 12/31/2002
- 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). 09/29/2004
- 3.4 By what department or departments? Maryland
- 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?
- 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 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
- 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
- 18.2 If answer is yes:
 - 18.21 Amount paid as losses or risk adjustment \$.....0
 - 18.22 Amount paid as expenses \$.....0
 - 18.23 Other amounts paid \$.....0
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

INVESTMENT

- 20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes 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 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 \$.....28,445,925
 - 21.27 Placed under option agreements \$.....0
 - 21.28 Letter stock or securities restricted as to sale \$.....0
 - 21.29 Other \$.....0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		.....0

- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
- If no, attach a description with this statement.
- 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No
- 23.2 If yes, state the amount thereof at December 31 of the current year: \$.....0
- 24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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
Citibank, N.A.	Citibank Center Tampa, Tampa, FL 33610
JP Morgan Chase	3 Chase Metrotech Ctr., 5th Fl., Brooklyn, NY 11245
The Bank of New York	One Wall Street, New York, NY 10286

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
N/A		

- 24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes No
- 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
- 25.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	0
25.2999. TOTAL	0

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds.....	2,955,784,075	2,992,551,577	36,767,502
26.2 Preferred stocks.....	387,400	387,400	0
26.3 Totals.....	2,956,171,475	2,992,938,977	36,767,502

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?

\$.....1,762,053

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

1 Name	2 Amount Paid
Insurance Services Office	800,008

29.1 Amount of payments for legal expenses, if any?

\$.....4,691,486

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

1 Name	2 Amount Paid
Simpson, Thatcher & Bartlett	1,608,770

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

\$.....109,202

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

1 Name	2 Amount Paid
Debevoise & Plimpton	37,012

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
- 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.....	750,048,082	670,403,068
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....	0	36,114
2.5 Reserve Denominator.....	2,049,507,790	2,632,281,656
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating \$.....6,222,549
- 3.22 Non-participating policies \$.....737,602,811

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 []

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]

- 8.2 If yes, give full information:

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 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 \$.....6,474,373
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....1,618,593
- 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: \$.....4,677,279
- 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 \$.....3,055,130,303
- 12.62 Collateral and other funds \$.....116,715,793
- 13.1 What amount of installment notes is owned and now held by the reporting entity? \$.....0
- 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): \$.....893,100
- 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:
-
- 17.1 Does the reporting entity write any warranty business? Yes [] No [X]

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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.....	.....0	.....0	.....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 [X]

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).....	902,306,905	629,867,950	616,382,434	685,115,031	744,566,859
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	267,499,420	249,252,869	314,931,219	315,571,797	339,447,606
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	472,653,998	350,333,940	363,533,313	243,539,728	272,604,690
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	56,715,134	85,878,630	132,164,275	192,808,673	210,680,507
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	2,937,013	310,044	(1,490,993)	(52,815,914)	20,536,129
6. Total (Line 34).....	1,702,112,470	1,315,643,433	1,425,520,248	1,384,219,315	1,587,835,791
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).....	394,605,383	196,218,552	220,845,365	203,945,510	154,457,055
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	137,992,900	126,990,144	146,545,866	154,809,136	120,763,185
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	226,516,866	302,065,022	324,696,435	194,460,399	155,793,551
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(18,115,892)	(720,176)	103,667,663	164,824,622	178,162,282
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	2,826,104	630,542	(1,560,508)	(50,076,371)	29,401,117
12. Total (Line 34).....	743,825,360	625,184,084	794,194,821	667,963,296	638,577,190
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(19,835,209)	(1,125,007,594)	(98,917,615)	(395,162,789)	189,778,702
14. Net investment gain (loss) (Line 11).....	218,123,286	278,777,534	170,373,242	306,422,806	405,851,516
15. Total other income (Line 15).....	(14,851,481)	28,720,231	880,786	1,761,474	5,501,164
16. Dividends to policyholders (Line 17).....	703,188	1,327,310	(1,954,197)	2,401,786	1,328,269
17. Federal and foreign income taxes incurred (Line 19).....	(14,048,452)	(323,065,556)	61,576,247	(67,758,094)	158,403,630
18. Net income (Line 20).....	196,781,861	(495,771,583)	12,714,363	(21,622,201)	441,399,483
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	4,193,446,799	4,842,602,931	4,383,010,994	4,978,741,812	5,264,167,605
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	43,448,578	60,776,133	62,108,029	76,856,198	73,741,631
20.2 Deferred and not yet due (Line 13.2).....	168,503,941	91,742,239	141,352,552	138,410,930	49,644,728
20.3 Accrued retrospective premiums (Line 13.3).....	8,684,938	0	0	450,000	9,417,195
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	2,182,846,881	3,101,238,004	3,350,965,505	3,180,296,759	3,404,534,495
22. Losses (Page 3, Lines 1 & 2).....	1,403,533,981	1,883,728,476	1,460,251,661	2,062,779,003	2,040,518,514
23. Loss adjustment expenses (Page 3, Line 3).....	306,614,808	412,055,739	342,136,382	355,842,876	603,360,290
24. Unearned premiums (Page 3, Line 9).....	339,359,001	336,497,441	397,310,947	350,823,159	331,106,258
25. Capital paid up (Page 3, Lines 28 & 29).....	35,214,075	35,214,075	43,678,608	70,579,288	70,579,288
26. Surplus as regards policyholders (Page 3, Line 35).....	2,010,599,918	1,741,364,927	1,032,045,489	1,798,445,053	1,859,633,110
Risk-Based Capital Analysis					
27. Total adjusted capital.....	2,010,599,918	1,741,364,927	1,032,045,489	1,798,445,053	1,859,633,110
28. Authorized control level risk-based capital.....	287,776,058	362,157,546	238,844,644	326,932,473	295,993,967
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).....	69.1	52.3	66.2	70.7	80.6
30. Stocks (Lines 2.1 & 2.2).....	15.1	17.3	19.1	11.0	10.0
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	1.0	1.0	2.1	1.7	2.7
32. Real estate (Lines 4.1, 4.2 & 4.3).....	0.0	0.0	0.0	2.0	2.0
33. Cash, cash equivalents and short-term investments (Line 5).....	10.2	24.8	3.2	11.4	2.1
34. Contract loans (Line 6).....	0.0	0.0	0.0	XXX	XXX
35. Other invested assets (Line 7).....	4.5	4.7	9.4	3.2	2.6
36. Receivable for securities (Line 8).....	0.1	0.0	0.0	0.0	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	0	0	0
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	503,309,036	640,576,573	458,221,479	469,076,039	447,010,623
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.....	161,083,871	167,617,095	240,207,500	0	0
45. Total of above lines 39 to 44.....	664,392,907	808,193,668	698,428,979	469,076,039	447,010,623
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).....	33.0	46.4	67.7	26.1	24.0

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).....	(85,399,002)	(139,382,525)	47,660,183	16,105,358	(60,684,107)
48. Dividends to stockholders (Line 35).....	0	0	(172,708,373)	(7,091,627)	(139,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	269,234,991	709,319,438	(766,399,564)	(61,188,057)	265,383,911
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).....	(215,703,751)	434,445,178	1,254,817,514	760,968,891	573,837,296
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	85,250,670	101,002,070	114,549,000	90,663,854	135,146,653
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	401,728,110	305,163,969	201,792,044	246,679,061	315,287,489
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	210,238,818	411,216,982	206,343,908	175,494,434	159,568,460
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	(37,879,794)	26,356,549	29,448,476	42,738,820	35,892,060
55. Total (Line 34).....	443,634,052	1,278,184,748	1,806,950,942	1,316,545,060	1,219,731,958
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).....	359,343,517	137,309,575	668,210,424	446,620,895	330,384,334
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	58,065,510	62,359,561	73,775,346	59,996,534	49,364,232
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	244,510,162	259,846,694	152,961,257	205,222,898	248,180,261
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	252,778,224	351,907,816	132,582,530	116,645,809	91,017,320
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	25,985,541	20,648,953	21,160,582	42,145,313	34,356,129
61. Total (Line 34).....	940,682,954	832,072,599	1,048,690,139	870,631,449	753,302,276
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).....	61.4	184.6	59.7	138.9	27.5
64. Loss expenses incurred (Line 3).....	13.8	46.0	18.5	(9.3)	3.1
65. Other underwriting expenses incurred (Line 4).....	27.5	37.2	34.9	31.9	38.6
66. Net underwriting gain (loss) (Line 8).....	(2.6)	(167.8)	(13.2)	(61.6)	30.7
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).....	29.8	35.3	32.9	30.4	36.5
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	75.1	230.6	78.3	129.7	30.6
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).....	37.0	35.9	77.0	37.1	34.3
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).....	24,044	804,200	115,906	488,260	(226,144)
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100).....	1.4	77.9	6.4	26.3	(14.2)
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).....	173,176	523,624	602,385	268,875	(372,246)
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).....	16.8	29.1	32.4	16.9	(22.9)

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.....302,337,771	.....300,730,760	.....302,011,057	.....299,676,189
	2. Canada.....4,067,529	.....3,633,160	.....4,354,350	.....4,000,000
	3. Other Countries.....45,859,672	.....46,291,136	.....47,718,553	.....45,093,880
	4. Totals.....352,264,972	.....350,655,056	.....354,083,960	.....348,770,069
States, Territories and Possessions (Direct and guaranteed)	5. United States.....514,913,987	.....524,326,957	.....519,569,508	.....495,780,000
	6. Canada.....4,694,010	.....4,449,880	.....4,650,160	.....4,500,000
	7. Other Countries.....0	.....0	.....0	.....0
	8. Totals.....519,607,997	.....528,776,837	.....524,219,668	.....500,280,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....618,624,585	.....632,923,047	.....617,942,076	.....604,105,000
	10. Canada.....0	.....0	.....0	.....0
	11. Other Countries.....0	.....0	.....0	.....0
	12. Totals.....618,624,585	.....632,923,047	.....617,942,076	.....604,105,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....597,731,689	.....615,869,700	.....598,325,221	.....590,019,242
	14. Canada.....0	.....0	.....0	.....0
	15. Other Countries.....0	.....0	.....0	.....0
	16. Totals.....597,731,689	.....615,869,700	.....598,325,221	.....590,019,242
Public Utilities (Unaffiliated)	17. United States.....69,038,043	.....69,029,882	.....69,301,506	.....67,367,257
	18. Canada.....0	.....0	.....0	.....0
	19. Other Countries.....1,960,883	.....1,908,400	.....1,952,522	.....5,500,000
	20. Totals.....70,998,926	.....70,938,282	.....71,254,028	.....72,867,257
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....384,063,992	.....381,624,398	.....384,944,626	.....377,614,638
	22. Canada.....19,300,839	.....18,908,540	.....19,524,547	.....18,000,000
	23. Other Countries.....21,194,571	.....20,859,213	.....21,429,540	.....21,060,341
	24. Totals.....424,559,402	.....421,392,150	.....425,898,713	.....416,674,979
Parent, Subsidiaries and Affiliates	25. Totals.....0	.....0	.....0	.....0
	26. Total Bonds.....2,583,787,570	.....2,620,555,072	.....2,591,723,667	.....2,532,716,547
PREFERRED STOCKS				
Public Utilities (Unaffiliated)	27. United States.....0	.....0	.....0	.....0
	28. Canada.....0	.....0	.....0	.....0
	29. Other Countries.....0	.....0	.....0	.....0
	30. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....0	.....0	.....0	.....0
	32. Canada.....0	.....0	.....0	.....0
	33. Other Countries.....0	.....0	.....0	.....0
	34. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....387,400	.....387,400	.....376,668	.....376,668
	36. Canada.....0	.....0	.....0	.....0
	37. Other Countries.....0	.....0	.....0	.....0
	38. Totals.....387,400	.....387,400	.....376,668	.....376,668
Parent, Subsidiaries and Affiliates	39. Totals.....0	.....0	.....0	.....0
	40. Total Preferred Stocks.....387,400	.....387,400	.....376,668	.....376,668
COMMON STOCKS				
Public Utilities (Unaffiliated)	41. United States.....0	.....0	.....92,347	.....92,347
	42. Canada.....0	.....0	.....0	.....0
	43. Other Countries.....0	.....0	.....0	.....0
	44. Totals.....0	.....0	.....92,347	.....92,347
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....57,116,986	.....57,116,986	.....282,175	.....282,175
	46. Canada.....0	.....0	.....0	.....0
	47. Other Countries.....0	.....0	.....0	.....0
	48. Totals.....57,116,986	.....57,116,986	.....282,175	.....282,175
Industrial and Miscellaneous (Unaffiliated)	49. United States.....1,778,802	.....1,778,802	.....25,508	.....25,508
	50. Canada.....0	.....0	.....0	.....0
	51. Other Countries.....0	.....0	.....0	.....0
	52. Totals.....1,778,802	.....1,778,802	.....25,508	.....25,508
Parent, Subsidiaries and Affiliates	53. Totals.....503,309,036	.....503,309,036	.....623,672,919	.....623,672,919
	54. Total Common Stocks.....562,204,824	.....562,204,824	.....624,072,949	.....624,072,949
	55. Total Stocks.....562,592,224	.....562,592,224	.....624,449,617	.....624,449,617
	56. Total Bonds and Stocks.....3,146,379,794	.....3,183,147,296	.....3,216,173,284	.....3,167,181,764

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	2,727,241,431	7. Amortization of premium.....	10,165,377
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	839,199,109	8. Foreign exchange adjustment:	
3. Accrual of discount.....	5,012,340	8.1 Column 15, Part 1.....	(1,864,359)
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	(19,813)	8.3 Column 16, Part 2, Section 2.....	0
4.2 Columns 15 - 17, Part 2, Section 1.....	(231,368)	8.4 Column 15, Part 4.....	(7,659,284)
4.3 Column 15, Part 2, Section 2.....	(55,098,272)	9. Book/adjusted carrying value at end of current period.....	3,146,379,794
4.4 Columns 11 - 13, Part 4.....	(27,775,465)	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	71,634,546	11. Subtotal (Lines 9 plus 10).....	3,146,379,794
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	393,893,696	12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	3,146,379,794

Line 1: Adjusting prior year by \$500.00 for bonds due to foreign exchange.

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.....	.....48,527	.....11,091	.....13,824	.....1,601	.....5,779	.....150	.....(3,170)	.....55,288	.....XXX.....
2. 1996.....	.....722,177	.....156,588	.....565,589	.....425,988	.....78,052	.....41,818	.....3,316	.....38,092	.....2,813	.....13,188	.....421,718	.....XXX.....
3. 1997.....	.....701,617	.....129,460	.....572,158	.....429,204	.....72,715	.....47,454	.....7,011	.....38,784	.....2,713	.....14,129	.....433,003	.....XXX.....
4. 1998.....	.....699,536	.....125,505	.....574,031	.....517,642	.....114,565	.....49,777	.....8,382	.....36,446	.....3,246	.....14,440	.....477,673	.....XXX.....
5. 1999.....	.....674,007	.....116,952	.....557,055	.....531,745	.....140,924	.....52,827	.....11,150	.....27,496	.....3,942	.....14,779	.....456,051	.....XXX.....
6. 2000.....	.....702,676	.....157,386	.....545,290	.....484,539	.....135,053	.....54,969	.....14,215	.....27,484	.....4,414	.....15,807	.....413,310	.....XXX.....
7. 2001.....	.....755,306	.....144,536	.....610,770	.....569,929	.....183,906	.....53,143	.....16,277	.....29,507	.....4,616	.....12,539	.....447,780	.....XXX.....
8. 2002.....	.....826,598	.....169,215	.....657,383	.....381,022	.....112,165	.....45,961	.....17,040	.....24,270	.....3,225	.....10,947	.....318,823	.....XXX.....
9. 2003.....	.....915,329	.....193,020	.....722,309	.....338,682	.....79,963	.....29,860	.....9,492	.....22,681	.....2,358	.....9,736	.....299,411	.....XXX.....
10. 2004.....	.....926,672	.....169,836	.....756,836	.....281,023	.....67,759	.....18,271	.....6,683	.....25,282	.....1,998	.....8,658	.....248,136	.....XXX.....
11. 2005.....	.....1,156,598	.....406,550	.....750,048	.....164,042	.....27,571	.....5,923	.....2,007	.....21,344	.....1,236	.....4,659	.....160,495	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....4,172,344	.....1,023,763	.....413,828	.....97,174	.....297,164	.....30,710	.....115,713	.....3,731,689	.....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.....	.....237,047	.....72,771	.....303,553	.....66,109	.....24,734	.....2,093	.....51,009	.....2,034	.....21,167	.....93	.....292	.....494,410	.....XXX.....
2. 1996.....	.....21,475	.....11,381	.....23,218	.....12,485	.....1,644	.....644	.....6,398	.....4,249	.....1,108	.....16	.....141	.....25,067	.....XXX.....
3. 1997.....	.....44,943	.....28,128	.....41,859	.....29,659	.....5,616	.....4,022	.....4,514	.....2,103	.....1,590	.....50	.....284	.....34,560	.....XXX.....
4. 1998.....	.....50,536	.....30,857	.....55,454	.....38,455	.....3,865	.....2,277	.....5,821	.....2,694	.....1,891	.....9	.....502	.....43,274	.....XXX.....
5. 1999.....	.....71,159	.....41,740	.....46,291	.....32,700	.....6,427	.....3,406	.....1,661	.....(1,960)	.....2,266	.....11	.....779	.....51,908	.....XXX.....
6. 2000.....	.....114,048	.....67,264	.....97,057	.....68,864	.....10,128	.....6,206	.....1,635	.....(2,896)	.....2,494	.....20	.....1,341	.....85,905	.....XXX.....
7. 2001.....	.....167,141	.....110,870	.....140,738	.....113,695	.....17,351	.....11,219	.....8,742	.....2,045	.....4,329	.....8	.....2,362	.....100,465	.....XXX.....
8. 2002.....	.....166,566	.....107,693	.....117,903	.....77,493	.....17,895	.....10,112	.....1,102	.....(6,844)	.....5,382	.....14	.....3,416	.....120,380	.....XXX.....
9. 2003.....	.....135,817	.....72,793	.....223,702	.....167,675	.....16,770	.....6,796	.....26,387	.....11,332	.....6,736	.....(47)	.....6,104	.....150,863	.....XXX.....
10. 2004.....	.....131,470	.....61,639	.....280,387	.....171,034	.....14,734	.....4,949	.....47,767	.....17,086	.....7,772	.....(108)	.....8,580	.....227,530	.....XXX.....
11. 2005.....	.....189,758	.....70,231	.....472,659	.....275,923	.....12,640	.....3,495	.....55,630	.....23,386	.....17,695	.....(226)	.....13,372	.....375,575	.....XXX.....
12. Totals.....	.....1,329,959	.....675,367	.....1,802,820	.....1,054,091	.....131,803	.....55,217	.....210,668	.....53,229	.....72,431	.....(160)	.....37,172	.....1,709,936	.....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.....	.....401,719	.....92,690
2. 1996.	.....559,740	.....112,955	.....446,785	.....77.5	.....72.1	.....79.0	.....0	.....0	.....4.58	.....20,827	.....4,240
3. 1997.	.....613,963	.....146,401	.....467,563	.....87.5	.....113.1	.....81.7	.....0	.....0	.....4.58	.....29,015	.....5,545
4. 1998.	.....721,432	.....200,485	.....520,947	.....103.1	.....159.7	.....90.8	.....0	.....0	.....4.58	.....36,677	.....6,597
5. 1999.	.....739,871	.....231,913	.....507,959	.....109.8	.....198.3	.....91.2	.....0	.....0	.....4.58	.....43,010	.....8,898
6. 2000.	.....792,354	.....293,139	.....499,215	.....112.8	.....186.3	.....91.6	.....0	.....0	.....4.58	.....74,977	.....10,928
7. 2001.	.....990,881	.....442,636	.....548,245	.....131.2	.....306.2	.....89.8	.....0	.....0	.....4.58	.....83,314	.....17,151
8. 2002.	.....760,101	.....320,898	.....439,204	.....92.0	.....189.6	.....66.8	.....0	.....0	.....4.58	.....99,283	.....21,097
9. 2003.	.....800,636	.....350,362	.....450,274	.....87.5	.....181.5	.....62.3	.....0	.....0	.....4.58	.....119,051	.....31,812
10. 2004.	.....806,705	.....331,039	.....475,666	.....87.1	.....194.9	.....62.8	.....0	.....0	.....4.58	.....179,184	.....48,346
11. 2005.	.....939,692	.....403,622	.....536,070	.....81.2	.....99.3	.....71.5	.....0	.....0	.....4.58	.....316,264	.....59,311
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....1,403,322	.....306,615

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.....	1,276,730	1,234,202	1,197,377	1,183,196	1,152,290	1,155,786	1,264,125	1,269,608	1,329,027	1,383,482	54,454	113,873
2. 1996.....	427,870	430,954	427,465	418,319	413,389	410,906	409,251	413,190	415,326	411,361	(3,964)	(1,829)
3. 1997.....	XXX	418,784	425,323	420,091	418,295	423,038	422,431	424,254	427,847	431,047	3,200	6,793
4. 1998.....	XXX	XXX	443,934	445,033	453,164	466,198	472,964	477,125	483,095	487,051	3,956	9,926
5. 1999.....	XXX	XXX	XXX	410,497	419,806	439,042	455,971	471,704	482,336	483,222	886	11,517
6. 2000.....	XXX	XXX	XXX	XXX	393,782	409,951	422,535	446,736	471,089	474,893	3,804	28,157
7. 2001.....	XXX	XXX	XXX	XXX	XXX	495,714	497,603	516,502	526,266	520,176	(6,089)	3,674
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	435,702	396,699	408,343	414,830	6,487	18,131
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	442,751	418,382	425,685	7,303	(17,066)
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	493,336	447,343	(45,993)	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	500,474	XXX	XXX
12. Totals.....											24,044	173,176

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	197,446	361,342	475,728	558,288	628,100	703,111	793,534	836,458	886,117	XXX	XXX
2. 1996.....	126,671	214,848	265,688	305,754	336,163	356,439	369,959	378,374	383,821	386,439	XXX	XXX
3. 1997.....	XXX	125,822	210,834	264,762	312,318	347,901	368,921	385,361	393,106	396,932	XXX	XXX
4. 1998.....	XXX	XXX	147,602	241,677	311,516	360,690	397,269	422,259	436,422	444,472	XXX	XXX
5. 1999.....	XXX	XXX	XXX	143,674	245,178	317,710	374,562	402,436	418,876	432,498	XXX	XXX
6. 2000.....	XXX	XXX	XXX	XXX	135,593	234,328	303,610	353,458	368,689	390,240	XXX	XXX
7. 2001.....	XXX	XXX	XXX	XXX	XXX	144,176	262,104	334,834	385,344	422,889	XXX	XXX
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	122,762	206,237	256,330	297,778	XXX	XXX
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	128,434	220,126	279,087	XXX	XXX
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	130,737	224,852	XXX	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	140,387	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.....	731,805	585,869	466,910	402,067	335,895	272,386	322,413	258,145	272,024	288,405
2. 1996.....	194,670	119,803	85,406	54,695	37,156	26,145	17,413	16,067	16,526	13,223
3. 1997.....	XXX	179,797	110,424	70,011	43,680	31,234	22,706	16,255	15,375	15,026
4. 1998.....	XXX	XXX	177,513	98,012	58,019	41,108	29,234	22,154	21,085	20,518
5. 1999.....	XXX	XXX	XXX	156,171	69,260	31,787	13,079	30,285	25,141	17,653
6. 2000.....	XXX	XXX	XXX	XXX	151,879	75,881	34,770	43,394	49,412	33,170
7. 2001.....	XXX	XXX	XXX	XXX	XXX	227,848	121,106	84,775	53,547	34,258
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	217,130	98,937	68,434	49,869
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	224,025	109,669	73,059
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	266,481	142,393
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	231,295

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	Yes	4,458,926	6,893,067	0	5,353,460	(21,471,770)	38,716,911	2,454	0
2. Alaska.....AK	Yes	1,264,623	1,671,561	0	480,596	(80,129)	2,999,810	116	0
3. Arizona.....AZ	Yes	5,686,477	8,993,846	0	3,276,742	7,226,177	18,985,195	3,191	0
4. Arkansas.....AR	Yes	1,782,441	3,135,748	0	1,675,105	(11,238,902)	12,152,557	883	0
5. California.....CA	Yes	173,498,154	187,773,721	0	64,580,430	164,872,303	366,530,507	135,001	0
6. Colorado.....CO	Yes	6,655,294	9,316,158	0	2,664,075	978,381	19,480,358	7,970	0
7. Connecticut.....CT	Yes	6,588,814	9,947,979	0	5,476,796	(343,776)	15,186,164	8,442	0
8. Delaware.....DE	Yes	736,079	919,487	0	(655,706)	(949,098)	2,279,950	329	0
9. District of Columbia.....DC	Yes	2,596,517	3,421,847	0	1,750,844	955,861	4,821,533	1,265	0
10. Florida.....FL	Yes	30,170,355	41,199,090	0	47,506,541	18,361,042	135,013,845	4,678	0
11. Georgia.....GA	Yes	9,494,628	13,605,483	0	7,302,635	(8,602,044)	32,896,428	9,716	0
12. Hawaii.....HI	Yes	2,309,253	2,345,045	0	953,394	11,981	3,228,932	307	0
13. Idaho.....ID	Yes	634,901	822,888	0	543,625	370,613	2,661,029	713	0
14. Illinois.....IL	Yes	13,519,044	20,867,145	0	6,583,133	(3,730,516)	62,856,009	6,417	0
15. Indiana.....IN	Yes	7,366,262	7,588,435	0	8,019,794	(16,676,057)	23,391,667	2,153	0
16. Iowa.....IA	Yes	2,164,967	3,175,060	0	1,968,082	138,972	14,089,044	492	0
17. Kansas.....KS	Yes	1,632,362	2,309,598	0	227,648	(8,861,885)	7,533,422	520	0
18. Kentucky.....KY	Yes	3,692,906	4,271,788	0	5,285,024	1,408,591	32,276,337	1,966	0
19. Louisiana.....LA	Yes	7,196,810	10,330,919	0	30,511,341	88,035,441	88,425,955	4,606	0
20. Maine.....ME	Yes	817,417	1,210,252	0	2,031,248	(4,250,974)	4,700,930	667	0
21. Maryland.....MD	Yes	7,294,405	10,668,506	0	2,283,416	(5,888,207)	17,389,529	4,989	0
22. Massachusetts.....MA	Yes	8,510,501	12,237,775	0	26,625,957	(16,267,842)	60,031,801	10,947	0
23. Michigan.....MI	Yes	17,102,260	19,348,376	0	11,919,740	(9,349,947)	74,380,155	8,176	0
24. Minnesota.....MN	Yes	5,390,483	8,737,002	0	5,547,000	6,414,509	20,639,794	2,944	0
25. Mississippi.....MS	Yes	7,262,167	12,081,005	0	18,393,030	29,312,163	74,493,254	6,310	0
26. Missouri.....MO	Yes	5,980,921	7,460,775	0	5,247,457	(1,338,405)	17,385,319	2,164	0
27. Montana.....MT	Yes	2,272,644	3,542,462	0	2,822,108	(2,688,072)	11,352,497	4,070	0
28. Nebraska.....NE	Yes	1,167,521	2,290,810	0	1,248,165	(3,131,848)	5,874,820	495	0
29. Nevada.....NV	Yes	3,483,972	4,529,785	0	9,105,147	4,707,045	12,202,036	1,911	0
30. New Hampshire.....NH	Yes	1,143,059	2,238,036	0	1,126,651	(1,747,974)	2,218,148	633	0
31. New Jersey.....NJ	Yes	12,744,665	20,939,428	0	26,671,758	29,143,487	96,373,671	12,444	0
32. New Mexico.....NM	Yes	2,833,635	3,675,197	0	3,164,017	(13,050,509)	30,032,363	1,888	0
33. New York.....NY	Yes	41,928,399	53,892,458	0	170,719,828	214,326,276	241,249,292	62,915	0
34. North Carolina.....NC	Yes	6,442,695	10,315,144	0	7,961,077	(4,260,979)	27,996,005	4,475	0
35. North Dakota.....ND	Yes	504,926	663,096	0	206,378	(139,779)	918,587	162	0
36. Ohio.....OH	Yes	3,984,522	5,767,456	0	4,711,021	(1,446,801)	14,990,361	1,263	0
37. Oklahoma.....OK	Yes	2,674,876	3,980,320	0	2,876,304	2,482,054	27,465,107	417	0
38. Oregon.....OR	Yes	2,230,710	3,429,620	0	1,461,106	1,933,724	9,952,838	1,859	0
39. Pennsylvania.....PA	Yes	9,539,591	(5,870,722)	0	20,984,453	(9,389,055)	88,712,748	7,536	0
40. Rhode Island.....RI	Yes	845,879	1,286,058	0	775,756	(1,038,353)	5,012,855	1,560	0
41. South Carolina.....SC	Yes	3,249,869	6,462,479	0	10,458,940	(2,713,673)	25,288,433	2,386	0
42. South Dakota.....SD	Yes	451,850	586,558	0	125,067	(973,899)	2,841,663	356	0
43. Tennessee.....TN	Yes	7,163,599	10,016,840	0	6,616,779	(24,678,370)	31,128,796	5,950	0
44. Texas.....TX	Yes	17,872,348	23,258,662	0	12,098,748	6,853,552	69,948,668	16,396	0
45. Utah.....UT	Yes	3,155,454	4,271,645	0	677,152	1,209,764	8,242,971	2,892	0
46. Vermont.....VT	Yes	1,718,098	2,878,410	0	1,572,878	(1,010,563)	6,504,929	1,469	0
47. Virginia.....VA	Yes	8,634,142	12,779,363	0	8,692,007	(2,389,362)	42,364,721	6,530	0
48. Washington.....WA	Yes	5,269,205	8,040,302	0	2,894,367	2,239,419	12,707,510	4,329	0
49. West Virginia.....WV	Yes	3,504,974	5,112,136	0	1,511,953	(111,214)	5,905,671	8,036	0
50. Wisconsin.....WI	Yes	6,038,740	8,216,992	0	5,642,897	2,540,364	21,487,688	1,238	0
51. Wyoming.....WY	Yes	540,979	872,632	0	241,026	111,719	1,873,711	463	0
52. American Samoa.....AS	No	0	0	0	0	0	0	0	0
53. Guam.....GU	Yes	(283)	20,319	0	0	(53,926)	(1,382)	0	0
54. Puerto Rico.....PR	Yes	957,031	2,514,821	0	8,163,021	6,841,166	48,178,070	2	0
55. US Virgin Islands.....VI	Yes	1,095	877	0	53,493	2,405	25,007	0	0
56. Canada.....CN	Yes	0	0	0	0	2,304	11,552	0	0
57. Aggregate Other Alien.....OT	XXX	19,128	627,906	0	250,040	(206,674)	136,648,129	0	0
58. Totals.....(a)	54	484,180,287	606,671,647	0	578,383,542	412,398,711	2,140,053,903	379,095	0

DETAILS OF WRITE-INS

5701. Other Alien Combined.....	XXX	19,128	627,906	0	250,040	(206,674)	136,648,129	0	0
5702.	XXX	0	0	0	0	0	0	0	0
5703.	XXX	0	0	0	0	0	0	0	0
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	19,128	627,906	0	250,040	(206,674)	136,648,129	0	0

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

1. FIRE; 2. ALLIED LINES; 3. FARMOWNERS MULTIPLE PERIL; 4. HOMEOWNERS MULTIPLE PERIL; 5. COMMERCIAL MULTIPLE PERIL; 12. EARTHQUAKE; 26. BURGLARY AND THEFT; 27. BOILER AND MACHINERY-LOCATION OF PROPERTY INSURED; 8. OCEAN MARINE-LOCATION WHERE CONTRACT OF INSURANCE IS NEGOTIATED, EXCEPT BUILDERS RISKS WHICH ARE ALLOCATED ON LOCATIONS OF RISK; 9. INLAND MARINE-ADDRESS OF INSURED OR STATE OF PRINCIPAL EXPOSURE, BRIDGES AND TUNNELS-LOCATION OF PROPERTY; 10. FINANCIAL GUARANTY; 13. GROUP ACCIDENT AND HEALTH; 15. OTHER ACCIDENT AND HEALTH; 28. CREDIT-LOCATION OF INSURED; 11. MEDICAL MALPRACTICE; 16. WORKERS COMPENSATION; 17. OTHER LIABILITY; 18. PRODUCTS LIABILITY-LOCATION OF RISK; 19. AUTO LIABILITY; 21. AUTO PHYSICAL DAMAGE-LOCATION OF PRINCIPAL GARAGE OF INSURED; 22. AIRCRAFT (ALL PERILS)-LOCATION OF AIRPORT FROM WHICH INSURED AIRCRAFT PRINCIPALLY OPERATE; 23. FIDELITY-FORGERY-LOCATION OF INSURED, PUBLIC AND FEDERAL OFFICIAL-LOCATION OF OFFICIAL, ALL OTHER FIDELITY-LOCATION OF EMPLOYER; 24. SURETY-CONSTRUCTION CONTRACT-LOCATION OF WORK, SUPPLY CONTRACTS-LOCATION OF CONTRACTOR, JUDICIAL-LOCATION OF COURT, LICENSE-LOCATION OF OBLIGEE; ALL OTHER-LOCATION OF PRINCIPAL.

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

SCHEDULE T - PART 2

INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	Direct Business Only					
	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	6 Totals
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