



ANNUAL STATEMENT

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

TRAVELERS CASUALTY AND SURETY COMPANY

NAIC Group Code.....3548, 3548 (Current Period) (Prior Period)	NAIC Company Code..... 19038	Employer's ID Number..... 06-6033504
Organized under the Laws of CONNECTICUT	State of Domicile or Port of Entry CONNECTICUT	Country of Domicile US
Incorporated/Organized..... May 1, 1883	Commenced Business..... May 1, 1907	
Statutory Home Office	ONE TOWER SQUARE..... HARTFORD CT 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	ONE TOWER SQUARE..... HARTFORD CT 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Mail Address	ONE TOWER SQUARE..... HARTFORD CT 06183-6014 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	ONE TOWER SQUARE..... HARTFORD CT 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-0111 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	STPAULTRAVELERS.COM	
Statutory Statement Contact	MICHAEL JOSEPH DOODY <i>(Name)</i> Annual.Statement.Contact@Travelers.com <i>(E-Mail Address)</i>	860-277-3966 <i>(Area Code) (Telephone Number) (Extension)</i> 860-277-7002 <i>(Fax Number)</i>
Policyowner Relations Contact	ONE TOWER SQUARE, 5GS..... HARTFORD CT 06183 <i>(Street and Number) (City or Town, State and Zip Code)</i>	860-277-1561 <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

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

OTHER

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

DIRECTORS

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

State of.....
County of.....

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

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

This _____ day of _____

a. Is this an original filing?

Yes [X] No []

b. If no 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	8,869,888,573	0	8,869,888,573	8,570,353,672
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	139,420,726	0	139,420,726	162,752,419
2.2 Common stocks.....	2,360,718,296	0	2,360,718,296	2,395,183,214
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	12,049,496	0	12,049,496	34,299,689
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	7,033,602	0	7,033,602	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....7,657,562, Sch. E-Part 1), cash equivalents (\$.....434,965, Sch. E-Part 2) and short-term investments (\$.....226,660,714, Sch. DA).....	234,753,241	0	234,753,241	451,439,941
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	198,792,396	0	198,792,396	202,041,753
8. Receivables for securities.....	430,975,000	0	430,975,000	32,952,561
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	12,253,631,330	0	12,253,631,330	11,849,023,249
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	110,945,598	0	110,945,598	104,107,392
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	233,326,987	32,780,494	200,546,493	237,365,053
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....12,337,413 earned but unbilled premiums).....	785,130,965	7,363,868	777,767,098	886,770,703
13.3 Accrued retrospective premiums.....	42,066,207	1,978,959	40,087,247	75,698,426
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	0	0	0	88
14.2 Funds held by or deposited with reinsured companies.....	6,153,162	0	6,153,162	7,495,892
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.....	80,705,306	0	80,705,306	0
16.2 Net deferred tax asset.....	740,902,759	475,556,050	265,346,709	264,596,657
17. Guaranty funds receivable or on deposit.....	2,108,067	0	2,108,067	1,821,981
18. Electronic data processing equipment and software.....	0	0	0	0
19. Furniture and equipment, including health care delivery assets (\$.....0).....	6,930	6,930	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.....	69,325,471	0	69,325,471	0
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	443,218,897	363,223,448	79,995,449	149,310,093
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	14,767,521,680	880,909,749	13,886,611,930	13,576,189,533
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	14,767,521,680	880,909,749	13,886,611,930	13,576,189,533

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. Amounts receivable under high deductible policies.....	31,797,452	4,490,082	27,307,370	40,176,054
2302. Suspense, undistributed payments.....	26,102,696	0	26,102,696	93,963,301
2303. Equities and deposits in pools and associations.....	20,340,029	0	20,340,029	7,215,897
2398. Summary of remaining write-ins for Line 23 from overflow page.....	364,978,720	358,733,366	6,245,354	7,954,841
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	443,218,897	363,223,448	79,995,449	149,310,093

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	6,477,340,134	6,046,905,725
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	457,018	607,657
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,415,248,260	1,328,036,286
4. Commissions payable, contingent commissions and other similar charges.....	116,019,496	141,892,679
5. Other expenses (excluding taxes, licenses and fees).....	66,696,627	94,197,941
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	102,621,717	126,644,950
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	113,074,476
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....403,975 and interest thereon \$.....158,135.....	562,110	521,810
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....149,610,363 and including warranty reserves of \$.....0).....	1,566,386,305	1,730,276,309
10. Advance premiums.....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	5,293,889	247,129
12. Ceded reinsurance premiums payable (net of ceding commissions).....	78,461,856	53,524,789
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	36,457,059	20,530,244
15. Remittances and items not allocated.....	23,786,665	455,585,420
16. Provision for reinsurance (Schedule F, Part 7).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	18,746
19. Payable to parent, subsidiaries and affiliates.....	0	38,918,930
20. Payable for securities.....	45,965,156	73,228,841
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.....	244,717,689	8,467,737
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	10,180,013,982	10,232,679,669
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	10,180,013,982	10,232,679,669
27. Aggregate write-ins for special surplus funds.....	18,712,127	1,392,922
28. Common capital stock.....	25,000,000	25,000,000
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	2,041,092,700	2,041,092,700
33. Unassigned funds (surplus).....	1,621,793,122	1,276,024,242
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).....	3,706,597,948	3,343,509,864
36. TOTALS (Page 2, Line 26, Col. 3).....	13,886,611,930	13,576,189,533

DETAILS OF WRITE-INS

2301. Interest deposit liability.....	330,689,716	0
2302. Retrospective premium reserve.....	1,102,536	0
2303. Retroactive reinsurance reserve assumed.....	557,701	918,596
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(87,632,263)	7,549,141
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	244,717,689	8,467,737
2701. Special surplus from retroactive reinsurance.....	18,712,127	1,392,922
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).....	18,712,127	1,392,922
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

TRAVELERS CASUALTY AND SURETY COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	3,462,812,532	3,645,669,109
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	2,124,505,563	1,887,420,645
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	476,047,717	432,933,202
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	989,501,529	1,017,199,951
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,590,054,808	3,337,553,798
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(127,242,276)	308,115,311
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	976,305,919	754,377,117
10. Net realized capital gains (losses) less capital gains tax of \$.....8,129,793 (Exhibit of Capital Gains (Losses)).....	6,303,015	(5,741,703)
11. Net investment gain (loss) (Lines 9 + 10).....	982,608,935	748,635,414
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....(6,093,196) amount charged off \$.....921,837).....	(7,015,033)	(11,029,092)
13. Finance and service charges not included in premiums.....	17,432,309	26,541,411
14. Aggregate write-ins for miscellaneous income.....	(43,658,037)	(46,668,583)
15. Total other income (Lines 12 through 14).....	(33,240,761)	(31,156,264)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	822,125,897	1,025,594,461
17. Dividends to policyholders.....	3,245,718	(6,179,666)
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).....	818,880,179	1,031,774,127
19. Federal and foreign income taxes incurred.....	38,686,140	253,834,292
20. Net income (Line 18 minus Line 19) (to Line 22).....	780,194,040	777,939,836
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	3,343,509,864	3,045,832,875
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	780,194,040	777,939,836
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....7,046,898.....	(142,469,624)	123,629,139
25. Change in net unrealized foreign exchange capital gain (loss).....	(12,539,169)	5,169,692
26. Change in net deferred income tax.....	295,963	43,648,278
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	32,723,638	24,290,045
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	4,883,236	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	0	0
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3. Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	(300,000,000)	(677,000,000)
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	363,088,084	297,676,990
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	3,706,597,948	3,343,509,864
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Retroactive reinsurance gain/loss.....	15,573,909	0
1402. Fines and penalties of regulatory authorities.....	(702)	(73)
1403. Profit and loss, miscellaneous.....	(59,231,243)	(46,729,823)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	61,313
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(43,658,037)	(46,668,583)
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	3,504,123,974	3,734,850,815
2. Net investment income.....	993,191,005	760,044,376
3. Miscellaneous income.....	(33,240,761)	(30,513,812)
4. Total (Lines 1 through 3).....	4,464,074,218	4,464,381,379
5. Benefit and loss related payments.....	1,692,878,975	1,666,095,386
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,456,045,286	1,323,348,623
8. Dividends paid to policyholders.....	(1,801,042)	(3,619,119)
9. Federal and foreign income taxes paid (recovered) \$.....0 net of tax on capital gains (losses).....	240,595,715	214,093,182
10. Total (Lines 5 through 9).....	3,387,718,933	3,199,918,072
11. Net cash from operations (Line 4 minus Line 10).....	1,076,355,285	1,264,463,307
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,426,968,941	2,669,648,087
12.2 Stocks.....	38,999,749	68,736,527
12.3 Mortgage loans.....	21,708,260	21,903,559
12.4 Real estate.....	0	0
12.5 Other invested assets.....	86,691,375	43,608,277
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	32,433	(859,463)
12.7 Miscellaneous proceeds.....	(398,022,439)	(2,902)
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,176,378,319	2,803,034,086
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,750,516,294	3,133,126,014
13.2 Stocks.....	139,708,721	23,251,942
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	7,089,884	0
13.5 Other invested assets.....	62,036,053	31,752,406
13.6 Miscellaneous applications.....	27,263,684	94,865,682
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,986,614,636	3,282,996,045
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).....	(810,236,317)	(479,961,959)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	(37,500)	(18,676)
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	300,000,000	677,000,000
16.6 Other cash provided (applied).....	(182,768,167)	85,577,007
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(482,805,667)	(591,441,668)
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).....	(216,686,699)	193,059,680
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	451,439,941	258,380,261
19.2 End of year (Line 18 plus Line 19.1).....	234,753,241	451,439,941
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	102,816,954	45,840,635	46,844,040	101,813,550
2. Allied lines.....	85,243,034	40,532,910	38,090,601	87,685,343
3. Farmowners multiple peril.....	14,955,700	14,407,825	9,739,632	19,623,893
4. Homeowners multiple peril.....	335,267,712	361,195,681	246,757,994	449,705,399
5. Commercial multiple peril.....	504,831,063	371,951,513	288,425,522	588,357,054
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	63,202,689	12,306,779	21,626,307	53,883,161
9. Inland marine.....	143,684,331	60,582,555	63,593,284	140,673,602
10. Financial guaranty.....	0	0	0	0
11.1 Medical malpractice - occurrence.....	(53,544)	0	(75)	(53,469)
11.2 Medical malpractice - claims-made.....	1,093,658	25,395	339,392	779,661
12. Earthquake.....	15,356,032	9,952,683	6,561,817	18,746,898
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.....	443,746,515	106,188,282	130,979,861	418,954,936
17.1 Other liability - occurrence.....	401,170,788	100,273,197	152,899,206	348,544,779
17.2 Other liability - claims-made.....	247,729,287	359,587	86,438,718	161,650,155
18.1 Products liability - occurrence.....	52,666,328	5,720,974	11,124,294	47,263,007
18.2 Products liability - claims-made.....	4,365,257	87,748	1,300,121	3,152,884
19.1, 19.2 Private passenger auto liability.....	255,596,128	198,642,417	127,933,848	326,304,697
19.3, 19.4 Commercial auto liability.....	280,937,205	131,191,486	120,437,090	291,691,601
21. Auto physical damage.....	226,881,042	163,492,463	110,527,990	279,845,515
22. Aircraft (all perils).....	107,611	0	116,334	(8,723)
23. Fidelity.....	25,854,892	69,994	10,100,957	15,823,928
24. Surety.....	72,763,128	0	16,878,063	55,885,066
26. Burglary and theft.....	1,963,598	119,287	1,245,522	837,363
27. Boiler and machinery.....	26,764,949	24,957,864	16,223,598	35,499,215
28. Credit.....	263,014	(110)	83,782	179,121
29. International.....	6,598,824	0	344,793	6,254,030
30. Reinsurance - nonproportional assumed property.....	1,199,325	81,275	(256,476)	1,537,076
31. Reinsurance - nonproportional assumed liability.....	11,191,624	0	3,818,021	7,373,603
32. Reinsurance - nonproportional assumed financial lines.....	885,418	0	76,230	809,189
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	3,327,082,559	1,647,980,438	1,512,250,465	3,462,812,532

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	45,226,355	1,777,280	(159,596)	.0	46,844,040
2.	Allied lines.....	36,836,150	1,372,770	(118,319)	.0	38,090,601
3.	Farmowners multiple peril.....	9,739,632	.0	.0	.0	9,739,632
4.	Homeowners multiple peril.....	246,757,994	.0	.0	.0	246,757,994
5.	Commercial multiple peril.....	288,091,720	410,501	(67,785)	(8,913)	288,425,522
6.	Mortgage guaranty.....	.0	.0	.0	.0	.0
8.	Ocean marine.....	22,332,355	509,079	(1,215,127)	.0	21,626,307
9.	Inland marine.....	53,628,761	11,112,005	(1,147,482)	.0	63,593,284
10.	Financial guaranty.....	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence.....	(75)	.0	.0	.0	(75)
11.2	Medical malpractice - claims-made.....	2,383	.0	.0	337,009	339,392
12.	Earthquake.....	6,085,290	476,527	.0	.0	6,561,817
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.....	186,512,871	460,060	(2,942,450)	(53,050,620)	130,979,861
17.1	Other liability - occurrence.....	146,162,784	568,767	(2,818,312)	8,985,967	152,899,206
17.2	Other liability - claims-made.....	70,726,083	16,045,883	(333,248)	.0	86,438,718
18.1	Products liability - occurrence.....	10,053,442	329,710	(194,725)	935,868	11,124,294
18.2	Products liability - claims-made.....	1,209,582	90,539	.0	.0	1,300,121
19.1, 19.2	Private passenger auto liability.....	127,933,848	.0	.0	(0)	127,933,848
19.3, 19.4	Commercial auto liability.....	119,230,014	589,513	(414,508)	1,032,071	120,437,090
21.	Auto physical damage.....	110,537,881	71,666	(51,750)	(29,807)	110,527,990
22.	Aircraft (all perils).....	116,334	.0	.0	.0	116,334
23.	Fidelity.....	5,963,789	4,137,169	.0	.0	10,100,957
24.	Surety.....	1,761,993	17,990,182	(2,874,113)	.0	16,878,063
26.	Burglary and theft.....	552,836	692,686	.0	.0	1,245,522
27.	Boiler and machinery.....	16,274,618	(51,020)	.0	.0	16,223,598
28.	Credit.....	83,782	.0	.0	.0	83,782
29.	International.....	344,793	.0	.0	.0	344,793
30.	Reinsurance - nonproportional assumed property.....	(256,476)	.0	.0	.0	(256,476)
31.	Reinsurance - nonproportional assumed liability.....	3,643,874	174,147	.0	.0	3,818,021
32.	Reinsurance - nonproportional assumed financial lines.....	73,886	2,344	.0	.0	76,230
33.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34.	TOTALS.....	1,509,626,499	56,759,806	(12,337,413)	(41,798,427)	1,512,250,465
35.	Accrued retrospective premiums based on experience.....					41,798,427
36.	Earned but unbilled premiums.....					12,337,413
37.	Balance (sum of Lines 34 through 36).....					1,566,386,305

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:

TRAVELERS CASUALTY AND SURETY 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	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	4,167,171	102,816,954	2,037,597	6,204,768	0	102,816,954
2. Allied lines.....	1,413,288	85,243,034	4,456,493	5,869,781	0	85,243,034
3. Farmowners multiple peril.....	0	14,955,700	0	0	0	14,955,700
4. Homeowners multiple peril.....	56,054,071	335,267,712	2,157,373	58,211,444	0	335,267,712
5. Commercial multiple peril.....	222,660	504,831,063	0	222,660	0	504,831,063
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	2,793	63,202,689	0	2,793	0	63,202,689
9. Inland marine.....	628,692	143,684,331	0	628,692	0	143,684,331
10. Financial guaranty.....	754,552	0	893,414	1,647,966	0	0
11.1 Medical malpractice - occurrence.....	0	(53,544)	0	0	0	(53,544)
11.2 Medical malpractice - claims-made.....	0	1,093,658	0	0	0	1,093,658
12. Earthquake.....	36,887	15,356,032	0	36,887	0	15,356,032
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	188,582,293	443,746,515	(32,658)	188,549,635	0	443,746,515
17.1 Other liability - occurrence.....	1,120,731	401,170,788	59,825	1,180,557	0	401,170,788
17.2 Other liability - claims-made.....	6,512,887	247,729,287	39,000	6,551,887	0	247,729,287
18.1 Products liability - occurrence.....	0	52,666,328	(31)	(31)	0	52,666,328
18.2 Products liability - claims-made.....	0	4,365,257	0	0	0	4,365,257
19.1, 19.2 Private passenger auto liability.....	0	255,596,128	0	0	0	255,596,128
19.3, 19.4 Commercial auto liability.....	45,460	280,937,205	0	45,460	0	280,937,205
21. Auto physical damage.....	0	226,881,042	0	0	0	226,881,042
22. Aircraft (all perils).....	0	107,611	(43,929)	(43,929)	0	107,611
23. Fidelity.....	912,563	25,854,892	0	912,563	0	25,854,892
24. Surety.....	24,721,220	72,763,128	85,420	24,806,640	0	72,763,128
26. Burglary and theft.....	175,782	1,963,598	27,457	203,239	0	1,963,598
27. Boiler and machinery.....	0	26,764,949	0	0	0	26,764,949
28. Credit.....	0	263,014	0	0	0	263,014
29. International.....	0	6,598,824	0	0	0	6,598,824
30. Reinsurance - nonproportional assumed property.....	XXX	1,199,858	569	1,102	0	1,199,325
31. Reinsurance - nonproportional assumed liability.....	XXX	11,191,624	46,968	46,968	0	11,191,624
32. Reinsurance - nonproportional assumed financial lines.....	XXX	885,418	3,780	3,780	0	885,418
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	285,351,049	3,327,083,092	9,731,278	295,082,860	0	3,327,082,559

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.....	2,250,131	27,269,779	3,456,601	26,063,310	47,855,962	39,728,617	34,190,654	33.6
2. Allied lines.....	198,578	69,927,935	2,243,810	67,882,703	99,509,776	76,892,095	90,500,384	103.2
3. Farmowners multiple peril.....	0	10,975,898	0	10,975,898	7,057,543	9,606,097	8,427,344	42.9
4. Homeowners multiple peril.....	18,080,640	248,146,254	19,013,938	247,212,956	172,078,199	134,897,556	284,393,599	63.2
5. Commercial multiple peril.....	10,934,423	449,405,492	10,942,154	449,397,761	707,156,977	805,896,957	350,657,782	59.6
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	16,880	7,099,976	16,880	7,099,976	35,487,913	16,706,896	25,880,992	48.0
9. Inland marine.....	208,628	14,639,008	208,628	14,639,008	74,469,551	37,548,841	51,559,719	36.7
10. Financial guaranty.....	0	(1,775)	(1,775)	0	0	0	0	0.0
11.1 Medical malpractice - occurrence.....	500,000	(43,206,682)	500,000	(43,206,682)	44,190,811	3,037,847	(2,053,717)	3,841.0
11.2 Medical malpractice - claims-made.....	0	(59,181,492)	0	(59,181,492)	96,602,762	3,814,593	33,606,677	4,310.4
12. Earthquake.....	121,051	1,432,688	121,051	1,432,688	5,781,985	3,850,436	3,364,236	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.....	0	0	(98,705)	98,705	0	98,705	0	0.0
16. Workers' compensation.....	115,475,591	573,041,126	116,391,904	572,124,812	1,808,856,500	2,133,448,629	247,532,682	59.1
17.1 Other liability - occurrence.....	237,402,182	89,987,530	237,417,279	89,972,433	1,277,947,704	1,063,812,287	304,107,850	87.3
17.2 Other liability - claims-made.....	4,358,695	(158,026,314)	4,358,695	(158,026,314)	279,159,396	16,951,555	104,181,526	64.4
18.1 Products liability - occurrence.....	12,618,469	87,896,102	12,626,506	87,888,065	440,029,739	572,310,075	(44,392,271)	(93.9)
18.2 Products liability - claims-made.....	0	(7,669,199)	0	(7,669,199)	7,383,373	1,673,598	(1,959,424)	(62.1)
19.1, 19.2 Private passenger auto liability.....	8,089,676	377,700,244	8,089,676	377,700,244	317,110,849	515,155,616	179,655,476	55.1
19.3, 19.4 Commercial auto liability.....	637,927	104,541,256	637,927	104,541,256	374,941,952	363,655,318	115,827,890	39.7
21. Auto physical damage.....	(32,792)	149,371,032	(32,792)	149,371,032	26,491,288	51,605,956	124,256,364	44.4
22. Aircraft (all perils).....	7,461,310	(2,161,037)	7,129,478	(1,829,204)	5,483,996	263,931	3,390,860	(38,871.7)
23. Fidelity.....	(115,512)	(10,400,027)	63,991	(10,579,529)	16,632,877	603,833	5,449,514	34.4
24. Surety.....	11,032,989	(59,502,622)	14,088,680	(62,558,313)	106,185,385	390,423	43,236,650	77.4
26. Burglary and theft.....	182	(1,280,053)	2,511	(1,282,382)	1,700,235	133,929	283,925	33.9
27. Boiler and machinery.....	0	4,619,591	0	4,619,591	15,612,425	19,445,280	786,736	2.2
28. Credit.....	0	(2,427,451)	0	(2,427,451)	2,781,716	6,120	348,145	194.4
29. International.....	0	(32,996,764)	0	(32,996,764)	28,054,380	736,520	(5,678,904)	(90.8)
30. Reinsurance - nonproportional assumed property.....	XXX	(19,712,207)	23,608	(19,735,815)	53,684,020	29,692,973	4,255,232	276.8
31. Reinsurance - nonproportional assumed liability.....	XXX	(109,494,105)	10,488,378	(119,982,483)	415,880,042	142,444,916	153,452,644	2,081.1
32. Reinsurance - nonproportional assumed financial lines.....	XXX	(3,805,650)	6,226	(3,811,876)	7,873,893	62,303	3,999,715	494.3
33. Aggregate write-ins for other lines of business.....	0	6,338,219	0	6,338,219	1,338,885	2,433,820	5,243,285	0.0
34. TOTALS.....	429,239,047	1,712,526,753	447,694,647	1,694,071,154	6,477,340,134	6,046,905,725	2,124,505,562	61.4

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	6,338,219	0	6,338,219	1,338,885	2,433,820	5,243,285	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	6,338,219	0	6,338,219	1,338,885	2,433,820	5,243,285	0.0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	1,393,619	55,053,932	3,167,878	53,279,673	231,971	(5,392,221)	263,461	47,855,962	4,724,507
2. Allied lines.....	240,709	88,153,637	1,207,115	87,187,231	113,277	35,034,972	22,825,704	99,509,776	6,918,188
3. Farmowners multiple peril.....	0	2,378,929	0	2,378,929	15,429	4,678,614	15,429	7,057,543	2,358,260
4. Homeowners multiple peril.....	7,365,084	58,610,205	7,864,181	58,111,108	4,845,771	114,040,249	4,918,928	172,078,199	18,025,494
5. Commercial multiple peril.....	11,372,741	370,769,843	16,432,420	365,710,164	14,341,977	341,446,709	14,341,873	707,156,977	215,151,278
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	14,288	22,623,083	1,753,845	20,883,526	599	14,604,387	599	35,487,913	6,748,446
9. Inland marine.....	120,706	34,281,152	137,103	34,264,755	111,902	40,204,796	111,902	74,469,551	10,175,722
10. Financial guaranty.....	0	0	0	0	0	(0)	(0)	0	0
11.1 Medical malpractice - occurrence.....	891,591	51,539,366	891,591	51,539,366	3,362,340	(7,348,555)	3,362,340	44,190,811	8,182,289
11.2 Medical malpractice - claims-made.....	0	111,867,067	0	111,867,067	0	(15,264,304)	0	96,602,762	10,834,334
12. Earthquake.....	201,865	(24,748)	201,865	(24,748)	24,243	5,806,733	24,243	5,781,985	1,321,458
13. Group accident and health.....	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	8,000	0	8,000	(a) 0	0
16. Workers' compensation.....	852,543,888	978,609,721	858,237,921	972,915,688	611,520,136	839,821,281	615,400,605	1,808,856,500	236,387,908
17.1 Other liability - occurrence.....	321,141,495	331,284,237	324,619,224	327,806,508	1,455,335,296	950,394,122	1,455,588,222	1,277,947,704	397,842,540
17.2 Other liability - claims-made.....	27,288,334	97,618,093	27,288,334	97,618,093	23,223,715	185,246,207	26,928,619	279,159,396	59,478,128
18.1 Products liability - occurrence.....	39,323,466	78,769,589	40,063,834	78,029,222	950,056,494	362,290,640	950,346,617	440,029,739	259,288,681
18.2 Products liability - claims-made.....	0	520,864	0	520,864	0	6,862,509	0	7,383,373	4,248,271
19.1, 19.2 Private passenger auto liability.....	71,020,369	175,786,278	71,020,369	175,786,278	14,560,297	141,324,571	14,560,297	317,110,849	65,274,757
19.3, 19.4 Commercial auto liability.....	7,939,985	182,668,503	8,125,483	182,483,005	4,215,189	192,458,947	4,215,189	374,941,952	62,268,228
21. Auto physical damage.....	365,533	6,012,142	365,533	6,012,142	575,401	20,479,146	575,401	26,491,288	6,207,222
22. Aircraft (all perils).....	549,002	3,074,045	945,796	2,677,251	134,904	2,806,745	134,904	5,483,996	447,825
23. Fidelity.....	1,237,690	7,200,941	1,441,721	6,996,910	2,185,763	11,397,375	3,947,172	16,632,877	4,001,185
24. Surety.....	33,500,408	114,391,377	44,197,558	103,694,227	11,331,068	10,332,309	19,172,218	106,185,385	19,505,777
26. Burglary and theft.....	19	158,853	627	158,246	53,757	1,544,580	56,348	1,700,235	270,801
27. Boiler and machinery.....	0	4,049,807	936	4,048,870	301	11,563,554	301	15,612,425	1,807,341
28. Credit.....	0	2,191,971	0	2,191,971	0	589,745	0	2,781,716	52,367
29. International.....	0	6,690,772	0	6,690,772	0	21,363,608	0	28,054,380	14,083
30. Reinsurance - nonproportional assumed property.....	XXX	24,988,569	717,244	24,271,325	XXX	29,412,696	0	53,684,020	3,386,474
31. Reinsurance - nonproportional assumed liability.....	XXX	283,504,070	41,780,559	241,723,511	XXX	174,156,531	0	415,880,042	10,272,489
32. Reinsurance - nonproportional assumed financial lines.....	XXX	2,877,338	283,780	2,593,558	XXX	5,280,335	0	7,873,893	54,208
33. Aggregate write-ins for other lines of business.....	0	(367)	0	(367)	0	1,339,252	0	1,338,885	0
34. TOTALS.....	1,376,510,792	3,095,649,269	1,450,744,918	3,021,415,144	3,096,247,830	3,496,475,532	3,136,798,372	6,477,340,134	1,415,248,260

DETAILS OF WRITE-INS

3301. Auto warranty.....	0	(367)	0	(367)	0	1,339,252	0	1,338,885	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	(367)	0	(367)	0	1,339,252	0	1,338,885	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	166,698,788	564,280	0	167,263,068
1.2 Reinsurance assumed.....	286,788,710	0	0	286,788,710
1.3 Reinsurance ceded.....	170,082,677	0	0	170,082,677
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	283,404,821	564,280	0	283,969,101
2. Commission and brokerage:				
2.1 Direct excluding contingent.....	0	27,445,894	0	27,445,894
2.2 Reinsurance assumed excluding contingent.....	0	439,139,524	0	439,139,524
2.3 Reinsurance ceded excluding contingent.....	0	28,725,729	0	28,725,729
2.4 Contingent - direct.....	0	6,281,172	0	6,281,172
2.5 Contingent - reinsurance assumed.....	0	69,998,570	0	69,998,570
2.6 Contingent - reinsurance ceded.....	0	6,285,397	0	6,285,397
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	507,854,035	0	507,854,035
3. Allowances to managers and agents.....	0	207,228	0	207,228
4. Advertising.....	2,517	2,242,858	7,636	2,253,011
5. Boards, bureaus and associations.....	1,216,416	16,521,949	2,564	17,740,928
6. Surveys and underwriting reports.....	3,112	10,502,866	83	10,506,061
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	119,448,117	218,778,514	2,358,353	340,584,985
8.2 Payroll taxes.....	10,959,919	16,384,622	98,437	27,442,977
9. Employee relations and welfare.....	22,974,933	21,246,008	210,113	44,431,054
10. Insurance.....	7,418,439	4,991,776	82,955	12,493,170
11. Directors' fees.....	0	4,172	0	4,172
12. Travel and travel items.....	7,425,632	13,263,665	15,314	20,704,611
13. Rent and rent items.....	8,214,889	16,379,755	121,834	24,716,479
14. Equipment.....	1,686,358	6,711,123	54,934	8,452,415
15. Cost or depreciation of EDP equipment and software.....	1,623,791	15,564,991	404,859	17,593,641
16. Printing and stationery.....	1,459,350	3,778,848	46,766	5,284,964
17. Postage, telephone and telegraph, exchange and express.....	1,946,012	13,507,040	189,712	15,642,764
18. Legal and auditing.....	14,938,905	9,936,333	324,474	25,199,712
19. Totals (Lines 3 to 18).....	199,318,389	370,021,749	3,918,034	573,258,173
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....2,916,655.....	0	110,364,783	0	110,364,783
20.2 Insurance department licenses and fees.....	0	6,823,154	0	6,823,154
20.3 Gross guaranty association assessments.....	0	7,553,956	0	7,553,956
20.4 All other (excluding federal and foreign income and real estate).....	0	4,913,283	0	4,913,283
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	129,655,176	0	129,655,176
21. Real estate expenses.....	0	0	1,003,444	1,003,444
22. Real estate taxes.....	0	0	2,096	2,096
23. Reimbursements by uninsured accident and health plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	(6,675,493)	(18,593,712)	703,210	(24,565,995)
25. Total expenses incurred.....	476,047,717	989,501,528	5,626,784	(a).....1,471,176,029
26. Less unpaid expenses - current year.....	1,415,248,260	290,456,081	790,466	1,706,494,807
27. Add unpaid expenses - prior year.....	1,328,036,286	303,439,101	766,268	1,632,241,655
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).....	388,835,743	1,002,484,548	5,602,586	1,396,922,877

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	(2,680,503)	15,896,809	703,210	13,919,516
2402. Service reimbursements.....	(3,994,990)	(34,490,521)	0	(38,485,511)
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).....	(6,675,493)	(18,593,712)	703,210	(24,565,995)

(a) Includes management fees of \$.....0 to affiliates and \$....48,840 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....14,710,999	.....16,730,944
1.1 Bonds exempt from U.S. tax.....	(a).....232,508,200	.....239,261,612
1.2 Other bonds (unaffiliated).....	(a).....159,470,473	.....156,674,288
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....10,059,769	.....10,062,492
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....762,963	.....762,963
2.21 Common stocks of affiliates.....	.....504,909,476	.....504,909,476
3. Mortgage loans.....	(c).....7,771,045	.....7,771,045
4. Real estate.....	(d).....277,607	.....277,607
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....10,575,751	.....10,575,751
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....33,505,885	.....33,505,885
9. Aggregate write-ins for investment income.....	.....1,707,933	.....1,707,933
10. Total gross investment income.....	.....976,260,101	.....982,239,997
11. Investment expenses.....		(g).....5,626,784
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....251,013
14. Depreciation on real estate and other invested assets.....		(i).....56,282
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....5,934,078
17. Net investment income (Line 10 minus Line 16).....		.....976,305,919

DETAILS OF WRITE-INS

0901. GNMA Dollar Rolls.....	.....450,463	.....450,463
0902. Miscellaneous Income.....	.....830,548	.....830,548
0903. Security Lending Fees.....	.....217,238	.....217,238
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....209,684	.....209,684
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....1,707,933	.....1,707,933
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 \$.....10,513,642 accrual of discount less \$.....34,078,656 amortization of premium and less \$.....9,725,663 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 \$.....46,379 accrual of discount less \$.....0 amortization of premium and less \$.....897,097 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 \$.....56,282 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.....	.....(1,819,245)	.....0	.....0	.....(1,819,245)
1.1 Bonds exempt from U.S. tax.....	.....2,026,755	.....0	.....0	.....2,026,755
1.2 Other bonds (unaffiliated).....	.....5,300,258	.....(3,668,713)	.....(2,298,935)	.....(667,390)
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....1,693,429	.....(935,027)	.....3,666,648	.....4,425,050
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....1,358,777	.....0	.....(1,007,412)	.....351,365
2.21 Common stocks of affiliates.....	.....0	.....0	.....(163,281,996)	.....(163,281,996)
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.....	.....32,433	.....0	.....0	.....32,433
7. Derivative instruments.....	.....10,561,019	.....0	.....(4,589,069)	.....5,971,950
8. Other invested assets.....	.....0	.....0	.....20,122,430	.....20,122,430
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(116,878)	.....(573,561)	.....(690,439)
10. Total capital gains (losses).....	.....19,153,426	.....(4,720,618)	.....(147,961,895)	.....(133,529,087)

DETAILS OF WRITE-INS

0901. Foreign Exchange.....	.....0	.....(116,878)	.....(573,561)	.....(690,439)
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	.....(116,878)	.....(573,561)	.....(690,439)

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....	0	0	0
2.2 Common stocks.....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	0	0	0
7. Other invested assets (Schedule BA).....	0	1,292,441	1,292,441
8. Receivables for securities.....	0	0	0
9. Aggregate write-ins for invested assets.....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	0	1,292,441	1,292,441
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.....	32,780,494	21,200,431	(11,580,063)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	7,363,868	10,533,826	3,169,958
13.3 Accrued retrospective premiums.....	1,978,959	3,234,326	1,255,367
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.....	475,556,050	483,057,037	7,500,987
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.....	6,930	32,664	25,733
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.....	363,223,448	394,282,662	31,059,214
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	880,909,749	913,633,387	32,723,638
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	880,909,749	913,633,387	32,723,638

DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Amounts receivable under high deductible policies.....	4,490,082	4,459,507	(30,575)
2302. Other assets nonadmitted.....	358,733,366	389,823,156	31,089,790
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).....	363,223,448	394,282,662	31,059,214

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

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

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

Short-term investments are stated at amortized cost.

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

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

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

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.

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

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

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

- The purchase of St. Paul Guarantee was accounted for as a statutory purchase.
- The cost of St. Paul Guarantee was \$135 million resulting in goodwill in the amount of \$41.7 million.
- Goodwill amortization relating to the purchase of St. Paul Guarantee was \$4.2 million for the year ended December 31, 2005.

B. Statutory Merger:

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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 66%.

Taxes, assessments and other amounts advanced by the Company, and excluded from the mortgage loan balance, totaled \$134,824 and \$5,026 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:

The Company engages in dollar-roll repurchase activities from which it generates net investment income from selling mortgage-backed securities and simultaneously agreeing to repurchase from the same party substantially the same securities. The Company invests the proceeds from the sale in a short-term investment pool, the sold securities remain a recorded asset of the Company and a liability is recorded as an aggregate write-in for liabilities to recognize the Company's obligation to repurchase substantially the same securities at the end of a specified period. The securities under the dollar repurchase agreement as of December 31, 2005 are Government National Mortgage Association 30 year bonds with a book value of \$24.6 million, a fair value of \$24.6 million, a weighted average coupon rate of 5% and a weighted average life of 7.56 years.

F. Real Estate

Not applicable.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable.

7. INVESTMENT INCOME

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

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

8. DERIVATIVE INSTRUMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

The Company uses exchange traded financial futures contracts to adjust the asset duration of its investment portfolio in order to reduce the Company's overall risk exposure to changes in interest rates. To hedge the Company's overall risk exposure to changes in interest rates, the Company enters short positions in financial futures contracts which offset asset price changes resulting from changes in market interest rates. See Schedule DB - Part D for additional information.

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

9. INCOME TAXES

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Total of gross deferred tax assets	\$ 791,579,779	\$ 780,826,863
Total of deferred tax liabilities	<u>(50,677,020)</u>	<u>(33,173,169)</u>
Net deferred tax asset (liability)	740,902,759	747,653,694
Deferred tax asset nonadmitted	<u>(475,556,050)</u>	<u>(483,057,037)</u>
Net admitted deferred tax asset (liability)	<u>\$ 265,346,709</u>	<u>\$ 264,596,657</u>
 (Increase) decrease in nonadmitted asset	 \$ 7,500,987	 \$ (11,894,324)

B. As of December 31, the Company had undistributed earnings in certain foreign subsidiaries of \$32,412,000. 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	\$ 38,834,676	\$ 261,812,631
Foreign	<u>(148,536)</u>	<u>372,439</u>
	38,686,140	262,185,070
Federal income taxes on net capital gains	<u>8,129,793</u>	<u>(8,350,778)</u>
Federal and foreign income taxes incurred	<u>\$ 46,815,933</u>	<u>\$ 253,834,292</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	\$ 409,410,803	\$ 393,402,354
Unearned premium reserves	108,360,748	121,299,530
Nonadmitted assets	141,873,796	147,403,621
Insurance related assessments	17,080,000	17,080,000
Employee benefits	14,937,141	11,113,271
Investments	50,810,658	39,855,175
Other	<u>49,106,633</u>	<u>50,672,912</u>
Total deferred tax assets	791,579,779	780,826,863
Nonadmitted deferred tax assets	<u>(475,556,050)</u>	<u>(483,057,037)</u>
Admitted deferred tax assets	<u>316,023,729</u>	<u>297,769,826</u>
Deferred tax liabilities:		
Investments	44,301,657	29,961,959
Other	<u>6,375,363</u>	<u>3,211,210</u>
Total deferred tax liabilities	<u>50,677,020</u>	<u>33,173,169</u>
Net admitted tax asset	<u>\$ 265,346,709</u>	<u>\$ 264,596,657</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	\$ 791,579,779	\$ 780,826,863	\$ 10,752,916
Total deferred tax liabilities	<u>(50,677,020)</u>	<u>(33,173,169)</u>	<u>(17,503,851)</u>
Net deferred tax asset (liability)	<u>\$ 740,902,759</u>	<u>\$ 747,653,694</u>	<u>(6,750,935)</u>
Tax effect of unrealized gains (losses)			<u>7,046,898</u>
Change in net deferred income taxes			<u>\$ 295,963</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)	\$ 827,009,973	\$1,031,774,127
Taxes at statutory rate	\$ 289,453,491	\$ 361,120,944
Increase (decrease) attributable to:		
Nontaxable investment income	(248,354,576)	(167,986,580)
Nonadmitted assets	8,827,927	15,962,631
Tax reserve adjustment	(3,683,595)	(430,662)
Other	<u>276,723</u>	<u>1,519,681</u>
Total statutory income taxes	<u>\$ 46,519,970</u>	<u>\$ 210,186,014</u>
Federal and foreign taxes incurred	\$ 46,815,933	\$ 253,834,292
Change in net deferred taxes	<u>(295,963)</u>	<u>(43,648,278)</u>
Total statutory income taxes	<u>\$ 46,519,970</u>	<u>\$ 210,186,014</u>
Effective tax rate	5.6%	20.4%

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

2. The Company has \$46,389,686 and \$253,825,237 of federal income tax from the current and prior tax year respectively, available for recoupment in the event of future losses.

F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The St. Paul Travelers Companies, Inc. (STA). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.

2. The Company is a party to the STA tax allocation agreement, which sets forth the manner in which the total consolidated federal income tax is allocated. Member companies of the STA consolidated return group pay taxes annually on their separate taxable income. Companies with a

NOTES TO FINANCIAL STATEMENTS

current federal income tax receivable from STA will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by STA in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

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

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A-C. The Company paid dividends of \$300 million and \$677 million to its parent company, Travelers Insurance Group Holdings Inc. (TIGHI) in 2005 and 2004, respectively.

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

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

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

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

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

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

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

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

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

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

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

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

11. DEBT

Not applicable.

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

A. Defined Benefit Plans:

Not applicable.

B. Defined Contribution Plans:

Not applicable.

NOTES TO FINANCIAL STATEMENTS

C. Multiemployer Plans:

Not applicable.

D. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan sponsored by STA for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by STA and by Travelers Property Casualty Corp. (TPC) which covers certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs. The Company's allocated share of the pension expense was \$4,037,595 and \$6,967,577 for 2005 and 2004, respectively.

2. Postretirement Benefit Plan:

The Company participates in a health care and life insurance benefit plan sponsored by STA for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs. The Company's allocated share of the postretirement benefit expense was \$3,557,497 and \$328,207 for 2005 and 2004 respectively.

3. Deferred Compensation Plans:

The Company participates in a 401(k) savings plan sponsored by STA for substantially all employees of the Company and its property-casualty affiliates. STA, in September 2005, merged the 401(k) savings plan sponsored by TPC with its 401(k) to form one 401(k) savings plan. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs. The Company's allocated share of the 401(k) savings plan expense was \$11,458,635 and \$9,045,777 for 2005 and 2004, respectively.

E. Postemployment Benefits and Compensated Absences:

Not applicable.

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

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

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by Connecticut insurance companies to shareholders without prior approval of the domiciliary Insurance Commissioner is subject to restrictions relating to statutory surplus or net income. The maximum amount of cash dividends to shareholders that can be made during 2006 without prior approval is \$780,194,000.

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

The change in the balance of the special surplus funds is a result of retroactive reinsurance activity occurring in 2005. See Note 23F for additional detail.

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$950,134,336.

14. CONTINGENCIES

A. Contingent Commitments:

At December 31, 2005, the Company had commitments to fund investments of \$93,664,302.

B. Assessments:

The Company has accrued liabilities of \$58.8 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.4 million at December 31, 2005. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

C. Gain Contingencies:

Not applicable.

D. All Other Contingencies:

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

In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2005, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

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

NOTES TO FINANCIAL STATEMENTS

15. LEASES

A. Lessee Leasing Arrangements:

- 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 are for various periods of time. Total rental expense under operating leases for the Company for 2005 and 2004 was \$8,431,119 and \$8,460,856, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement.

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

- Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$38,822,275 at December 31, 2005. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2006	\$ 7,854,517
2007	7,442,093
2008	5,498,352
2009	4,238,247
2010	4,216,216

- Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

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

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

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

In the normal course of business, the Company has unfunded commitments to partnerships and limited liability companies. The off-balance-sheet risks of these financial instruments were \$93,664,302 at December 31, 2005.

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

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

A. Transfers of Receivables Reported as Sales:

Not applicable.

B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Effective April 1, 2004, the Company entered into a new securities lending agreement. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. Therefore, the Company does not recognize the receipt of the collateral held by the third party custodian or the obligation to return the collateral. The loaned securities remain a recorded asset of the Company.

C. Wash Sales:

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 21.14%.

NOTES TO FINANCIAL STATEMENTS

(in millions)	Case + IBNR <u>Reserve</u>	Total <u>Incurred</u>
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		
21.14% participation in the STA Pool		<u>\$ 193.6</u>

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

Not applicable.

B. Troubled Debt Restructuring:

Not applicable.

C. Other Disclosures:

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

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

2005 Schedule P:

The 1995 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

Schedule P	<u>Accident Years</u>				
	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991 & Prior</u>
Part 1A	\$ 601	\$ 99	\$ 153	\$ 84	\$ 489
Part 1B	244	14,697	181	172	49,860
Part 1C	2,133	1,214	296	528	3,600
Part 1D	56,116	48,532	45,920	51,861	565,712
Part 1E	7,137	6,533	5,696	6,036	51,010
Part 1F - Section 1	591	215	187	178	2,838
Part 1F - Section 2	1,884	865	664	601	2,477
Part 1G	397	445	60	58	1,912
Part 1H - Section 1	17,351	29,638	41,823	9,207	543,315
Part 1H - Section 2	2,028	1,453	2,582	876	3,020
Part 1M	0	2	32	32	421
Part 1N	94	245	4	30	182
Part 1O	6,937	55,996	2,297	4,021	143,382
Part 1P	30	22	0	0	82
Part 1R - Section 1	9,826	7,043	6,124	4,390	443,832
Part 1R - Section 2	332	189	50	47	1,140

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

	<u>1997</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Commercial Auto	\$ 0	\$ (1,163)	\$ (572)	\$ (999)
Workers' Compensation	0	(662)	(2,333)	(2,758)
Commercial Multiple Peril	0	(11,315)	0	0
Medical Malpractice - CM	0	(13,872)	(3,394)	0
Special Liability	0	(393)	0	(27)
Other Liability - Occ	(188)	(30,572)	(6)	(3,043)
Other Liability - CM	0	(6,215)	(168)	(7)
Special Property	0	0	0	(285)
Other	0	0	0	(140)
Reinsurance A	0	0	0	(1,656)
Reinsurance B	0	0	0	(7,761)

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. Benefit Plans:

Not applicable.

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

Not applicable.

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
The Travelers Home and Marine Insurance Company	35-1838079	54,249,988
Total		<u>\$ 44,544,962,358</u>

In addition, the Company had \$160,291,006 of unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums, that exceeded 3% of its surplus as regards policyholders, recoverable from Travelers Casualty and Surety Company of America.

NOTES TO FINANCIAL STATEMENTS

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:

1.	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 1,566,386,305	\$ 177,917,177	\$ 149,610,363	\$ 16,993,416	\$ 1,416,775,942	\$ 160,923,761
All Other	<u>5,388,992</u>	<u>612,106</u>	<u>0</u>	<u>0</u>	<u>5,388,992</u>	<u>612,106</u>
Total	<u>\$ 1,571,775,297</u>	<u>\$ 178,529,283</u>	<u>\$ 149,610,363</u>	<u>\$ 16,993,416</u>	<u>\$ 1,422,164,934</u>	<u>\$ 161,535,867</u>

Direct Unearned Premium Reserve \$ 144,221,372

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$82,471,371 at December 31, 2005. This balance represents the Company's 21.14% pro rata share of the net amount of the STA Pool (see Note 26):

Direct Business	\$ 7,811,197
Add: Reinsurance Assumed	82,471,371
Less: Reinsurance Ceded	<u>7,811,197</u>
Net	<u>\$ 82,471,371</u>

D. Uncollectible Reinsurance:

Not applicable.

E. Commutation of Ceded Reinsurance:

Not applicable.

Retroactive Reinsurance:

1.	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 1,987,160	\$ 102,599,317
(2) Adjustments - Prior Year(s)	(634,200)	2,190,580
(3) Adjustments - Current Year	<u>0</u>	<u>607,226</u>
(4) Current Total	<u>\$ 1,352,960</u>	<u>\$ 105,397,123</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,210,205	\$ 90,914,746
(2) Adjustments - Prior Year(s)	0	(301,668)
(3) Adjustments - Current Year	<u>0</u>	<u>0</u>
(4) Current Total	<u>\$ 2,210,205</u>	<u>\$ 90,613,078</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 787,629	\$ 13,033,332
(2) Current Year	<u>7,630</u>	<u>4,835,466</u>
(3) Current Total	<u>\$ 795,259</u>	<u>\$ 17,868,798</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 223,045	\$ 11,684,571
(2) Adjustments - Prior Year(s)	634,200	2,492,248
(3) Adjustments - Current Year	<u>0</u>	<u>607,226</u>
(4) Current Year Restricted Surplus	<u>\$ 857,245</u>	<u>\$ 17,854,882</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ 0</u>	<u>\$ (3,070,837)</u>
e. List the other insurers included in the above transactions:		

Company	Assumed	Ceded
American Re-Insurance Company (10227)	\$ 1,352,960	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	2,473,380
General Reinsurance Corporation (22039)	-	63,420,000
nSpire Re Limited (AA-1784124)	-	14,526,463
Platinum Underwriters Reinsurance Inc. (10357)	-	21,415,840
Various	-	<u>3,561,440</u>
Total	<u>\$ 1,352,960</u>	<u>\$ 105,397,123</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	\$ 7,292,969
Platinum Underwriters Reinsurance Inc. (10357)	384,801	0	0
Various	828,970	232,412	90,729
Total	<u>\$ 1,213,771</u>	<u>\$ 232,412</u>	<u>\$ 7,383,698</u>

Reinsurance Accounted for as a Deposit:

In connection with the 1992 sale of American Re-Insurance Company (Am Re), a reinsurance agreement was entered into that provides that to the extent Am Re incurred losses in 1991 and prior that were still outstanding at January 1, 1992, in excess of \$2.7 billion, the Company has an 80% participation in payments on those losses up to a maximum of \$500 million. This agreement has been accounted for as a deposit since 1996 and a liability has been established for the expected payout under the agreement. The effective yield as of December 31, 2005 was determined to be 14.8%.

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

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	\$ 42,066,207
2. Unsecured amount	19,789,594
3. Less: Nonadmitted amount (10%)	<u>1,978,960</u>
4. Admitted amount (1) - (3)	<u>\$ 40,087,247</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 \$128,043,150, primarily due to other liability – occurrence and reinsurance assumed liability, partially offset by a decrease in special property, workers' compensation, commercial multiple peril and commercial auto liability loss and loss adjustment expense reserves. The increase in other liability and products liability is primarily due to asbestos and environmental reserve strengthening. The offsetting decrease is generally the result of ongoing analysis of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies and will not have a material impact on surplus due to accompanying premium adjustments.

26. INTERCOMPANY POOLING ARRANGEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

Athena Assurance Company	41769	0.30
St Paul Medical Liability Insurance Company	41750	0.30
TravCo Insurance Company	28188	0.28
Travelers Excess and Surplus Lines Company	29696	0.28
The Travelers Home and Marine Insurance Company	27998	0.28
Travelers Personal Security Insurance Company	36145	0.28
Travelers Personal Insurance Company	38130	0.28
Discover Property & Casualty Insurance Company	36463	0.15
Discover Specialty Insurance Company	10213	0.15

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

27. STRUCTURED SETTLEMENTS

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

The following life insurance companies held reserves at December 31, 2005, for structured settlement annuities purchased by members of the STA Pool (see Note 26), of which \$780,950,566 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 \$1,235,420,375 and the amount billed and outstanding on paid claims was \$24,122,121. 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%.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Tabular Discount Included in Schedule P - Part 1

Company	Workers' Compensation		Other Liability		Other Liability -
	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 21.14%.

NOTES TO FINANCIAL STATEMENTS

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

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

With respect to reserving procedures, the Special Liability Group staff members are in daily contact with each other on pending asbestos claim activities and anticipated development. In addition, a thorough annual review is conducted with representatives of the claim, legal, reinsurance as well as financial areas, specifically to review pending asbestos claims, other relevant facts and applicable law. Based upon such a review, asbestos reserves are established for the Company's future exposure.

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

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

1. <u>Direct Basis - Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 240,165,000	\$ 255,644,000	\$ 1,048,948,000	\$ 787,345,000	\$ 863,327,000
b. Incurred losses and LAE:	70,765,000	943,138,000	29,944,000	172,645,000	164,440,000
c. Calendar year payments for losses and LAE:	<u>55,286,000</u>	<u>149,834,000</u>	<u>291,547,000</u>	<u>96,663,000</u>	<u>92,264,000</u>
d. Ending reserves:	<u>\$ 255,644,000</u>	<u>\$ 1,048,948,000</u>	<u>\$ 787,345,000</u>	<u>\$ 863,327,000</u>	<u>\$ 935,503,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 42,793,000	\$ 51,304,000	\$ 84,386,000	\$ 79,373,000	\$ 103,083,000
b. Incurred losses and LAE:	14,369,000	39,712,000	1,903,000	29,595,000	27,225,000
c. Calendar year payments for losses and LAE:	<u>5,858,000</u>	<u>6,630,000</u>	<u>6,916,000</u>	<u>5,885,000</u>	<u>16,718,000</u>
d. Ending reserves:	<u>\$ 51,304,000</u>	<u>\$ 84,386,000</u>	<u>\$ 79,373,000</u>	<u>\$ 103,083,000</u>	<u>\$ 113,590,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
a. Beginning reserves:	\$ 232,956,000	\$ 250,596,000	\$ 878,845,000	\$ 691,427,000	\$ 815,550,000
b. Incurred losses and LAE:	63,587,000	755,122,000	22,663,000	191,795,000	189,203,000
c. Calendar year payments for losses and LAE:	<u>45,947,000</u>	<u>126,873,000</u>	<u>210,081,000</u>	<u>67,672,000</u>	<u>84,451,000</u>
d. Ending reserves:	<u>\$ 250,596,000</u>	<u>\$ 878,845,000</u>	<u>\$ 691,427,000</u>	<u>\$ 815,550,000</u>	<u>\$ 920,302,000</u>

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

1. Direct Basis:	\$ 816,852,000
2. Assumed Reinsurance Basis:	\$ 74,100,000
3. Net of Ceded Reinsurance Basis:	\$ 784,686,000

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

1. Direct Basis:	\$ 160,190,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis:	\$ 155,836,000

- 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:	\$ 226,787,000	\$ 185,719,000	\$ 132,003,000	\$ 91,648,000	\$ 111,844,000
b. Incurred losses and LAE:	24,778,000	(2,569,000)	20,268,000	60,608,000	9,117,000
c. Calendar year payments for losses and LAE:	<u>65,846,000</u>	<u>51,147,000</u>	<u>60,623,000</u>	<u>40,412,000</u>	<u>49,472,000</u>
d. Ending reserves:	<u>\$ 185,719,000</u>	<u>\$ 132,003,000</u>	<u>\$ 91,648,000</u>	<u>\$ 111,844,000</u>	<u>\$ 71,489,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>					
a. Beginning reserves:	\$ 42,066,000	\$ 29,879,000	\$ 29,466,000	\$ 28,075,000	\$ 31,345,000
b. Incurred losses and LAE:	(8,330,000)	4,245,000	2,103,000	6,977,000	912,000
c. Calendar year payments for losses and LAE:	<u>3,857,000</u>	<u>4,658,000</u>	<u>3,494,000</u>	<u>3,707,000</u>	<u>2,689,000</u>
d. Ending reserves:	<u>\$ 29,879,000</u>	<u>\$ 29,466,000</u>	<u>\$ 28,075,000</u>	<u>\$ 31,345,000</u>	<u>\$ 29,568,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>					
a. Beginning reserves:	\$ 235,471,000	\$ 189,643,000	\$ 141,741,000	\$ 107,213,000	\$ 131,164,000
b. Incurred losses and LAE:	13,676,000	434,000	16,030,000	57,945,000	10,533,000
c. Calendar year payments for losses and LAE:	<u>59,504,000</u>	<u>48,336,000</u>	<u>50,558,000</u>	<u>33,994,000</u>	<u>51,982,000</u>
d. Ending reserves:	<u>\$ 189,643,000</u>	<u>\$ 141,741,000</u>	<u>\$ 107,213,000</u>	<u>\$ 131,164,000</u>	<u>\$ 89,715,000</u>

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

1. Direct Basis:	\$ 50,116,000
2. Assumed Reinsurance Basis:	\$ 20,441,000
3. Net of Ceded Reinsurance Basis	\$ 67,214,000

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

1. Direct Basis:	\$ 19,854,000
2. Assumed Reinsurance Basis:	\$ -
3. Net of Ceded Reinsurance Basis	\$ 19,734,000

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.....	427,660,032	3.5	427,660,032	3.5
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	100,000	0.0	100,000	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	3,686,688	0.0	3,686,688	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,311,657,180	10.7	1,311,657,180	10.7
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	1,459,428,243	11.9	1,459,428,243	11.9
1.43 Revenue and assessment obligations.....	3,074,677,269	25.1	3,074,677,269	25.1
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.....	146,010,461	1.2	146,010,461	1.2
1.512 Issued or guaranteed by FNMA and FHLMC.....	648,424,612	5.3	648,424,612	5.3
1.513 All other.....	38,857,586	0.3	38,857,586	0.3
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	422,802,087	3.5	422,802,087	3.5
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....	0	0.0	0	0.0
1.523 All other.....	262,722,335	2.1	262,722,335	2.1
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	973,182,904	7.9	973,182,904	7.9
2.2 Unaffiliated foreign securities.....	100,679,175	0.8	100,679,175	0.8
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	139,420,726	1.1	139,420,726	1.1
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	12,527,078	0.1	12,527,078	0.1
3.4 Other equity securities:				
3.41 Affiliated.....	2,348,191,217	19.2	2,348,191,217	19.2
3.42 Unaffiliated.....	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	97,320	0.0	97,320	0.0
4.5 Commercial loans.....	11,952,175	0.1	11,952,175	0.1
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	7,033,602	0.1
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	430,975,000	3.5	430,975,000	3.5
8. Cash, cash equivalents and short-term investments.....	234,753,241	1.9	234,753,241	1.9
9. Other invested assets.....	198,792,395	1.6	198,792,396	1.6
10. Total invested assets.....	12,246,597,724	100.0	12,253,631,327	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Connecticut
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/27/2006
- 3.4 By what department or departments? Connecticut
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | | | |
|---------------------|--------------------|------------------------|
| 1
Name of Entity | 2
NAIC Co. Code | 3
State of Domicile |
| | 00000 | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
-
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control.0.000 %
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)
- | | |
|------------------|---------------------|
| 1
Nationality | 2
Type of Entity |
| | |
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
-
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.
- | | | | | | | |
|---------------------|-----------------------------|----------|----------|----------|-----------|----------|
| 1
Affiliate Name | 2
Location (City, State) | 3
FRB | 4
OCC | 5
OTS | 6
FDIC | 7
SEC |
| | | | | | | |
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Wade T. Overgaard, F.C.A.S. & M.A.A.A. (Senior Vice President and Chief Corporate Actuary) The St. Paul Travelers Companies, Inc. One Tower Square, Hartford, CT 06183
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company: _____
- 11.12 Number of parcels involved0
- 11.13 Total book/adjusted carrying value \$.....0
- 11.2 If yes, provide explanation.
-
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

BOARD OF DIRECTORS

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

of such person?

Yes 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 \$.....24,609,376
 - 21.25 Subject to reverse dollar repurchase agreements \$.....0
 - 21.26 Pledged as collateral \$.....15,256,689
 - 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
JP Morgan Chase	3 Chase Metrotech Ctr., 5th Fl., Brooklyn, NY 11245

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Futures Account Agreement	Citigroup Global Mkts. 1 S. Wacker Dr., Chicago, IL 60606	Collateral for futures contracts

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

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
		0

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.....	9,096,984,252	9,297,283,337	200,299,085
26.2 Preferred stocks.....	139,420,726	139,566,750	146,024
26.3 Totals.....	9,236,404,978	9,436,850,087	200,445,109

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

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

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....8,133,142

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	3,692,613

29.1 Amount of payments for legal expenses, if any?

\$.....21,654,590

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	7,425,631

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

\$.....504,045

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	170,839

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.....	3,462,812,532	3,645,669,109
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....	0	155,771
2.5 Reserve Denominator.....	9,459,431,718	9,105,825,977
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating \$.....28,721,547
- 3.22 Non-participating policies \$.....3,298,361,012

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 uninsured 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,

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, 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 \$.....29,883,898
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....7,470,975
- 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: \$.....21,589,014
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From0.0 %
- 12.42 To0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit \$.....1,271,890,045
- 12.62 Collateral and other funds \$.....155,907,516
- 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): \$.....4,122,300
- 14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 14.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.1
- 15.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No []
- 15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Per the Company's Reinsurance Allocation Agreement and pooling agreement
-
- 15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No [X]
- 15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? Yes [X] No []
- 15.5 If the answer to 15.4 is no, please explain:
-
- 16.1 Has the reporting entity guaranteed any financial premium accounts? Yes [] No [X]
- 16.2 If yes, give full information:
-

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity write any warranty business?

Yes [] No [X]

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).....	1,883,579,128	1,621,953,028	1,536,175,493	1,291,303,777	1,168,523,317
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	588,888,357	760,025,971	725,422,027	676,991,161	546,546,098
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,003,522,692	1,641,777,407	1,418,999,065	1,238,280,409	981,010,715
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	132,847,026	30,776,936	38,709,702	28,639,572	54,872,736
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	13,328,216	5,235,935	26,606,175	20,174,274	29,630,997
6. Total (Line 34).....	3,622,165,419	4,059,769,277	3,745,912,461	3,255,389,193	2,780,583,862
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,687,251,621	1,441,706,330	1,349,726,158	1,175,030,412	1,110,274,274
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	575,944,991	746,808,176	714,364,402	668,230,996	536,879,805
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	945,129,724	1,591,489,656	1,382,740,154	1,210,041,560	957,691,462
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	105,479,857	1,117,664	560,503	(6,805,509)	20,833,766
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	13,276,367	5,143,432	26,517,458	20,073,890	29,500,511
12. Total (Line 34).....	3,327,082,559	3,786,265,258	3,473,908,676	3,066,571,350	2,655,179,818
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	(127,242,276)	308,115,311	211,000,187	(959,854,588)	(323,307,450)
14. Net investment gain (loss) (Line 11).....	982,608,935	748,635,414	559,511,174	662,261,417	791,477,775
15. Total other income (Line 15).....	(33,240,761)	(31,156,264)	(37,856,114)	(51,991,365)	43,615,928
16. Dividends to policyholders (Line 17).....	3,245,718	(6,179,666)	1,810,725	3,851,477	8,105,099
17. Federal and foreign income taxes incurred (Line 19).....	38,686,140	253,834,292	52,892,003	(38,558,185)	59,849,011
18. Net income (Line 20).....	780,194,040	777,939,836	677,952,519	(314,877,828)	443,832,143
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	13,886,611,930	13,576,189,533	12,809,640,338	13,390,844,615	11,168,293,936
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	200,546,493	237,365,053	194,857,134	203,454,556	171,477,463
20.2 Deferred and not yet due (Line 13.2).....	777,767,098	886,770,703	882,927,392	791,789,306	679,098,789
20.3 Accrued retrospective premiums (Line 13.3).....	40,087,247	75,698,426	70,188,304	76,885,505	95,574,070
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	10,180,013,982	10,232,679,669	9,763,807,463	10,818,098,186	8,169,528,588
22. Losses (Page 3, Lines 1 & 2).....	6,477,797,152	6,047,513,382	5,826,218,384	5,742,073,392	4,661,618,268
23. Loss adjustment expenses (Page 3, Line 3).....	1,415,248,260	1,328,036,286	1,250,541,390	1,302,345,594	1,262,848,024
24. Unearned premiums (Page 3, Line 9).....	1,566,386,305	1,730,276,309	1,590,705,748	1,395,599,457	1,179,636,911
25. Capital paid up (Page 3, Lines 28 & 29).....	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	3,706,597,948	3,343,509,864	3,045,832,875	2,572,746,429	2,998,765,348
Risk-Based Capital Analysis					
27. Total adjusted capital.....	3,706,597,948	3,343,509,864	3,045,832,875	2,572,746,429	2,998,765,348
28. Authorized control level risk-based capital.....	944,429,362	803,090,516	730,069,259	740,951,582	639,466,653
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).....	72.4	72.3	72.8	70.3	68.5
30. Stocks (Lines 2.1 & 2.2).....	20.4	21.6	22.3	19.3	23.2
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.1	0.3	0.5	0.8	1.0
32. Real estate (Lines 4.1, 4.2 & 4.3).....	0.1	0.0	0.0	0.1	0.0
33. Cash, cash equivalents and short-term investments (Line 5).....	1.9	3.8	2.3	7.3	3.7
34. Contract loans (Line 6).....	0.0	0.0	0.0	XXX	XXX
35. Other invested assets (Line 7).....	1.6	1.7	2.0	2.0	3.3
36. Receivable for securities (Line 8).....	3.5	0.3	0.1	0.2	0.3
37. Aggregate write-ins for invested assets (Line 9).....	0.0	0.0	0.0	0.0	0.0
38. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	0	0	0	0	0
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	2,348,191,218	2,376,473,214	2,250,706,063	1,952,661,267	1,870,168,044
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.....	59,136,577	82,760,092	59,211,876	112,655,303	125,026,690
45. Total of above lines 39 to 44.....	2,407,327,795	2,459,233,306	2,309,917,939	2,065,316,570	1,995,194,733
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).....	64.9	73.6	75.8	76.9	66.5

TRAVELERS CASUALTY AND SURETY COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2005	2004	2003	2002	2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24).....	(142,469,624)	123,629,139	342,432,189	(35,534,240)	121,275,525
48. Dividends to stockholders (Line 35).....	(300,000,000)	(677,000,000)	(457,000,000)	(400,000,000)	(635,000,000)
49. Change in surplus as regards policyholders for the year (Line 38).....	363,088,084	297,676,990	473,086,445	(426,018,919)	157,869,644
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,344,165,110	1,366,351,752	1,418,656,545	1,263,086,389	1,507,346,749
51. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	264,106,167	286,507,285	291,634,288	296,600,926	278,393,890
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	754,579,427	589,991,026	567,291,195	529,732,945	615,027,452
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(88,072,942)	22,317,459	54,046,738	73,895,383	69,819,649
54. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	(133,011,962)	57,001,749	40,049,260	52,598,675	6,607,246
55. Total (Line 34).....	2,141,765,800	2,322,169,271	2,371,678,026	2,215,914,318	2,477,194,987
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).....	964,143,123	794,658,555	917,364,939	792,787,701	1,012,231,528
57. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	258,106,360	279,401,459	291,702,027	272,296,439	272,132,325
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	717,476,977	539,492,470	544,891,722	493,093,389	560,840,318
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	(102,125,132)	1,663,776	975,735	11,436,585	(229,004)
60. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	(143,530,174)	50,662,643	39,322,645	52,740,039	4,951,193
61. Total (Line 34).....	1,694,071,154	1,665,878,904	1,794,257,069	1,622,354,153	1,849,926,359
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	51.8	57.6	95.7	74.9
64. Loss expenses incurred (Line 3).....	13.7	11.9	9.1	11.2	9.2
65. Other underwriting expenses incurred (Line 4).....	28.6	27.9	26.8	27.1	28.7
66. Net underwriting gain (loss) (Line 8).....	(3.7)	8.5	6.5	(34.0)	(12.8)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	30.7	27.7	26.2	26.6	25.6
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	63.6	66.7	106.9	84.1
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).....	89.8	113.2	114.1	119.2	88.5
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).....	110,977	(57,186)	(86,233)	992,548	34,890
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).....	3.3	(1.9)	(3.4)	33.1	1.2
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).....	799,355	68,878	1,033,130	947,200	(44,097)
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).....	26.2	2.7	34.5	33.3	(1.3)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	573,770,493	579,941,945	572,740,059	577,424,162
	2. Canada.....	0	0	0	0
	3. Other Countries.....	3,686,688	3,753,500	3,782,496	3,639,000
	4. Totals.....	577,457,181	583,695,446	576,522,555	581,063,162
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	1,311,657,180	1,336,300,879	1,333,380,577	1,243,985,000
	6. Canada.....	0	0	0	0
	7. Other Countries.....	0	0	0	0
	8. Totals.....	1,311,657,180	1,336,300,879	1,333,380,577	1,243,985,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	1,459,428,243	1,485,008,795	1,466,921,964	1,392,995,600
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	1,459,428,243	1,485,008,795	1,466,921,964	1,392,995,600
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	3,761,959,467	3,851,859,758	3,789,704,258	3,707,912,979
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	3,761,959,467	3,851,859,758	3,789,704,258	3,707,912,979
Public Utilities (Unaffiliated)	17. United States.....	156,785,443	172,456,691	156,389,573	155,162,693
	18. Canada.....	165,556	620,834	165,556	8,277,785
	19. Other Countries.....	12,129,796	12,471,245	11,584,965	12,500,000
	20. Totals.....	169,080,795	185,548,770	168,140,093	175,940,478
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	1,501,921,882	1,530,340,268	1,506,271,084	1,513,569,286
	22. Canada.....	22,506,321	22,800,075	22,496,965	22,185,000
	23. Other Countries.....	65,877,502	66,976,105	66,563,203	65,347,761
	24. Totals.....	1,590,305,706	1,620,116,448	1,595,331,252	1,601,102,047
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	8,869,888,572	9,062,530,096	8,930,000,700	8,702,999,266
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	15,435,863	15,435,863	15,258,914	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	15,435,863	15,435,863	15,258,914	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	51,952,325	51,952,325	50,180,703	
	32. Canada.....	0	0	0	
	33. Other Countries.....	1,110,522	1,110,522	1,109,422	
	34. Totals.....	53,062,847	53,062,847	51,290,125	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	37,507,290	37,653,314	37,458,906	
	36. Canada.....	1,086,601	1,086,601	1,066,003	
	37. Other Countries.....	32,328,125	32,328,125	25,163,490	
	38. Totals.....	70,922,016	71,068,040	63,688,399	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
	40. Total Preferred Stocks.....	139,420,726	139,566,750	130,237,438	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	12,472,346	12,472,346	14,824,500	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	12,472,346	12,472,346	14,824,500	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	54,732	54,732	891,886	
	50. Canada.....	0	0	0	
	51. Other Countries.....	0	0	1,796	
	52. Totals.....	54,732	54,732	893,682	
Parent, Subsidiaries and Affiliates	53. Totals.....	2,348,191,217	2,348,191,217	1,443,042,837	
	54. Total Common Stocks.....	2,360,718,295	2,360,718,295	1,458,761,019	
	55. Total Stocks.....	2,500,139,021	2,500,285,045	1,588,998,457	
	56. Total Bonds and Stocks....	11,370,027,594	11,562,815,141	10,518,999,157	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	11,128,289,305	7. Amortization of premium.....	34,078,656
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	1,890,225,015	8. Foreign exchange adjustment:	
3. Accrual of discount.....	10,513,642	8.1 Column 15, Part 1.....	(6,763)
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	(0)
4.1 Columns 12 - 14, Part 1.....	(4,826,673)	8.3 Column 16, Part 2, Section 2.....	(228)
4.2 Columns 15 - 17, Part 2, Section 1.....	4,465,206	8.4 Column 15, Part 4.....	(6,221)
4.3 Column 15, Part 2, Section 2.....	(164,627,076)		
4.4 Columns 11 - 13, Part 4.....	(2,517,458)	9. Book/adjusted carrying value at end of current period.....	11,370,027,594
5. Total gain (loss), Column 19, Part 4.....	8,566,196	10. Total valuation allowance.....	0
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	1,465,968,690	11. Subtotal (Lines 9 plus 10).....	11,370,027,594
		12. Total nonadmitted amounts.....	0
		13. Statement value of bonds and stocks, current year.....	11,370,027,594

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.....	228,164	55,370	63,610	7,193	26,732	750	(14,630)	255,194	XXX.....
2. 1996.....	3,333,445	722,843	2,610,602	2,046,728	440,751	199,106	21,390	177,054	14,215	60,872	1,946,532	XXX.....
3. 1997.....	3,258,997	618,078	2,640,919	2,024,455	378,999	219,104	32,430	177,533	11,041	65,217	1,998,621	XXX.....
4. 1998.....	3,270,177	619,812	2,650,365	2,357,010	496,518	223,408	32,339	168,044	14,800	66,650	2,204,805	XXX.....
5. 1999.....	3,157,028	585,017	2,572,011	2,415,130	611,209	228,142	35,775	123,444	14,728	68,214	2,105,004	XXX.....
6. 2000.....	3,341,009	823,300	2,517,708	2,266,053	652,923	227,459	39,351	122,247	15,763	72,959	1,907,723	XXX.....
7. 2001.....	3,555,343	735,400	2,819,943	2,526,356	744,584	211,524	41,359	136,336	21,444	57,876	2,066,829	XXX.....
8. 2002.....	3,855,831	820,733	3,035,097	1,560,443	319,473	152,936	19,444	112,650	15,513	50,529	1,471,598	XXX.....
9. 2003.....	4,270,828	936,052	3,334,776	1,416,386	222,210	109,596	15,583	105,219	11,411	44,939	1,381,998	XXX.....
10. 2004.....	4,316,703	822,561	3,494,142	1,128,496	144,129	58,582	5,092	116,992	9,520	39,964	1,145,327	XXX.....
11. 2005.....	4,068,838	606,025	3,462,813	676,797	46,884	18,978	901	98,732	5,920	21,505	740,801	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	18,646,018	4,113,050	1,712,444	250,858	1,364,984	135,106	534,097	17,224,432	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,118,801	360,549	1,395,086	299,114	115,731	11,226	235,253	9,196	104,241	6,970	1,346	2,282,057	XXX.....
2. 1996.....	65,375	18,785	60,374	10,834	5,978	1,363	11,159	1,243	5,195	154	652	115,702	XXX.....
3. 1997.....	133,782	56,172	57,656	1,342	17,324	9,967	12,614	1,489	7,959	849	1,310	159,518	XXX.....
4. 1998.....	115,539	24,707	92,747	14,286	9,941	2,612	15,926	1,491	8,888	204	2,317	199,741	XXX.....
5. 1999.....	173,243	37,453	102,553	39,821	16,725	2,782	18,387	1,672	11,052	642	3,595	239,591	XXX.....
6. 2000.....	277,429	61,488	183,213	53,081	25,181	7,077	24,582	3,664	12,590	1,169	6,190	396,516	XXX.....
7. 2001.....	402,469	142,739	221,590	96,767	38,950	10,643	40,636	9,724	20,570	625	10,902	463,716	XXX.....
8. 2002.....	370,650	98,910	274,643	88,119	38,992	3,066	48,700	12,024	25,432	657	15,767	555,642	XXX.....
9. 2003.....	344,397	53,494	388,538	129,933	47,805	1,767	89,379	19,888	32,883	1,576	28,176	696,343	XXX.....
10. 2004.....	411,352	89,032	627,182	122,440	47,245	2,080	157,782	16,168	36,157	(217)	39,601	1,050,215	XXX.....
11. 2005.....	721,039	169,332	1,289,948	381,868	44,330	2,118	161,586	12,756	82,377	(343)	61,721	1,733,549	XXX.....
12. Totals.....	4,134,076	1,112,661	4,693,529	1,237,604	408,201	54,702	816,005	89,314	347,344	12,285	171,576	7,892,588	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	1,854,224	427,832
2. 1996..	2,570,969	508,736	2,062,234	77.1	70.4	79.0	0	0	21.14	96,130	19,572
3. 1997..	2,650,428	492,289	2,158,139	81.3	79.6	81.7	0	0	21.14	133,925	25,592
4. 1998..	2,991,503	586,957	2,404,545	91.5	94.7	90.7	0	0	21.14	169,292	30,449
5. 1999..	3,088,676	744,081	2,344,595	97.8	127.2	91.2	0	0	21.14	198,522	41,069
6. 2000..	3,138,754	834,515	2,304,238	93.9	101.4	91.5	0	0	21.14	346,073	50,443
7. 2001..	3,598,430	1,067,885	2,530,545	101.2	145.2	89.7	0	0	21.14	384,553	79,164
8. 2002..	2,584,446	557,206	2,027,241	67.0	67.9	66.8	0	0	21.14	458,265	97,378
9. 2003..	2,534,202	455,862	2,078,340	59.3	48.7	62.3	0	0	21.14	549,507	146,835
10. 2004..	2,583,788	388,245	2,195,543	59.9	47.2	62.8	0	0	21.14	827,062	223,153
11. 2005..	3,093,786	619,436	2,474,350	76.0	102.2	71.5	0	0	21.14	1,459,787	273,762
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	6,477,340	1,415,248

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.....	5,893,005	5,696,710	5,526,735	5,461,279	5,318,626	5,219,913	5,834,825	5,860,136	6,134,419	6,385,758	251,339	525,622
2. 1996.....	1,974,927	1,989,161	1,973,059	1,930,845	1,908,087	1,893,335	1,888,987	1,907,170	1,917,027	1,898,734	(18,293)	(8,436)
3. 1997.....	XXX	1,932,989	1,963,171	1,939,023	1,930,733	1,948,930	1,949,826	1,958,238	1,974,822	1,989,594	14,773	31,356
4. 1998.....	XXX	XXX	2,049,075	2,054,149	2,091,678	2,145,324	2,183,068	2,202,276	2,229,830	2,248,088	18,259	45,812
5. 1999.....	XXX	XXX	XXX	1,894,739	1,937,706	2,023,726	2,104,635	2,177,256	2,226,328	2,230,418	4,090	53,163
6. 2000.....	XXX	XXX	XXX	XXX	1,817,588	1,892,220	1,950,303	2,062,007	2,174,415	2,191,973	17,558	129,966
7. 2001.....	XXX	XXX	XXX	XXX	XXX	2,288,076	2,296,795	2,384,031	2,429,095	2,400,992	(28,104)	16,961
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	2,011,081	1,831,053	1,884,799	1,914,741	29,942	83,687
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,043,616	1,931,135	1,964,840	33,705	(78,776)
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,277,100	2,064,808	(212,292)	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,310,048	XXX	XXX
12. Totals.....											110,977	799,355

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	911,357	1,667,854	2,195,828	2,576,900	2,899,134	3,245,363	3,662,730	3,860,855	4,090,067	XXX	XXX
2. 1996.....	584,676	991,678	1,226,343	1,411,273	1,551,633	1,645,221	1,707,629	1,746,469	1,771,609	1,783,693	XXX	XXX
3. 1997.....	XXX	580,758	973,149	1,222,067	1,441,572	1,605,812	1,702,836	1,778,717	1,814,469	1,832,129	XXX	XXX
4. 1998.....	XXX	XXX	681,288	1,115,515	1,437,871	1,664,842	1,833,682	1,949,032	2,014,404	2,051,560	XXX	XXX
5. 1999.....	XXX	XXX	XXX	663,159	1,131,674	1,466,459	1,728,871	1,857,533	1,933,416	1,996,288	XXX	XXX
6. 2000.....	XXX	XXX	XXX	XXX	625,860	1,081,592	1,401,378	1,631,465	1,701,766	1,801,238	XXX	XXX
7. 2001.....	XXX	XXX	XXX	XXX	XXX	665,477	1,209,797	1,545,499	1,778,639	1,951,937	XXX	XXX
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	566,636	951,934	1,183,146	1,374,461	XXX	XXX
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	592,815	1,016,039	1,288,189	XXX	XXX
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	603,447	1,037,856	XXX	XXX
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	647,989	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior.....	3,377,807	2,704,207	2,155,125	1,855,829	1,550,399	1,257,259	1,488,167	1,191,523	1,255,586	1,331,194
2. 1996.....	898,540	552,978	394,212	252,458	171,502	120,678	80,373	74,161	76,278	61,036
3. 1997.....	XXX	829,893	509,685	323,153	201,615	144,168	104,805	75,029	70,968	69,357
4. 1998.....	XXX	XXX	819,351	452,398	267,800	189,743	134,935	102,255	97,324	94,705
5. 1999.....	XXX	XXX	XXX	720,843	319,683	146,721	60,368	139,787	116,045	81,484
6. 2000.....	XXX	XXX	XXX	XXX	701,032	350,244	160,490	200,293	228,074	153,104
7. 2001.....	XXX	XXX	XXX	XXX	XXX	1,051,684	558,990	391,300	247,157	158,128
8. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	1,002,214	456,665	315,871	230,179
9. 2003.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,034,037	506,204	337,219
10. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,230,003	657,243
11. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,067,593

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES	1,485,821	1,422,493	0	37,780,116	651,073	96,518,213	1,113	0
2. Alaska.....AK	YES	217,110	154,685	0	71,500	83,272	1,221,221	31	0
3. Arizona.....AZ	YES	1,154,849	1,444,143	0	4,836,109	946,391	20,064,264	704	0
4. Arkansas.....AR	YES	1,261,688	1,189,608	0	1,068,193	(2,263,605)	15,697,479	925	0
5. California.....CA	YES	18,061,875	15,926,551	0	34,507,150	14,518,807	151,137,884	14,138	0
6. Colorado.....CO	YES	3,529,611	3,157,856	0	1,468,806	(1,236,558)	16,463,656	4,359	0
7. Connecticut.....CT	YES	12,766,561	12,028,173	106,651	24,032,048	136,826,190	569,699,028	23,575	0
8. Delaware.....DE	YES	268,969	277,178	6,970	419,906	16,795,057	72,724,485	124	0
9. District of Columbia.....DC	YES	8,137,775	6,066,562	0	4,065,035	1,144,809	19,189,760	4,268	0
10. Florida.....FL	YES	14,945,157	16,014,457	3,617	37,683,501	34,251,443	188,848,837	2,467	0
11. Georgia.....GA	YES	10,389,973	10,105,807	127	7,418,889	(232,903)	58,955,974	118,107	0
12. Hawaii.....HI	YES	222,718	259,658	0	103,057	(60,131)	3,301,690	38	0
13. Idaho.....ID	YES	647,342	623,285	0	102,722	(941,397)	5,407,027	754	0
14. Illinois.....IL	YES	7,737,168	8,935,305	0	16,861,692	28,140,678	92,586,992	3,858	0
15. Indiana.....IN	YES	5,109,504	4,094,376	342	2,280,190	(3,143,041)	25,738,628	1,659	0
16. Iowa.....IA	YES	1,680,559	1,692,428	0	(1,226,294)	(2,788,507)	17,974,785	411	0
17. Kansas.....KS	YES	3,932,929	2,914,267	344	1,868,181	(1,933,010)	19,690,740	1,509	0
18. Kentucky.....KY	YES	1,791,929	1,520,502	0	2,210,845	(709,021)	36,940,045	1,028	0
19. Louisiana.....LA	YES	2,209,555	2,086,571	0	3,334,090	(25,295,719)	121,295,364	1,567	0
20. Maine.....ME	YES	471,872	464,808	0	1,351,069	(1,106,812)	21,305,049	415	0
21. Maryland.....MD	YES	5,390,886	5,027,917	0	3,908,893	12,807,637	94,491,935	3,896	0
22. Massachusetts.....MA	YES	17,900,653	16,021,228	0	12,651,539	(39,630,022)	196,977,261	31,594	0
23. Michigan.....MI	YES	2,503,250	2,630,775	0	7,800,501	(13,974,367)	309,018,149	1,262	0
24. Minnesota.....MN	YES	4,918,930	3,448,655	0	3,019,447	11,726,969	41,821,080	2,796	0
25. Mississippi.....MS	YES	1,706,975	1,930,567	0	673,123	(1,404,553)	17,060,097	1,610	0
26. Missouri.....MO	YES	7,143,743	6,944,422	685	2,252,952	(1,660,766)	46,066,633	3,570	0
27. Montana.....MT	YES	316,303	392,535	0	371,421	558,095	2,882,872	582	0
28. Nebraska.....NE	YES	2,260,473	2,103,064	0	(1,167,086)	(2,497,342)	11,106,203	1,024	0
29. Nevada.....NV	YES	637,591	551,490	0	468,605	19,412	3,680,511	384	0
30. New Hampshire.....NH	YES	1,664,633	1,572,589	0	1,920,168	5,566,793	24,200,104	1,896	0
31. New Jersey.....NJ	YES	3,536,729	3,315,763	0	9,631,828	9,625,074	148,220,249	3,493	0
32. New Mexico.....NM	YES	464,920	1,023,303	0	596,796	892,049	6,566,811	322	0
33. New York.....NY	YES	38,842,206	37,169,769	0	123,947,823	65,389,817	656,977,150	75,289	0
34. North Carolina.....NC	YES	6,620,521	7,713,349	0	10,104,035	3,679,495	60,084,010	38,746	0
35. North Dakota.....ND	YES	12,570	39,806	0	(5,961)	(13,303)	385,246	5	0
36. Ohio.....OH	YES	2,098,173	2,137,181	0	15,645,411	(81,945,096)	423,943,186	771	0
37. Oklahoma.....OK	YES	1,465,422	986,920	0	991,084	20,916,836	29,274,409	246	0
38. Oregon.....OR	YES	622,793	435,174	0	1,024,652	(3,903,841)	18,055,682	600	0
39. Pennsylvania.....PA	YES	7,077,455	7,950,764	933	12,021,169	(6,537,044)	289,202,790	5,750	0
40. Rhode Island.....RI	YES	382,449	461,640	0	4,089,832	(228,733)	57,453,532	756	0
41. South Carolina.....SC	YES	1,421,842	1,188,184	0	1,577,923	(56,792)	17,508,362	1,252	0
42. South Dakota.....SD	YES	519,020	491,307	0	173,249	454,459	1,833,490	424	0
43. Tennessee.....TN	YES	13,471,912	12,360,542	545	6,695,220	(5,856,603)	69,664,691	12,424	0
44. Texas.....TX	YES	14,218,539	13,784,838	0	5,764,950	(3,085,082)	187,484,502	13,340	0
45. Utah.....UT	YES	353,799	365,274	0	(161,993)	(776,761)	3,542,880	487	0
46. Vermont.....VT	YES	768,135	596,707	0	781,753	(100,005)	12,549,518	666	0
47. Virginia.....VA	YES	42,785,869	41,197,912	0	13,425,232	23,308,253	81,619,285	596,616	0
48. Washington.....WA	YES	913,654	1,011,193	0	2,153,072	(784,245)	20,770,058	876	0
49. West Virginia.....WV	YES	89,595	267,169	0	715,744	(6,463,959)	29,121,318	235	0
50. Wisconsin.....WI	YES	6,030,631	5,604,881	0	7,606,423	13,661,522	55,853,132	1,328	0
51. Wyoming.....WY	YES	10,851	7,543	0	154,757	79,442	582,354	10	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	YES	18,817	55,636	0	0	0	0	0	0
54. Puerto Rico.....PR	YES	2,847,194	1,553,530	0	149,262	149,263	1	54	0
55. US Virgin Islands.....VI	YES	92,559	140,841	0	0	0	0	3	0
56. Canada.....CN	NO	0	0	0	80,000	80,000	0	0	0
57. Aggregate Other Alien.....OT	XXX	218,992	417,587	0	(59,584)	(78,334)	0	3,933	0
58. Totals.....(a)	54	285,351,049	271,278,767	120,214	429,239,047	193,565,286	4,472,758,622	987,293	0

DETAILS OF WRITE-INS

5701. Other Alien Combined.....	XXX	218,992	417,587	0	(59,584)	(78,334)	0	3,933	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	218,992	417,587	0	(59,584)	(78,334)	0	3,933	0

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

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

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

SCHEDULE T - PART 2

INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

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

NONE

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

PART 1 - ORGANIZATIONAL CHART

The St. Paul Travelers Companies, Inc.	Minnesota	41-0518860	... Aprilgrange Limited	United Kingdom	
... St. Paul Fire and Marine Insurance Company (24767) *	Minnesota	41-0406690	... Lloyds Syndicate 5000 *	United Kingdom	
... St. Paul Mercury Insurance Company (24791) *	Minnesota	41-0881659	... Societe Nationale d'Assurances du Rwanda (10%) *	Rwanda	
... St. Paul Guardian Insurance Company (24775) *	Minnesota	41-0963301	... Travelers Property Casualty Corp.	Connecticut	06-1008174
... St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... Travelers Insurance Group Holdings Inc.	Delaware	06-1445591
... Seaboard Surety Company (22535)*	New York	13-5379820	... TPC Investments Inc.	Connecticut	06-1534005
... St. Paul Specialty Underwriting, Inc.	Delaware	41-1404467	... TPC UK Investments Inc. LLC	United Kingdom	
... St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509
... Athena Assurance Company (41769) *	Minnesota	41-1435765	... The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755
... St. Paul Medical Liability Insurance Company (41750) *	Minnesota	41-1435766	... Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... Northbrook Holdings, Inc.	Delaware	51-0375653	... Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... Travelers (Bermuda) Limited *	Bermuda	98-0190863
... Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... St. Paul Venture Capital VI, LLC (99%)	Delaware	41-1985249	... Farmington Casualty Company (41483) *	Connecticut	06-1067463
... St. Paul Risk Management International, Ltd.	United Kingdom		... St. Paul Guarantee Insurance Company *	Canada	
... Unionamerica Holdings, Ltd.	United Kingdom		... Coronation Insurance Company, Ltd. *	Canada	
... Unionamerica Acquisition Company, Ltd.	United Kingdom		... TCS European Investments Inc.	Connecticut	06-1549972
... Unionamerica Insurance Company, Ltd. *	United Kingdom		... Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... Unionamerica Combined Investment Co., Ltd.	United Kingdom		... Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835
... Jago Dedicated, Ltd. (88.9%)	United Kingdom		... Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266
... Jago Capital Limited	United Kingdom		... Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268
... Lloyds Syndicate 205 *	United Kingdom		... Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698
... MMedica Insurance Company, Ltd. *	Ireland		... Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040
... Captiva, Ltd. (81.1%) *	Bermuda	98-0170615	... Travelers PC Fund Investments, Inc.	Connecticut	06-1514468
... United States Fidelity and Guaranty Company (25887) *	Maryland	52-0515280	... The Travelers Indemnity Company (25658) *	Connecticut	06-0566050
... Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... Commercial Guaranty Lloyds Insurance Company (37249) *	Texas	75-1690643
... Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290
... USF&G Insurance Company of Mississippi (10620) *	Mississippi	52-1850698	... First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141
... Afianzadora Insurgentes, S.A. De C.V. (99.9%) *	Mexico		... First Trenton Indemnity Company (29930) *	New Jersey	22-3129711
... Discover Re Managers, Inc.	Delaware	06-1288492	... Travelers Auto Insurance Co. of New Jersey (10785) *	New Jersey	22-3499393
... Discover Reinsurance Company (44440) *	Indiana	06-1313745	... Atlantic Insurance Company (22209) *	Texas	75-6013587
... Discovery Managers, Ltd.	Connecticut	06-1273933	... Gulf Group Lloyds (37494) *	Texas	75-1647927
... Mountain Ridge Insurance Company (10950) *	Vermont	52-1957776	... Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361
... St. Paul Multinational Holdings, Inc.	Delaware	52-1965525	... Select Insurance Company (22233) *	Texas	75-6013697
... St. Paul Insurance Company (S.A.) Limited *	South Africa		... Gulf Insurance Holdings U.K. Ltd.	United Kingdom	
... St. Paul Re, Inc.	New York	13-5060567	... Gulf Underwriting Holdings Limited	United Kingdom	
... St. Paul Re Management PTE, Ltd.*	Singapore		... Gulf Underwriting Limited *	United Kingdom	
... St. Paul Bermuda Holdings, Inc.	Delaware	41-1835264	... St. Paul Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	
... St. Paul (Bermuda), Ltd. *	Bermuda	98-0162036	... The Northland Company	Minnesota	41-0588627
... St. Paul Re (Bermuda), Ltd. *	Bermuda	98-0114704	... Commercial Guaranty Casualty Insurance Company (21296) *	Indiana	35-0293730
... St. Paul Reinsurance Company Limited *	United Kingdom		... Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830
... St. Paul Travelers Insurance Company Limited *	United Kingdom		... Jupiter Holdings, Inc.	Minnesota	41-1769846
			... American Equity Insurance Company (43117) *	Arizona	86-0703220
			... American Equity Specialty Insurance Company (10819) *	California	86-0868106

Notes:

* Denotes affiliated insurer

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