

ANNUAL STATEMENT

For the Year Ended December 31, 2007

OF THE CONDITION AND AFFAIRS OF THE

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 24767 Employer's ID Number 41-0406690
(Current Period) (Prior Period)

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

INCORPORATED/ORGANIZED, APRIL 20, 1925

COMMENCED BUSINESS, APRIL 22, 1925

Statutory Home Office: 385 Washington Street, St. Paul, MN 55102
Main Administrative Office: 385 Washington Street, St. Paul, MN 55102 (651) 310-7911
Mail Address: 385 Washington Street, St. Paul, MN 55102
Primary Location of Books and Records: 385 Washington Street, St. Paul, MN 55102 (651) 310-7911
Internet Website Address: travelers.com
Statutory Statement Contact: Michael J. Doody (860) 277-3966
Annual.Statement.Contact@Travelers.com (860) 277-7002
(E-Mail Address) (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Lists 11 officers including Brian William MacLean, Jay Steven Benet, Charles Joseph Clarke, William Herbert Heyman, Alan David Schnitzer, John Joseph Albano, Andy Francis Besette, William Allen Bloom, Kathleen Lynch Bolduc, John Patrick Clifford, Jr., and William Patrick Hannon.

DIRECTORS

JAY STEVEN BENET
ANDY FRANCIS BESSETTE
WILLIAM HERBERT HEYMAN
JOSEPH PATRICK LACHER, JR.
BRIAN WILLIAM MacLEAN
DOREEN SPADORCIA
KENNETH FRANKLIN SPENCE, III

STATE OF CONNECTICUT

COUNTY OF HARTFORD

ss:

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

Brian W MacLean (Signature)

Brian W. MacLean

President

Bruce A. Backberg (Signature)

Bruce A. Backberg

Secretary

Douglas K. Russell (Signature)

Douglas K. Russell

Controller

Subscribed and sworn to before me this

29th day of January, 2008

Sandra M. Bachman Notary Public

My Commission Expires September 30, 2012



- 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).....	12,697,383,273	0	12,697,383,273	12,822,307,157
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	41,437,120	0	41,437,120	51,160,824
2.2 Common stocks.....	3,335,045,840	3,163,243	3,331,882,597	3,162,045,738
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	2,535,000	0	2,535,000	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	97,907,961	0	97,907,961	101,851,228
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	652,724,201	0	652,724,201	615,445,283
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....18,148,897, Sch. E-Part 1), cash equivalents (\$.....9,944,279, Sch. E-Part 2) and short-term investments (\$.....391,369,588, Sch. DA).....	419,462,764	0	419,462,764	514,274,875
6. Contract loans (including \$.....0 premium notes).....	0	0	0	0
7. Other invested assets (Schedule BA).....	614,796,703	4,038,761	610,757,941	933,500,102
8. Receivables for securities.....	531,372	0	531,372	947,254
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	17,861,824,232	7,202,004	17,854,622,228	18,201,532,462
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	166,098,151	0	166,098,151	174,855,426
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	324,239,630	34,108,167	290,131,464	297,424,581
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....24,699,177 earned but unbilled premiums).....	997,035,998	12,925,804	984,110,194	1,001,129,046
13.3 Accrued retrospective premiums.....	57,276,794	971,138	56,305,656	33,451,716
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	1,275,467	0	1,275,467	1,178,299
14.2 Funds held by or deposited with reinsured companies.....	87,679,189	0	87,679,189	84,604,424
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.....	40,503,727	0	40,503,727	0
16.2 Net deferred tax asset.....	608,165,388	332,231,664	275,933,724	255,032,194
17. Guaranty funds receivable or on deposit.....	9,251,378	0	9,251,378	11,584,276
18. Electronic data processing equipment and software.....	842,361	0	842,361	669,422
19. Furniture and equipment, including health care delivery assets (\$.....0).....	14,604,678	14,604,678	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0	0	0	0
21. Receivables from parent, subsidiaries and affiliates.....	0	0	0	0
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	119,638,439	43,696,425	75,942,014	110,531,954
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	20,288,435,434	445,739,880	19,842,695,554	20,171,993,801
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	20,288,435,434	445,739,880	19,842,695,554	20,171,993,801

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. Equities and deposits in pools and associations.....	32,531,368	0	32,531,368	32,410,755
2302. Ceded deposit asset.....	15,295,535	0	15,295,535	23,046,935
2303. Real estate operating fund.....	8,281,534	0	8,281,534	7,026,325
2398. Summary of remaining write-ins for Line 23 from overflow page.....	63,530,003	43,696,425	19,833,578	48,047,939
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	119,638,439	43,696,425	75,942,014	110,531,954

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	8,055,245,217	8,162,526,178
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	24,499,371	40,503,853
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,806,063,470	1,851,897,924
4. Commissions payable, contingent commissions and other similar charges.....	158,352,686	157,039,021
5. Other expenses (excluding taxes, licenses and fees).....	137,015,034	129,580,371
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	114,741,652	116,046,849
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	99,235,922
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....819,951,457 and including warranty reserves of \$.....0).....	2,099,873,010	2,105,017,678
10. Advance premiums.....	532,163	499,942
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	7,601,066	5,669,104
12. Ceded reinsurance premiums payable (net of ceding commissions).....	142,027,032	100,353,354
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	34,008	221,250
14. Amounts withheld or retained by company for account of others.....	89,404,591	122,426,780
15. Remittances and items not allocated.....	76,627,569	58,542,870
16. Provision for reinsurance (Schedule F, Part 7).....	40,397,742	43,856,641
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	5,308,266	56,558,848
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	239,862,837	167,455,543
20. Payable for securities.....	596,772	8,748,208
21. Liability for amounts held under uninsured plans.....	0	0
22. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
23. Aggregate write-ins for liabilities.....	(36,594,199)	(74,065,389)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,961,588,288	13,152,114,948
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,961,588,288	13,152,114,948
27. Aggregate write-ins for special surplus funds.....	30,299,521	26,637,705
28. Common capital stock.....	20,000,000	20,000,000
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	3,275,206,526	3,538,480,796
33. Unassigned funds (surplus).....	3,555,601,219	3,434,760,352
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).....	6,881,107,266	7,019,878,853
36. TOTALS (Page 2, Line 26, Col. 3).....	19,842,695,554	20,171,993,801

DETAILS OF WRITE-INS

2301. Investment real estate liability.....	28,224,861	13,049,238
2302. Retroactive reinsurance reserve assumed.....	6,193,318	678,301
2303. Interest deposit liability.....	5,786,053	5,851,155
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(76,798,432)	(93,644,083)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(36,594,199)	(74,065,389)
2701. Special surplus from retroactive reinsurance.....	29,299,521	25,637,705
2702. Guaranty surplus fund.....	1,000,000	1,000,000
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).....	30,299,521	26,637,705
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	4,676,657,681	4,572,152,181
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	2,171,617,087	2,108,955,145
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	570,879,443	569,772,269
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,423,355,487	1,338,197,865
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	4,165,852,017	4,016,925,279
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	510,805,664	555,226,903
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	845,862,624	740,178,616
10. Net realized capital gains (losses) less capital gains tax of \$.....(30,966,577) (Exhibit of Capital Gains (Losses)).....	28,408,911	(116,614,592)
11. Net investment gain (loss) (Lines 9 + 10).....	874,271,535	623,564,024
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....(4,195,272) amount charged off \$.....5,106,250).....	(9,301,521)	(7,628,238)
13. Finance and service charges not included in premiums.....	22,218,071	22,570,486
14. Aggregate write-ins for miscellaneous income.....	(4,204,348)	(27,768,532)
15. Total other income (Lines 12 through 14).....	8,712,202	(12,826,284)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,393,789,401	1,165,964,643
17. Dividends to policyholders.....	5,767,644	4,007,798
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	1,388,021,757	1,161,956,845
19. Federal and foreign income taxes incurred.....	240,176,771	303,576,896
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,147,844,986	858,379,950
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	7,019,878,853	6,575,859,529
22. Net income (from Line 20).....	1,147,844,986	858,379,950
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$..... 18,233,228.....	321,066,190	888,888,774
25. Change in net unrealized foreign exchange capital gain (loss).....	50,340,139	10,899,411
26. Change in net deferred income tax.....	(67,624,534)	95,693,998
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	119,330,435	(194,845,595)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	3,458,899	(2,656,958)
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	(263,274,270)	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.....	(1,428,000,000)	(780,000,000)
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.....	(21,913,433)	(432,340,256)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(138,771,588)	444,019,324
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	6,881,107,266	7,019,878,853
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.....	6,913,072	3,755,114
1402. Change in COLI cash values.....	683,009	770,825
1403. Fines and penalties of regulatory authorities.....	(168,253)	(19,108,698)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(11,632,177)	(13,185,773)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(4,204,348)	(27,768,532)
3701. Prior period adjustment.....	(21,913,433)	(432,340,256)
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).....	(21,913,433)	(432,340,256)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	4,706,502,128	4,619,581,168
2. Net investment income.....	893,874,566	806,332,311
3. Miscellaneous income.....	8,712,202	(12,826,284)
4. Total (Lines 1 through 3).....	5,609,088,896	5,413,087,196
5. Benefit and loss related payments.....	2,298,074,463	2,301,751,231
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	2,033,779,317	1,887,599,015
8. Dividends paid to policyholders.....	3,835,682	4,939,778
9. Federal and foreign income taxes paid (recovered) net of \$.....8,293,420 tax on capital gains (losses).....	297,700,261	184,567,056
10. Total (Lines 5 through 9).....	4,633,389,722	4,378,857,080
11. Net cash from operations (Line 4 minus Line 10).....	975,699,174	1,034,230,115
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	3,708,247,272	2,204,584,954
12.2 Stocks.....	1,166,064,847	106,560,491
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	2,603,430	0
12.5 Other invested assets.....	485,041,906	165,552,045
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	7,212,520	2,397,961
12.7 Miscellaneous proceeds.....	415,882	18,845,238
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	5,369,585,857	2,497,940,689
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	3,633,636,203	2,421,621,844
13.2 Stocks.....	1,001,618,648	99,951,964
13.3 Mortgage loans.....	2,535,000	0
13.4 Real estate.....	67,562,006	69,829,927
13.5 Other invested assets.....	190,515,865	146,374,255
13.6 Miscellaneous applications.....	8,151,436	153,705,768
13.7 Total investments acquired (Lines 13.1 to 13.6).....	4,904,019,158	2,891,483,757
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).....	465,566,699	(393,543,068)
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.....	(263,274,270)	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	1,428,000,000	780,000,000
16.6 Other cash provided (applied).....	155,196,286	108,285,359
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,536,077,984)	(671,714,641)
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).....	(94,812,111)	(31,027,594)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	514,274,875	545,302,469
19.2 End of year (Line 18 plus Line 19.1).....	419,462,764	514,274,875
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Securities moved from Bond to Stock on Schedule D.....	0	10,294,244

ST. PAUL FIRE AND MARINE INSURANCE COMPANY 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.....	192,018,951	84,882,233	83,036,402	193,864,782
2. Allied lines.....	121,017,048	54,669,701	54,226,370	121,460,379
3. Farmowners multiple peril.....	28,418,267	12,981,052	14,064,013	27,335,305
4. Homeowners multiple peril.....	619,760,446	338,931,543	340,338,019	618,353,970
5. Commercial multiple peril.....	708,371,334	365,259,591	336,388,948	737,241,977
6. Mortgage guaranty.....	.0	.0	.0	.0
8. Ocean marine.....	86,526,092	35,345,005	34,041,156	87,829,942
9. Inland marine.....	229,354,458	92,853,995	97,496,937	224,711,516
10. Financial guaranty.....	.0	.0	.0	.0
11.1 Medical malpractice - occurrence.....	(10,023)	8,654	5,044	(6,413)
11.2 Medical malpractice - claims-made.....	(23,849)	378,893	261,660	93,384
12. Earthquake.....	25,858,774	11,101,518	11,773,476	25,186,816
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.....	568,704,580	203,296,557	214,492,607	557,508,530
17.1 Other liability - occurrence.....	472,275,406	185,018,027	192,816,457	464,476,976
17.2 Other liability - claims-made.....	165,093,274	109,374,858	97,054,591	177,413,540
18.1 Products liability - occurrence.....	91,472,489	34,902,527	35,147,961	91,227,054
18.2 Products liability - claims-made.....	5,411,366	2,191,202	2,436,486	5,166,082
19.1, 19.2 Private passenger auto liability.....	426,602,686	163,922,667	152,060,495	438,464,858
19.3, 19.4 Commercial auto liability.....	455,451,918	162,293,177	189,499,703	428,245,392
21. Auto physical damage.....	398,682,115	144,482,999	148,567,257	394,597,857
22. Aircraft (all perils).....	(776,132)	145,060	(745,013)	113,941
23. Fidelity.....	18,190,147	14,050,755	13,561,413	18,679,490
24. Surety.....	(4,949,799)	5,624,650	41,924	632,927
26. Burglary and theft.....	1,419,040	1,388,448	1,021,202	1,786,286
27. Boiler and machinery.....	45,085,416	21,569,686	20,514,893	46,140,208
28. Credit.....	23,691	51,748	21,814	53,625
29. International.....	2,203,317	213,616	1,695,421	721,512
30. Reinsurance - nonproportional assumed property.....	4,318,388	202,799	(137,102)	4,658,288
31. Reinsurance - nonproportional assumed liability.....	9,301,996	4,246,252	3,645,283	9,902,964
32. Reinsurance - nonproportional assumed financial lines.....	1,039,866	118,412	363,076	795,201
33. Aggregate write-ins for other lines of business.....	5,163	.0	3,872	1,291
34. TOTALS.....	4,670,846,424	2,049,505,625	2,043,694,368	4,676,657,681

DETAILS OF WRITE-INS

3301. Tribal Workers Compensation.....	5,163	.0	3,872	1,291
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).....	5,163	.0	3,872	1,291

ST. PAUL FIRE AND MARINE INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running more than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	34,376,412	49,771,949	(1,111,959)	.0	83,036,402
2. Allied lines.....	40,703,971	13,522,850	(451)	.0	54,226,370
3. Farmowners multiple peril.....	14,159,907	(95,887)	(7)	.0	14,064,013
4. Homeowners multiple peril.....	341,159,074	(821,055)	.0	.0	340,338,019
5. Commercial multiple peril.....	337,120,650	2,932,927	(3,654,176)	(10,452)	336,388,948
6. Mortgage guaranty.....	.0	.0	.0	.0	.0
8. Ocean marine.....	10,561,423	25,652,102	(2,172,369)	.0	34,041,156
9. Inland marine.....	54,510,766	45,477,657	(2,491,485)	.0	97,496,937
10. Financial guaranty.....	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence.....	5,044	.0	.0	.0	5,044
11.2 Medical malpractice - claims-made.....	728	.0	(6)	260,938	261,660
12. Earthquake.....	8,530,980	3,242,497	.0	.0	11,773,476
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.....	247,494,255	(77,433)	(5,342,816)	(27,581,399)	214,492,607
17.1 Other liability - occurrence.....	117,959,701	82,954,106	(4,669,811)	(3,427,538)	192,816,457
17.2 Other liability - claims-made.....	(10,623,916)	108,141,905	(463,398)	.0	97,054,591
18.1 Products liability - occurrence.....	567,855	35,212,843	(404,917)	(227,820)	35,147,961
18.2 Products liability - claims-made.....	24,816	2,412,192	(522)	.0	2,436,486
19.1, 19.2 Private passenger auto liability.....	152,054,994	5,502	.0	(0)	152,060,495
19.3, 19.4 Commercial auto liability.....	123,274,568	67,767,655	(1,012,388)	(530,131)	189,499,703
21. Auto physical damage.....	124,906,087	23,672,649	(48,417)	36,937	148,567,257
22. Aircraft (all perils).....	(914,007)	168,994	.0	.0	(745,013)
23. Fidelity.....	(158,346)	13,719,759	.0	.0	13,561,413
24. Surety.....	(2,927)	3,371,305	(3,326,454)	.0	41,924
26. Burglary and theft.....	101,184	920,018	.0	.0	1,021,202
27. Boiler and machinery.....	17,635,615	2,879,278	.0	.0	20,514,893
28. Credit.....	21,814	.0	.0	.0	21,814
29. International.....	1,695,421	.0	.0	.0	1,695,421
30. Reinsurance - nonproportional assumed property.....	(137,519)	417	.0	.0	(137,102)
31. Reinsurance - nonproportional assumed liability.....	477,385	3,167,899	.0	.0	3,645,283
32. Reinsurance - nonproportional assumed financial lines.....	(12,345)	375,421	.0	.0	363,076
33. Aggregate write-ins for other lines of business.....	.0	3,872	.0	.0	3,872
34. TOTALS.....	1,615,493,589	484,379,421	(24,699,177)	(31,479,465)	2,043,694,368
35. Accrued retrospective premiums based on experience.....					31,479,465
36. Earned but unbilled premiums.....					24,699,177
37. Balance (sum of Lines 34 through 36).....					2,099,873,010

DETAILS OF WRITE-INS

3301. Tribal Workers Compensation .....	.0	3,872	.0	.0	3,872
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	3,872	.0	.0	3,872

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

ST. PAUL FIRE AND MARINE INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	189,731,296	140,042,604	2,549,743	123,451,376	16,853,316	192,018,951
2. Allied lines.....	48,026,971	116,223,611	4,962,890	48,144,990	51,433	121,017,048
3. Farmowners multiple peril.....	0	28,418,267	0	0	0	28,418,267
4. Homeowners multiple peril.....	(1,080,809)	619,760,446	70,199	(1,010,610)	0	619,760,446
5. Commercial multiple peril.....	20,693,488	707,801,857	(28,345)	20,095,215	449	708,371,334
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	237,132,320	67,342,751	197,823	217,377,793	769,009	86,526,092
9. Inland marine.....	91,466,302	212,469,829	656,265	71,984,841	3,253,098	229,354,458
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical malpractice - occurrence.....	(28,785)	(10,023)	0	(28,785)	0	(10,023)
11.2 Medical malpractice - claims-made.....	(129,422)	(23,957)	(17)	(129,546)	0	(23,849)
12. Earthquake.....	7,031,694	18,850,410	0	3,501	19,830	25,858,774
13. Group accident and health.....	0	0	93,789	93,789	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	666,452	(97,294)	(45,503)	523,655	0	0
16. Workers' compensation.....	4,968,177	569,166,781	4,591,403	10,025,560	(3,780)	568,704,580
17.1 Other liability - occurrence.....	675,478,027	455,299,153	10,340,699	668,810,816	31,657	472,275,406
17.2 Other liability - claims-made.....	328,042,196	155,273,949	1,650,344	319,510,829	362,386	165,093,274
18.1 Products liability - occurrence.....	126,656,159	32,799,410	3,079,361	62,984,453	8,077,988	91,472,489
18.2 Products liability - claims-made.....	14,883,834	4,019,148	9,237	13,500,853	0	5,411,366
19.1, 19.2 Private passenger auto liability.....	30,246	426,602,686	0	30,246	0	426,602,686
19.3, 19.4 Commercial auto liability.....	187,583,191	422,090,683	3,749,305	155,834,158	2,137,104	455,451,918
21. Auto physical damage.....	50,745,839	388,547,508	857,969	41,342,148	127,053	398,682,115
22. Aircraft (all perils).....	964,878	(776,132)	9,657	974,535	0	(776,132)
23. Fidelity.....	35,444,012	17,049,550	18,520	34,321,934	0	18,190,147
24. Surety.....	11,194,445	(5,044,310)	1,161,182	12,261,116	0	(4,949,799)
26. Burglary and theft.....	4,691,766	1,076,453	24,298	4,373,478	0	1,419,040
27. Boiler and machinery.....	11,196,822	42,695,678	122,195	8,908,036	21,243	45,085,416
28. Credit.....	0	23,691	107,791	107,791	0	23,691
29. International.....	0	10,646,240	496,327	8,939,249	0	2,203,317
30. Reinsurance - nonproportional assumed property.....	XXX	(1,168,174)	19,985,875	14,499,313	0	4,318,388
31. Reinsurance - nonproportional assumed liability.....	XXX	12,503,322	28,299,521	31,500,847	0	9,301,996
32. Reinsurance - nonproportional assumed financial lines.....	XXX	1,039,866	4,227,002	4,227,002	0	1,039,866
33. Aggregate write-ins for other lines of business.....	20,827	5,163	0	20,827	0	5,163
34. TOTALS.....	2,045,409,927	4,442,629,166	87,187,530	1,872,679,411	31,700,788	4,670,846,424

DETAILS OF WRITE-INS

3301. Tribal Workers Compensation.....	20,827	5,163	0	20,827	0	5,163
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).....	20,827	5,163	0	20,827	0	5,163

(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.....	72,080,323	85,260,475	46,258,984	111,081,815	110,826,223	106,676,766	115,231,273	59.4
2. Allied lines.....	30,077,312	49,877,011	30,513,106	49,441,216	61,476,171	72,656,841	38,260,547	31.5
3. Farmowners multiple peril.....	0	11,131,410	227	11,131,184	7,428,505	7,241,966	11,317,722	41.4
4. Homeowners multiple peril.....	781,917	235,389,481	873,948	235,297,450	164,807,761	151,354,380	248,750,832	40.2
5. Commercial multiple peril.....	5,442,207	305,762,917	7,602,933	303,602,192	699,209,585	781,177,979	221,633,797	30.1
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	92,951,097	46,945,581	102,172,851	37,723,827	52,770,195	46,833,435	43,660,587	49.7
9. Inland marine.....	55,858,813	57,483,808	53,126,328	60,216,293	70,723,218	88,839,890	42,099,621	18.7
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical malpractice - occurrence.....	48,626,342	15,586,278	48,626,342	15,586,278	34,629,317	50,480,642	(265,048)	4,132.9
11.2 Medical malpractice - claims-made.....	116,288,310	37,330,030	120,844,435	32,773,904	54,203,623	85,284,767	1,692,760	1,812.7
12. Earthquake.....	2,360	(167,000)	2,360	(167,000)	3,941,325	891,495	2,882,830	11.4
13. Group accident and health.....	0	1,663,173	1,663,173	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.....	16,639	186,732	203,370	0	0	0	0	0.0
16. Workers' compensation.....	127,586,922	307,481,618	146,614,266	288,454,274	2,428,340,070	2,351,845,365	364,948,979	65.5
17.1 Other liability - occurrence.....	221,406,481	207,198,606	248,179,475	180,425,612	1,798,223,957	1,765,974,745	212,674,824	45.8
17.2 Other liability - claims-made.....	96,268,409	102,097,295	102,300,791	96,064,912	413,045,759	389,281,954	119,828,718	67.5
18.1 Products liability - occurrence.....	115,903,721	63,567,532	90,743,423	88,727,830	496,346,872	555,755,512	29,319,189	32.1
18.2 Products liability - claims-made.....	7,956,876	3,450,946	7,691,719	3,716,102	13,921,309	14,574,695	3,062,716	59.3
19.1, 19.2 Private passenger auto liability.....	423,171	272,323,122	423,171	272,323,122	373,792,494	396,210,419	249,905,197	57.0
19.3, 19.4 Commercial auto liability.....	152,456,659	99,745,391	143,684,529	108,517,521	565,088,592	493,554,061	180,052,052	42.0
21. Auto physical damage.....	26,803,249	211,195,811	27,283,866	210,715,194	33,720,005	37,636,511	206,798,688	52.4
22. Aircraft (all perils).....	0	1,233,427	1,217,941	15,486	7,032,054	8,014,755	(967,215)	(848.9)
23. Fidelity.....	7,084,018	8,146,567	7,059,332	8,171,252	24,025,436	22,017,372	10,179,315	54.5
24. Surety.....	37,143,211	20,120,010	39,664,720	17,598,502	108,611,268	112,074,694	14,135,076	2,233.3
26. Burglary and theft.....	10,415	406,163	5,182	411,396	1,976,232	2,562,032	(174,404)	(9.8)
27. Boiler and machinery.....	2,025,350	12,128,090	1,686,036	12,467,404	13,443,448	14,891,073	11,019,779	23.9
28. Credit.....	0	1,152,648	770,790	381,858	2,919,467	3,287,816	13,510	25.2
29. International.....	0	112,669,229	89,066,374	23,602,855	3,159,648	25,375,592	1,386,910	192.2
30. Reinsurance - nonproportional assumed property.....	XXX	64,328,599	48,447,007	15,881,592	25,625,963	56,200,717	(14,693,162)	(315.4)
31. Reinsurance - nonproportional assumed liability.....	XXX	300,954,170	206,997,709	93,956,461	476,233,682	511,784,559	58,405,585	589.8
32. Reinsurance - nonproportional assumed financial lines.....	XXX	1,542,408	762,870	779,538	9,722,644	10,046,505	455,677	57.3
33. Aggregate write-ins for other lines of business.....	0	(21)	0	(21)	395	732	732	56.7
34. TOTALS.....	1,217,193,800	2,636,191,506	1,574,487,258	2,278,898,047	8,055,245,217	8,162,526,177	2,171,617,087	46.4

DETAILS OF WRITE-INS

3301. Auto Warranty.....	0	(21)	0	(21)	(337)	(358)	(0)	0.0
3302. Tribal Workers Compensation.....	0	0	0	0	732	0	732	56.7
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	(21)	0	(21)	395	(358)	732	56.7

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.....	70,674,198	73,658,019	50,429,317	93,902,900	6,855,550	84,608,153	74,540,379	110,826,223	14,052,611
2. Allied lines.....	17,646,597	24,138,699	18,092,297	23,692,999	12,075,061	51,677,069	25,968,957	61,476,171	9,711,530
3. Farmowners multiple peril.....	0	5,020,413	245	5,020,168	0	2,428,880	20,543	7,428,505	3,533,111
4. Homeowners multiple peril.....	343,839	71,404,345	374,877	71,373,307	588,780	103,434,707	10,589,033	164,807,761	27,841,248
5. Commercial multiple peril.....	24,612,146	306,654,609	26,697,598	304,569,157	32,394,042	411,137,862	48,891,476	699,209,585	274,415,390
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	77,535,173	28,864,159	77,648,811	28,750,520	102,567,790	25,592,575	104,140,690	52,770,195	11,112,898
9. Inland marine.....	67,967,113	37,086,158	64,183,261	40,870,010	33,700,150	(7,020,969)	(3,174,027)	70,723,218	13,966,167
10. Financial guaranty.....	0	0	0	0	(111)	(0)	(111)	0	0
11.1 Medical malpractice - occurrence.....	117,488,053	34,227,612	117,988,054	33,727,611	(15,037,450)	691,851	(15,247,304)	34,629,317	4,983,931
11.2 Medical malpractice - claims-made.....	170,452,531	59,702,342	183,426,537	46,728,337	(16,242,834)	6,858,386	(16,859,735)	54,203,623	6,040,092
12. Earthquake.....	376	(22,232)	376	(22,232)	2,824,324	1,609,140	469,907	3,941,325	2,078,557
13. Group accident and health.....	0	4,540,833	4,540,833	0	0	312,881	312,881	(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.....	102,549	3,085,562	3,188,111	0	411,399	7,450,411	7,861,810	(a) 0	0
16. Workers' compensation.....	751,497,139	1,399,473,243	855,889,174	1,295,081,209	268,902,006	1,251,456,646	387,099,791	2,428,340,070	281,971,473
17.1 Other liability - occurrence.....	504,220,876	420,995,225	586,666,156	338,549,945	1,239,585,824	1,611,093,506	1,391,005,318	1,798,223,957	552,217,211
17.2 Other liability - claims-made.....	173,386,605	149,306,457	182,619,723	140,073,340	255,410,421	290,478,903	272,916,904	413,045,759	111,379,477
18.1 Products liability - occurrence.....	206,874,798	76,750,284	122,453,583	161,171,498	317,919,237	294,094,560	276,838,423	496,346,872	276,559,812
18.2 Products liability - claims-made.....	5,260,458	583,120	2,811,061	3,032,517	19,850,093	10,906,401	19,867,703	13,921,309	8,728,402
19.1, 19.2 Private passenger auto liability.....	344,262	211,184,037	344,262	211,184,037	959,359	162,608,458	959,360	373,792,494	67,282,021
19.3, 19.4 Commercial auto liability.....	184,624,895	262,963,555	156,404,456	291,183,995	186,260,236	238,841,359	151,196,998	565,088,592	88,182,379
21. Auto physical damage.....	3,277,722	21,529,395	10,341,058	14,466,059	21,817,699	12,759,335	15,323,089	33,720,005	13,256,451
22. Aircraft (all perils).....	57,715,693	50,675,338	106,352,572	2,038,458	1,846,267	37,515,482	34,368,153	7,032,054	872,381
23. Fidelity.....	33,835,939	11,940,504	34,154,953	11,621,489	20,386,489	14,234,257	22,216,800	24,025,436	3,978,903
24. Surety.....	119,541,232	96,877,845	141,922,693	74,496,384	104,055,532	38,247,809	108,188,457	108,611,268	15,930,459
26. Burglary and theft.....	447,004	126,898	436,371	137,531	4,928,493	1,732,361	4,822,153	1,976,232	458,250
27. Boiler and machinery.....	8,746,568	4,923,768	8,590,237	5,080,100	3,030,043	10,113,377	4,780,072	13,443,448	2,984,493
28. Credit.....	0	11,402,284	9,037,712	2,364,572	0	2,750,013	2,195,118	2,919,467	64,446
29. International.....	0	5,938,633	4,557,105	1,381,529	1,903	7,792,386	6,016,170	3,159,648	73,954
30. Reinsurance - nonproportional assumed property.....	XXX	78,134,706	63,391,650	14,743,056	XXX	60,693,722	49,810,815	25,625,963	1,825,134
31. Reinsurance - nonproportional assumed liability.....	XXX	976,460,780	725,515,916	250,944,864	XXX	1,214,978,651	989,689,832	476,233,682	12,517,278
32. Reinsurance - nonproportional assumed financial lines.....	XXX	19,788,565	15,977,550	3,811,015	XXX	30,108,534	24,196,905	9,722,644	45,343
33. Aggregate write-ins for other lines of business.....	0	(337)	0	(337)	2,952	732	2,952	395	65
34. TOTALS.....	2,596,595,766	4,447,414,817	3,574,036,548	3,469,974,035	2,605,093,255	5,979,187,439	3,999,009,512	8,055,245,217	1,806,063,470

DETAILS OF WRITE-INS

3301. Auto Warranty.....	0	(337)	0	(337)	0	0	0	(337)	0
3302. Tribal Workers Compensation.....	0	0	0	0	2,952	732	2,952	732	65
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	(337)	0	(337)	2,952	732	2,952	395	65

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

ST. PAUL FIRE AND MARINE INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	166,874,405	0	0	166,874,405
1.2 Reinsurance assumed.....	279,100,835	0	0	279,100,835
1.3 Reinsurance ceded.....	206,587,614	0	0	206,587,614
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	239,387,626	0	0	239,387,626
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	278,604,769	0	278,604,769
2.2 Reinsurance assumed, excluding contingent.....	0	678,717,353	0	678,717,353
2.3 Reinsurance ceded, excluding contingent.....	0	253,828,840	0	253,828,840
2.4 Contingent - direct.....	0	15,895,829	0	15,895,829
2.5 Contingent - reinsurance assumed.....	0	19,121,125	0	19,121,125
2.6 Contingent - reinsurance ceded.....	0	11,890,628	0	11,890,628
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	726,619,607	0	726,619,607
3. Allowances to managers and agents.....	0	1,838,419	0	1,838,419
4. Advertising.....	13,958	19,827,870	0	19,841,828
5. Boards, bureaus and associations.....	1,300,755	18,433,560	3,756	19,738,071
6. Surveys and underwriting reports.....	26,169	16,191,996	(19)	16,218,146
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	197,446,756	299,195,193	13,137,301	509,779,251
8.2 Payroll taxes.....	11,092,423	16,983,062	325,979	28,401,465
9. Employee relations and welfare.....	28,766,455	49,071,314	723,566	78,561,335
10. Insurance.....	42,106,421	6,428,557	(2,428)	48,532,551
11. Directors' fees.....	0	34,463	0	34,463
12. Travel and travel items.....	8,523,735	21,111,690	155,485	29,790,909
13. Rent and rent items.....	13,197,456	26,707,220	356,279	40,260,955
14. Equipment.....	3,015,615	9,294,182	376,410	12,686,207
15. Cost or depreciation of EDP equipment and software.....	2,852,811	34,518,913	813,503	38,185,226
16. Printing and stationery.....	1,588,537	4,579,253	58,150	6,225,940
17. Postage, telephone and telegraph, exchange and express.....	4,382,333	17,002,622	326,203	21,711,159
18. Legal and auditing.....	11,624,987	13,995,167	593,849	26,214,002
19. Totals (Lines 3 to 18).....	325,938,411	555,213,482	16,868,033	898,019,926
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....3,241,786.....	0	131,836,961	0	131,836,961
20.2 Insurance department licenses and fees.....	0	8,800,498	0	8,800,498
20.3 Gross guaranty association assessments.....	0	5,466,195	0	5,466,195
20.4 All other (excluding federal and foreign income and real estate).....	0	1,486,413	0	1,486,413
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	147,590,068	0	147,590,068
21. Real estate expenses.....	0	0	47,157,779	47,157,779
22. Real estate taxes.....	0	0	19,081,131	19,081,131
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	5,553,408	(6,067,670)	1,313,096	798,834
25. Total expenses incurred.....	570,879,445	1,423,355,487	84,420,039	(a).....2,078,654,971
26. Less unpaid expenses - current year.....	1,806,063,471	403,263,532	6,845,840	2,216,172,843
27. Add unpaid expenses - prior year.....	1,851,897,923	399,306,362	3,359,879	2,254,564,164
28. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year.....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	616,713,897	1,419,398,316	80,934,078	2,117,046,292

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	8,296,573	42,203,423	1,313,096	51,813,092
2402. Service reimbursements.....	(2,743,164)	(28,172,857)	0	(30,916,021)
2403. Costs of computer software developed for internal use.....	0	(20,098,237)	0	(20,098,237)
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).....	5,553,408	(6,067,670)	1,313,096	798,834

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....81,364,225	.....80,703,846
1.1 Bonds exempt from U.S. tax.....	(a).....268,853,955	.....271,467,026
1.2 Other bonds (unaffiliated).....	(a).....258,254,182	.....253,518,612
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....3,421,284	.....3,230,760
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....2,318,257	.....2,444,964
2.21 Common stocks of affiliates.....	.....55,713,719	.....56,000,939
3. Mortgage loans.....	(c).....49,276	.....49,276
4. Real estate.....	(d).....135,679,117	.....135,679,117
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....34,946,523	.....32,791,898
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....119,542,469	.....123,448,733
9. Aggregate write-ins for investment income.....	.....3,596,475	.....3,596,475
10. Total gross investment income.....	.....963,739,481	.....962,931,645
11. Investment expenses.....		(g).....84,420,039
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....13,871
14. Depreciation on real estate and other invested assets.....		(i).....32,635,112
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....117,069,021
17. Net investment income (Line 10 minus Line 16).....		.....845,862,624

DETAILS OF WRITE-INS

0901. Miscellaneous Income.....	.....1,883,197	.....1,883,197
0902. Lending of Security Fees.....	.....1,503,091	.....1,503,091
0903. Recoverable on Litigation.....	.....625,782	.....625,782
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....(415,595)	.....(415,595)
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....3,596,475	.....3,596,475
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 \$.....10,454,569 accrual of discount less \$.....65,593,329 amortization of premium and less \$.....16,284,796 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 \$.....11,232,103 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....4,253,644 accrual of discount less \$.....106,525 amortization of premium and less \$.....919,063 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 \$.....13,871 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....32,635,112 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....(1,312)	.....0	.....(1,312)	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....1,857,996	.....0	.....1,857,996	.....(810,647)	.....0
1.2 Other bonds (unaffiliated).....	.....5,985,877	.....6,358,501	.....12,344,378	.....(7,472,903)	.....(1,091,562)
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....5,916,579	.....(297,716)	.....5,618,863	.....(720,124)	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....4,472,316	.....(5,629,573)	.....(1,157,258)	.....(7,754,516)	.....0
2.21 Common stocks of affiliates.....	.....(5,879,592)	.....(10,347,587)	.....(16,227,179)	.....345,088,029	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....1,012,185	.....0	.....1,012,185	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....(2,023)	.....7,214,543	.....7,212,520	.....0	.....182,120
7. Derivative instruments.....	.....0	.....0	.....0	.....0	.....0
8. Other invested assets.....	.....(11,268,543)	.....902,502	.....(10,366,041)	.....(19,808,750)	.....605,600
9. Aggregate write-ins for capital gains (losses).....	.....0	.....(2,851,820)	.....(2,851,820)	.....30,778,329	.....50,643,981
10. Total capital gains (losses).....	.....2,093,483	.....(4,651,151)	.....(2,557,667)	.....339,299,417	.....50,340,139

DETAILS OF WRITE-INS

0901. Foreign Exchange.....	.....0	.....(3,367,849)	.....(3,367,849)	.....0	.....50,643,981
0902. Recoverable on bonds written down.....	.....0	.....516,030	.....516,030	.....0	.....0
0903. Correction of Error.....	.....0	.....0	.....0	.....30,778,329	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....(2,851,820)	.....(2,851,820)	.....30,778,329	.....50,643,981

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.....	3,163,243	2,874,780	(288,463)
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).....	4,038,761	4,502,342	463,580
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).....	7,202,004	7,377,122	175,117
11. Title plants (for Title insurers only).....	.0	.0	.0
12. Investment income due and accrued.....	.0	.0	.0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	34,108,167	30,975,612	(3,132,555)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	12,925,804	8,345,798	(4,580,006)
13.3 Accrued retrospective premiums.....	971,138	1,883,664	912,526
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.....	332,231,664	438,990,956	106,759,292
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.....	14,604,678	16,709,651	2,104,973
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.....	43,696,425	60,787,513	17,091,088
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	445,739,880	565,070,315	119,330,435
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.0	.0	.0
26. TOTALS (Lines 24 and 25).....	445,739,880	565,070,315	119,330,435

DETAILS OF WRITE-INS

0901.....	.0	.0	.0
0902.....	.0	.0	.0
0903.....	.0	.0	.0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.0	.0	.0
2301. Other assets nonadmitted.....	28,008,612	45,071,376	17,062,764
2302. Amounts receivable under high deductible policies.....	15,687,812	15,716,136	28,324
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).....	43,696,425	60,787,513	17,091,088

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

- A. St. Paul Fire and Marine Insurance Company (the Company) prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Minnesota. The State of Minnesota requires that insurance companies domiciled in Minnesota 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 Minnesota Department of Commerce. 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) generally are 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.

Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

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

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

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

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

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

Property-casualty reserves are established for loss and LAE and include estimates of both reported and unreported claims incurred and related expenses. The reserves are regularly adjusted based upon experience. In determining loss and LAE reserves, the Company continually reviews its overall reserve position, its reserving techniques and its reinsurance. These reserves represent the estimated ultimate cost of all incurred losses and LAE net of reinsurance. Since the reserves are based on estimates, the ultimate liability may be more or less than such reserves. The effects of changes in such estimated reserves are included in net income in the period in which the estimates are changed. Such changes may be material to net income and could occur in a future period. For a discussion of loss and LAE related to asbestos and environmental reserves, see Note 32.

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

On October 1, 2007, Discover Reinsurance Company (Discover Re) was merged into The Travelers Indemnity Company (Indemnity), and its business became part of the Travelers Reinsurance Pool (TRV Pool). In accordance with SSAP No. 66, *Accrued Retrospectively Rated Contracts*, accrued retrospective premiums may be recorded to either written or earned premiums. Discover Re historically accounted for its accrued retrospective premiums as an adjustment to written premium, and affiliates participating in the TRV Pool accounted for its accrued retrospective premiums as an adjustment to earned premiums.

In order to conform accounting policies, all new business written subsequent to October 1, 2007 will be recorded on an earned basis. The Discover Re business written prior to that date will continue to be recorded as written premium and tracked on a written basis. The result of conforming the accounting policy on a prospective basis does not result in any impact to net income or surplus.

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

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

The rate of interest on the Company's commercial mortgage loan made during the year was 6.75%.

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 73%.

NOTES TO FINANCIAL STATEMENTS

B. Debt Restructuring:

Not applicable.

C. Reverse Mortgages:

Not applicable.

D. Loan-Backed Securities:

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

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

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

E. Repurchase Agreements:

Not applicable.

F. Real Estate

Not applicable.

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

The Company has investments in certain federal and state sponsored LIHTC properties. The state sponsored LIHTC property investments primarily generate premium tax credits which allow the Company to offset premium taxes in Georgia and are available through 2014.

In addition, the Company has investment interests in various National Equity Fund Limited Partnerships which are federal LIHTC investments. The credits generated from these investments primarily offset Federal income taxes and are available through 2010.

Management of the Company is not aware of any of the LIHTC investments and related properties being the subject of any federal or state regulatory reviews.

Current LIHTC investments do not exceed 10% of the Company's total net admitted assets.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. Not applicable.

7. INVESTMENT INCOME

A. Surplus excludes due and accrued investment income if amounts are over 90 days past due.

B. At December 31, 2007, the Company had no past due accrued investment income.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Total of gross deferred tax assets	\$ 822,480,248	\$ 840,116,220
Total of deferred tax liabilities	<u>(214,314,860)</u>	<u>(146,093,070)</u>
Net deferred tax asset (liability)	608,165,388	694,023,150
Deferred tax asset nonadmitted	<u>(332,231,664)</u>	<u>(438,990,956)</u>
Net admitted deferred tax asset (liability)	<u>\$ 275,933,724</u>	<u>\$ 255,032,194</u>
(Increase) decrease in nonadmitted asset	\$ 106,759,292	\$ (205,768,916)

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

Not applicable.

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Federal	\$ 214,198,838	\$ 287,474,913
Foreign	<u>25,977,933</u>	<u>16,101,983</u>
	240,176,771	303,576,896
Federal income taxes on net capital gains	<u>(30,966,577)</u>	<u>19,815,032</u>
Federal and foreign income taxes incurred	<u>\$ 209,210,194</u>	<u>\$ 323,391,928</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 351,175,034	\$ 361,235,264
Unearned premium reserves	147,028,361	147,344,200
Net operating loss	32,118,948	35,990,240
Nonadmitted assets	38,620,740	43,121,603
Investments	172,085,850	160,816,840
Other assets	<u>81,451,315</u>	<u>91,608,073</u>
Total deferred tax assets	822,480,248	840,116,220
Nonadmitted deferred tax assets	<u>(332,231,664)</u>	<u>(438,990,956)</u>
Admitted deferred tax assets	<u>490,248,584</u>	<u>401,125,264</u>
Deferred tax liabilities:		
Investments	178,306,473	111,705,181
Other liabilities	<u>36,008,387</u>	<u>34,387,889</u>
Total deferred tax liabilities	<u>214,314,860</u>	<u>146,093,070</u>
Net admitted tax asset	<u>\$ 275,933,724</u>	<u>\$ 255,032,194</u>

Deferred income taxes do not include any benefit from investment tax credits.

Deferred income taxes include a benefit of \$32,118,948 from net operating losses.

There are no adjustments to a deferred tax asset or deferred tax liability for enacted changes in tax laws or rates or a change in the tax status of the reporting entity.

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>	<u>Change</u>
Total deferred tax assets	\$ 822,480,248	\$ 840,116,220	\$ (17,635,972)
Total deferred tax liabilities	<u>(214,314,860)</u>	<u>(146,093,070)</u>	<u>(68,221,790)</u>
Net deferred tax asset (liability)	<u>\$ 608,165,388</u>	<u>\$ 694,023,150</u>	<u>(85,857,762)</u>
Tax effect of unrealized gains (losses)			<u>18,233,228</u>
Change in net deferred income taxes			<u>\$ (67,624,534)</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, 2007</u>
Pretax net income (loss)	\$1,357,055,179
Taxes at statutory rate	\$ 474,969,313
Increase (decrease) attributable to:	
Nontaxable investment income	(100,631,916)
Tax reserve adjustment	(91,318,120)
Other	<u>(6,184,549)</u>
Total statutory income taxes	<u>\$ 276,834,728</u>
Federal and foreign taxes incurred	\$ 209,210,194
Change in net deferred taxes	<u>67,624,534</u>
Total statutory income taxes	<u>\$ 276,834,728</u>
Effective tax rate	20.4%

E. 1. The Company has net operating loss carryforwards of \$91,768,423 that expire during the years 2017 through 2018.

2. The Company has \$294,935,212 and \$239,282,919 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 Travelers Companies, Inc. (TRV), formerly The St. Paul Travelers Companies, Inc. 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 a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV 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 TRV in the event the Internal Revenue Service levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

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

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A-C. (1) In December 2007, TRV contributed St. Paul Reinsurance Company Limited (St. Paul Re), a U.K. insurance affiliate with a statutory carrying value of \$297.7 million, to the Company. The Company in turn contributed St. Paul Re to its subsidiary Unionamerica Holdings Limited.
- (2) On December 3, 2007, the Company purchased \$22.1 million in unaffiliated common stock from its affiliate, Indemnity.
- (3) On October 1, 2007 in accordance with a "Plan of Merger" and in connection with and as part of a series of related transactions as contemplated by and described in the "Agreement and Plan of Restructuring" dated June 20, 2007 the Company's indirect subsidiary Discover Re merged with Indemnity, with Indemnity being the surviving entity. At the time of this merger Discover Re had a statutory carrying value of \$576,208,585.

As part of these transactions Discover Re Managers, Inc. distributed 100% of the common shares of Discover Re to its parent, United States Fidelity and Guaranty Company (USF&G). USF&G then distributed 100% of the common shares of Discover Re to its sole shareholder and parent the Company. The Company then distributed 100% of the common shares of Discover Re to its sole shareholder and parent TRV. Each of these transactions qualified as a tax-free spin-off distribution under Section 355 of the Internal Revenue Code and was reported as a return of capital / decrease in surplus in USF&G's and the Company's Annual Statement. In accordance with the "Plan of Merger", Discover Re then merged with and into Indemnity at which time all issued and outstanding shares of Discover Re were exchanged for 7,700 shares of Indemnity. TRV then contributed the 7,700 shares as a capital contribution to Travelers Property Casualty Corp. which in turn contributed the 7,700 shares to Travelers Insurance Group Holdings, Inc. (TIGHI). As a result TIGHI continues to own all issued and outstanding shares of its wholly owned subsidiary Indemnity. The statutory merger method was utilized in merging the two entities, of which Indemnity was the surviving entity.

NOTES TO FINANCIAL STATEMENTS

All required regulatory approvals were obtained by the Company and its affiliates in connection with the "Plan of Merger" dated September 21, 2007 and the "Agreement and Plan of Restructuring" dated June 20, 2007.

- (4) In September 2007, the Company made a capital contribution of \$6 million to its subsidiary, St. Paul Fire and Casualty Insurance Company.
- (5) In July 2007, the Company made capital contributions of \$30 million and \$10 million to its subsidiaries, St. Paul Mercury Insurance Company and St. Paul Guardian Insurance Company, respectively.
- (6) Effective October 1, 2006, St. Paul Specialty Underwriting, Inc., a directly owned non insurance subsidiary of the Company merged with and into the Company. As a result, Athena Assurance Company, St. Paul Medical Liability Insurance Company and St. Paul Surplus Lines Insurance Company became direct subsidiaries of the Company.
- (7) In June 2006, the Company made a capital contribution of \$12 million to its subsidiary, Chandler AZ Properties, LLC.
- (8) In May 2006, the Company made a capital contribution of \$2.85 million to its subsidiary, MMedica Insurance Company, Ltd.
- (9) On January 1, 2006, The Travelers Indemnity Company (Indemnity) eliminated its Canadian branch by implementing an assumption/novation reinsurance agreement, whereby all insurance liabilities in Indemnity's Canadian branch were transferred to and assumed by St. Paul Fire and Marine Insurance Company's Canadian branch. All required regulatory approvals have been obtained by Indemnity, including a release of licenses from the Canadian Taxing Authority.

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 TRV and some or all of its affiliated property-casualty insurance companies are handled by Indemnity. Settlements between the companies are made at least monthly.
 2. TRV maintains a private short-term investment pool, known as the Travelers Money Market Liquidity Pool (TRVMMLP), in which affiliated companies may participate. 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, 2007 and 2006, the TRVMMLP totaled \$4,235,629,965 and \$4,146,238,219, respectively.
- D. At December 31, 2007 and 2006, the Company had \$239,862,836 and \$167,455,543 payable to affiliates, respectively. Accounts between and among the Company and its affiliates are settled on a daily basis through the TRVMMLP or cash. Any items open at the end of the month are settled in the following month.
- E. Guarantees or undertakings, including the company and any affiliates:
1. Effective July 7, 2006, an affiliate of the Company assumed a construction loan and the Company has guaranteed payment of the construction loan and provided indemnification to the lender in the event of environmental liabilities for which the lender is held responsible. The maximum for the construction loan was \$9.4 million and the environmental guarantee is not limited.
 2. Effective March 31, 2006, an affiliate of the Company, a real estate development joint venture in which the Company is invested, entered into a construction loan and the Company entered into performance and payment guarantees with the construction lender. The maximum obligation for the guarantees was \$55 million.
 3. In a guaranty agreement dated August 31, 2000, the Company guarantees the timely payment of all obligations of St. Paul (Bermuda) Ltd., with respect to policies of insurance issued to clients of Marsh USA Inc. up to a maximum of \$50.0 million.
 4. Effective May 1, 2000, the Company's wholly-owned subsidiary, USF&G sold one of its subsidiaries, THI Holdings, Inc. USF&G agreed to indemnify the purchaser from certain liabilities in connection with the sale, and the Company agreed to guarantee those obligations.
 5. In a guaranty agreement dated July 1, 2000, the Company guarantees the payment of USF&G's obligations under insurance and reinsurance contracts issued by USF&G on or after the date of the agreement. The company may terminate this guaranty at any time upon 90 days prior notice or other specified circumstances.
 6. Effective September 30, 1997, the Company entered into an unconditional guaranty that St. Paul Medical Liability Insurance Company, a downstream subsidiary, would maintain required capital and surplus, each in the amount of \$2.5 million, as a condition of becoming licensed in the State of Maine.
 7. Effective May 15, 1996, the Company provided a guaranty of the performance by its wholly-owned subsidiary, Seaboard, a New York domiciled insurance company, of all Seaboard's financial obligations arising out of its insurance or reinsurance contracts. The guaranty may be amended at any time upon three months' prior notice.
 8. Effective December 15, 1993, the Company has guaranteed the performance by St. Paul Travelers Insurance Company Limited (St. Paul Limited), an affiliate incorporated in England, of all St. Paul Limited's obligations arising out of its insurance or reinsurance contracts. During November 2006, these guarantees were amended whereby the Company may terminate them at any time upon twelve months prior notice. Effective June 2007, pursuant to the order of English Court under Part VII of the Financial Services & Markets Act, obligations relating to certain business as of that date were transferred to Unionamerica Insurance Company Limited (Unionamerica), an affiliate of St. Paul Limited, resulting in those obligations no longer being covered by the guarantee. The guarantee will remain in force, however, for the obligations not transferred to Unionamerica and for new business written by St. Paul Limited.
 9. Effective October 1, 1993, the Company guaranteed the performance by St. Paul Reinsurance Company Limited (St. Paul Re Ltd.), an affiliate incorporated in England, of all St. Paul Re Ltd.'s obligations arising out of its insurance or reinsurance contracts. The Company could terminate this guaranty at any time upon six months prior notice. Effective June 2007, the guarantee was terminated prospectively but the guarantee remains in force in respect of prior obligations of St. Paul Re Ltd. Pursuant to the order of English Court under Part VII of the Financial Services & Markets Act, all obligations as of that date were transferred to Unionamerica, an affiliate of St. Paul Limited, resulting in the transferred obligations no longer being covered by the guarantee.

NOTES TO FINANCIAL STATEMENTS

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
Expense Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Surety Agreement	St. Paul Fire and Marine Insurance Company	Seaboard Surety Company, St. Paul Mercury Insurance Company, St. Paul Guardian Insurance Company
Management Agreement	St. Paul Fire and Marine Insurance Company	St. Paul Re, Inc.

¹ "Travelers P&C" includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

G. All of the issued and outstanding common stock of the Company is owned by TRV, 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.

L. The Company directly owns Unionamerica Holdings, Ltd. (Unionamerica Holdings), a downstream noninsurance holding company. Unionamerica Holdings directly owns Unionamerica Acquisition Company (UAC), a downstream noninsurance holding company. UAC directly owns Unionamerica Insurance Company, Ltd. (Unionamerica), a United Kingdom domiciled insurance company, and Unionamerica Combined Investment Co., Ltd.

(1) The carrying value of the Company's investment in Unionamerica Holdings was \$399,057,502 at December 31, 2007.

(2) The Company has not obtained an audit of Unionamerica Holdings' financial statements.

(3) The Company has limited the carrying value of its investment in Unionamerica Holdings to the value contained in the audited financial statements of Unionamerica, including any adjustments required by SSAP 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSASP No. 88*.

(4) Unionamerica Holdings' value is limited to its direct and indirect ownership of its insurance subsidiaries. Unionamerica Holdings does not have any direct liabilities, commitments, contingencies, guarantees or obligations that are required to be reported.

11. DEBT

Not applicable.

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

A. Defined Benefit Plans:

Not applicable.

B. Defined Contribution Plans:

Not applicable.

C. Multiemployer Plans:

Not applicable.

D. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan in the form of a cash balance sponsored by TRV 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 TRV and by Travelers Property Casualty Corp. (TPC) which covers certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was \$6,783,437 and \$6,577,296 for 2007 and 2006, respectively.

2. Postretirement Benefit Plan:

The Company participates in a health care and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was \$2,648,769 and \$3,860,538 for 2007 and 2006, respectively.

3. Deferred Compensation Plans:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was \$17,239,718 and \$16,559,083 for 2007 and 2006, respectively.

E. Postemployment Benefits and Compensated Absences:

Not applicable.

F. Impact of Medicare Modernization Act on Postretirement Benefits:

Not applicable.

NOTES TO FINANCIAL STATEMENTS**13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS**

The Company has 200,000 shares of common capital stock authorized, issued and outstanding with a par value of \$100 per share.

The Company paid ordinary dividends of \$678.0 million and \$780.0 million to its parent company, TRV in 2007 and 2006, respectively.

The Minnesota Department of Commerce granted approval for a \$560.9 million extraordinary distribution / return capital of the company's indirect subsidiary Discover Re as well as \$750.0 million of extraordinary cash dividends to TRV during 2007. See Note 10 for additional detail.

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 Minnesota insurance companies to shareholders without prior approval of the Minnesota Department of Commerce is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made during 2008 without prior approval is \$1,119,436,000.

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 2007. See Note 22F for additional detail.

Unassigned funds or surplus has been increased by cumulative net unrealized gains of \$1,066,264,578.

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

At December 31, 2007, the Company had commitments to fund investments of \$480.7 million.

B. Assessments:

The Company has accrued liabilities of \$68.9 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.7 million at December 31, 2007. 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. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits:

The Company paid \$1,925,262 in the reporting period on seven claims to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits. The claim count information provided herein is disclosed on a per claim direct basis.

E. 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 26.

In the process of selling business entities to third parties, the Company has agreed to indemnify purchasers for losses arising out of breaches of representations and warranties with respect to the business entities being sold, covenants and obligations of the Company and/or its subsidiaries following the close, and in certain cases obligations arising from undisclosed liabilities, imposition of additional taxes due to either a change in the tax law or an adverse interpretation of the tax law or certain named litigation. Such indemnification provisions generally survive for periods ranging from the applicable closing date to the expiration of the relevant statutes of limitations, or in some cases agreed upon term limitations.

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, 2007, 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 32.

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

- At December 31, 2007 and 2006, the Company is a party to various lease agreements for office space, office equipment and automobiles. The office space leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2007 and 2006 was \$20,081,671 and \$30,518,269, 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 \$74,212,611 at December 31, 2007. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Leases</u>
2008	\$ 16,578,468
2009	15,567,948
2010	12,079,912
2011	10,372,625
2012	9,526,432

At December 31, 2007, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$1,575,397.

3. Sale-Leaseback Transactions:

Not applicable.

B. Lessor's Business Activities:

The Company maintains investments in commercial real estate. The land is carried at cost and the buildings at cost less accumulated depreciation and related encumbrances. The buildings are depreciated on a straight-line basis over a period of up to 39 years. The accumulated depreciation on real estate held for the production of income was \$266,637,579 and \$237,945,734 as of December 31, 2007 and 2006, respectively. On December 31, 2007, the Company has minimum annual lease payments receivable under noncancelable leasing arrangements as follows:

NOTES TO FINANCIAL STATEMENTS

<u>Year</u>	<u>Operating Leases</u>
2008	\$ 110,858,166
2009	94,855,187
2010	74,751,620
2011	52,931,178
2012	30,016,744
2013 and later years	39,815,033

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

In the normal course of business, the Company has unfunded commitments to partnerships, limited liability companies, and venture capital entities. The off-balance-sheet risks of these financial instruments were \$480.7 million at December 31, 2007.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**A. Transfers of Receivables Reported as Sales:**

Not applicable.

B. Transfer and Servicing of Financial Assets:

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

C. Wash Sales:

Not applicable.

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. 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.

2007 Schedule P:

The 1997 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>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993 & Prior</u>
Part 1A	\$ 447	\$ 189	\$ 402	\$ 115	\$ 402
Part 1B	520	179	143	99	71,789
Part 1C	1,288	1,293	1,340	(601)	6,793
Part 1D	62,488	53,640	58,704	51,483	754,700
Part 1E	9,305	7,828	5,386	4,868	80,634
Part 1F - Section 1	1,861	672	1,044	147	3,248
Part 1F - Section 2	3,067	2,350	1,308	228	4,313
Part 1G	749	535	501	473	9,871
Part 1H - Section 1	27,298	30,488	21,456	33,578	772,483
Part 1H - Section 2	5,936	3,012	2,593	2,666	10,340
Part 1M	1,403	576	1,463	1,787	12,184
Part 1N	134	99	49	(241)	959
Part 1O	15,971	823	1,064	445	1,911
Part 1P	-	-	-	-	-
Part 1R - Section 1	8,113	11,272	10,965	5,805	374,050
Part 1R - Section 2	702	402	153	205	1,790

The following loss and/or LAE reserves have been assumed / (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>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Commercial Auto	\$ (272)	\$ (434)	\$ (35)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(2,265)	(2,110)	(593)	(14,547)	-	(432)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	(32,078)	-	-	-	-	-	-
Special Liability	(20)	-	-	-	-	-	-	-	-
Other Liability - Occ	(2,996)	(10)	(14)	-	(395)	(1,738)	(70)	(273)	(377)
Other Liability - CM	(2,465)	(6,401)	-	-	-	-	-	-	-
Special Property	(112)	-	-	-	-	-	-	-	-
Other	(28)	-	-	-	-	-	-	-	-
Reinsurance A	(895)	-	-	-	-	-	-	-	-
Reinsurance B	(8,306)	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. State Transferable Tax Credits:

G. The Company has no protective tax deposits with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

H. Hybrid Securities:

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

<u>CUSIP</u>	<u>Issuer/Description</u>	<u>Type</u>	<u>Carrying Value</u>
025816AU3	American Express AXP	Redeemable	\$ 2,027,920
055960AA6	BNP Paribas Capital Trust 144A	Perpetual	5,350,850
055967AA1	BOI Cap Funding II 144A	Perpetual	1,727,560
06738CAF6	Barclays Bank PLC	Perpetual	2,070,560
06739FEY3	Barclays Bank PLC	Perpetual	1,860,960
233048AA5	DBS Bank Ltd. Singapore Notes	Redeemable	1,886,000
236363AA5	Danske Perpetual PFD	Perpetual	1,892,260
337363AE5	First Union Inst Cap I PDF	Redeemable	72,590
40411CAA0	HBOS Capital Funding LP	Perpetual	1,871,380
564759PS1	Manufacturers & Traders	Redeemable	3,059,100
90262WAA1	UBS Preferred Funding Trust	Perpetual	7,348,740
92978AAA0	Wachovia Capital Trust III	Perpetual	1,788,000
Total			<u>\$30,955,920</u>

I. Subprime Mortgage Related Risk Exposure

The Company defines exposure to subprime mortgage-backed securities as investments which contain loans to borrowers that exhibit one or more of the following characteristics:

- low FICO scores,
- above prime interest rates,
- high loan-to-value ratios,
- high debt-to-income ratios,
- low loan documentation (e.g. limited or no verification of income and assets), or
- other characteristics that are inconsistent with conventional underwriting standards employed by government sponsored mortgage entities.

In addition, because of their high loan-to-value ratios, the Company has categorized second-lien mortgage-backed securities as subprime, regardless of the credit characteristics of the borrower on the underlying mortgage.

The Company reviews the credit characteristics of the loans that back these mortgage-backed securities when making the determination to categorize them as subprime exposure. Since the primary purpose of the investment portfolio is to fund future claim payments, the Company employs a conservative investment philosophy. In applying this philosophy to structured securities, including subprime mortgage-backed securities, the Company favors the purchase of senior credit tranches over junior or leveraged credit tranches.

Overall exposure to subprime mortgage-backed securities is sufficiently small in that the Company would likely have other securities available for liquidity needs. The Company utilizes discounted cash flow valuation analysis in its regular, ongoing review of its existing subprime mortgage portfolio, as well as in its analysis of subprime mortgage-backed bonds for purchase. Included in this analysis are conservative assumptions regarding default and loss severity on the underlying mortgage pool. To date, the Company has not impaired any bonds in its existing subprime mortgage-backed portfolio.

Exposure through investments in subprime securities directly held by the Company is as follows:

a. Actual cost	\$2,675,699
b. Book adjusted carrying value	2,673,104
c. Fair value	2,451,914

21. EVENTS SUBSEQUENT

Not applicable.

22. REINSURANCE

A. Unsecured Reinsurance Recoverables:

1. Affiliated Company Recoverables:

The Company participates in the TRV Pool (see Note 25) 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, 2007, 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	\$ 11,430,563,890
Travelers Casualty and Surety Company	06-6033504	9,349,116,878
The Phoenix Insurance Company	06-0303275	2,295,952,082
The Standard Fire Insurance Company	06-6033509	2,222,481,615
United States Fidelity and Guaranty Company	52-0515280	2,026,425,637
Travelers Casualty Insurance Company of America	06-0876835	1,253,589,837
Farmington Casualty Company	06-1067463	679,601,816
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	629,090,871
The Travelers Indemnity Company of Connecticut	06-0336212	629,090,871
The Charter Oak Fire Insurance Company	06-0291290	583,171,829
Northland Insurance Company	41-6009967	560,681,157
St. Paul Surplus Lines Insurance Company	41-1230819	404,087,567
The Travelers Indemnity Company of America	58-6020487	353,576,621
St. Paul Protective Insurance Company	36-2542404	266,330,441

NOTES TO FINANCIAL STATEMENTS

Northfield Insurance Company	41-0983992	238,779,017
Travelers Commercial Insurance Company	06-1286268	215,819,496
Travelers Casualty Company of Connecticut	06-1286266	215,819,496
Travelers Commercial Casualty Company	95-3634110	215,819,496
St. Paul Mercury Insurance Company	41-0881659	183,676,166
Travelers Property Casualty Company of America	36-2719165	165,308,550
Travelers Property Casualty Insurance Company	06-1286274	137,757,125
Athena Assurance Company	41-1435765	133,165,221
St. Paul Medical Liability Insurance Company	41-1435766	133,165,221
Travelers Personal Security Insurance Company	06-1286264	123,981,412
Travelers Personal Insurance Company	36-3703200	123,981,412
Travelers Excess and Surplus Lines Company	06-1203698	123,981,412
TravCo Insurance Company	35-1838077	123,981,412
The Travelers Home and Marine Insurance Company	35-1838079	123,981,412
Discover Property & Casualty Insurance Company	36-2999370	64,286,658
Discover Specialty Insurance Company	52-1925132	64,286,658
Northland Casualty Company	94-6051964	64,286,658
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	45,919,042
American Equity Specialty Insurance Company	86-0868106	45,919,042
St. Paul Guardian Insurance Company	41-0963301	45,919,042
Total		<u>\$ 35,273,595,060</u>

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

Company	F.E.I.N.	Amount
St. Paul Fire and Marine Insurance Company	41-0406690	\$ 9,693,667,064
Travelers Property Casualty Company of America	36-2719165	9,655,067,314
Travelers Casualty and Surety Company	06-6033504	5,060,953,951
United States Fidelity and Guaranty Company	52-0515280	3,360,667,015
The Travelers Indemnity Company of Connecticut	06-0336212	2,425,948,718
The Travelers Indemnity Company of America	58-6020487	2,341,746,077
St. Paul Mercury Insurance Company	41-0881659	2,053,913,600
The Standard Fire Insurance Company	06-6033509	1,920,171,311
The Charter Oak Fire Insurance Company	06-0291290	1,785,297,366
The Phoenix Insurance Company	06-0303275	1,432,044,539
Discover Property & Casualty Insurance Company	36-2999370	926,911,827
St. Paul Surplus Lines Insurance Company	41-1230819	857,707,971
The Automobile Insurance Company of Hartford, Connecticut	06-0848755	779,819,503
Northland Insurance Company	41-6009967	734,325,780
Travelers Casualty Insurance Company of America	06-0876835	487,649,888
The Travelers Home and Marine Insurance Company	35-1838079	481,792,598
Farmington Casualty Company	06-1067463	379,174,977
Travelers Property Casualty Insurance Company	06-1286274	315,704,424
St. Paul Guardian Insurance Company	41-0963301	272,778,366
Fidelity and Guaranty Insurance Underwriters, Inc.	52-0616768	267,338,088
Northfield Insurance Company	41-0983992	222,527,743
TravCo Insurance Company	35-1838077	212,229,651
St. Paul Protective Insurance Company	36-2542404	167,674,099
Travelers Commercial Casualty Company	95-3634110	161,083,199
Travelers Personal Insurance Company	36-3703200	134,053,334
Travelers Commercial Insurance Company	06-1286268	130,909,429
Travelers Excess and Surplus Lines Company	06-1203698	95,900,283
Travelers Casualty Company of Connecticut	06-1286266	82,621,594
Travelers Personal Security Insurance Company	06-1286264	79,633,090
Athena Assurance Company	41-1435765	51,695,650
St. Paul Medical Liability Insurance Company	41-1435766	38,075,200
Discover Specialty Insurance Company	52-1925132	35,863,534
Northland Casualty Company	94-6051964	22,276,595
American Equity Specialty Insurance Company	86-0868106	20,281,352
Total		<u>\$ 46,687,505,130</u>

2. Unaffiliated Company Recoverables:

The unsecured aggregate recoverables for ceded losses, loss adjustment expenses and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2007, 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	\$ 2,004,765,379	\$ 257,605,780	\$ 803,340,593	\$ 103,226,633	\$ 1,201,424,786	\$ 154,379,147
All Other	33,421,125	4,294,505	16,610,863	2,134,441	16,810,262	2,160,064
Total	<u>\$ 2,038,186,504</u>	<u>\$ 261,900,285</u>	<u>\$ 819,951,456</u>	<u>\$ 105,361,074</u>	<u>\$ 1,218,235,048</u>	<u>\$ 156,539,211</u>

Direct Unearned Premium Reserve \$ 881,637,962

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$28,977,604 at December 31, 2007. This balance represents the Company's 24.79% pro rata share of the net amount of the TRV Pool (see Note 25):

Direct Business	\$ 15,859,184
Add: Reinsurance Assumed	27,919,718
Less: Reinsurance Ceded	14,801,298
Net	<u>\$ 28,977,604</u>

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance:

Not applicable.

E. Commutation of Ceded Reinsurance:

Not applicable.

Retroactive Reinsurance:

1.	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,330,260	\$124,778,936
(2) Adjustments - Prior Year(s)	(743,700)	35,442,072
(3) Adjustments - Current Year	-	10,490,197
(4) Current Total	<u>\$ 1,586,560</u>	<u>\$170,711,205</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,591,816	\$111,076,926
(2) Adjustments - Prior Year(s)	-	6,876,216
(3) Adjustments - Current Year	-	6,128,905
(4) Current Total	<u>\$ 2,591,816</u>	<u>\$124,082,047</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 948,659	\$ 50,194,165
(2) Current Year	10,166	40,293,491
(3) Current Total	<u>\$ 958,825</u>	<u>\$ 90,487,656</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 261,556	\$ 13,702,011
(2) Adjustments - Prior Year(s)	743,700	28,565,856
(3) Adjustments - Current Year	-	4,361,291
(4) Current Year Restricted Surplus	<u>\$ 1,005,256</u>	<u>\$ 44,357,365</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ 2,271,793</u>

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

<u>Company</u>	<u>Assumed</u>	<u>Ceded</u>
Munich Reinsurance America, Inc. (10227)	\$ 1,586,560	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	3,272,280
XL Reinsurance America (13-1290712)	-	11,420,373
Folksamerica Reinsurance Co (38776)	-	6,764,085
General Reinsurance Corporation (22039)	-	74,370,000
nSpire Re Limited (AA-1784124)	-	18,887,771
Platinum Underwriters Reinsurance Inc. (10357)	-	30,980,734
Various	-	25,015,962
Total	<u>\$ 1,586,560</u>	<u>\$170,711,205</u>

f. Paid Loss/LAE Recoverable:

<u>Company</u>	<u>Paid Loss/LAE Recoverables</u>	<u>Amount Over 90 Days Past Due</u>	<u>Collateral Held</u>
Platinum Underwriters Reinsurance Inc. (10357)	\$ 655,191	\$ -	\$ -
nSpire Re Limited (AA-178412)	-	-	6,368,509
Various	2,701,867	590,576	60,678
Total	<u>\$ 3,357,058</u>	<u>\$ 590,576</u>	<u>\$ 6,429,487</u>

Reinsurance Accounted for as a Deposit:

The Company entered into an assumed reinsurance contract agreement ultimately determined to be of a deposit type nature on January 1, 2001. This is a whole account stoploss covering all business allocated to the reinsured's marine hull and marine excess of loss account.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
1999	\$ 254,300	\$ (1,290,000)	-	\$ (1,544,300)
2000	-	-	-	(1,544,300)
2001	-	-	-	(1,544,300)
2002	-	(128,000)	-	(1,672,300)
2003	-	-	-	(1,672,300)
2004	-	-	-	(1,672,300)
2005	-	-	\$ 326,376	(1,345,924)
2006	-	-	494,769	(851,155)
2007	-	-	65,102	(786,053)

The Company entered into an assumed reinsurance contract agreement ultimately determined to be of a deposit type nature on April 1, 2000. This is an assumed excess of loss reinsurance contract covering Section A non marine whole account, Section B whole account.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
2000	\$ 2,123,000	-	-	\$ (2,123,000)
2001	-	-	-	(2,123,000)
2002	-	-	-	(2,123,000)
2003	-	\$ (2,877,000)	-	(5,000,000)
2004	-	-	-	(5,000,000)
2005	-	-	-	(5,000,000)
2006	-	-	-	(5,000,000)
2007	-	-	-	(5,000,000)

The Company entered into several ceded reinsurance arrangements which provided coverage for certain workers' compensation, employers liability and automobile liability policies issued by the Company. Given the contract terms and results of the Company's cash flow analyses, it was subsequently determined that the agreements did not fulfill the risk transfer requirements of SSAP No. 62 so they are now being accounted for as deposits.

NOTES TO FINANCIAL STATEMENTS

Year	Deposits Received	Interest Income/ (Expense)	Cash Payments	Deposit (Liability)/ Asset Balance
2005	\$ 873,720	\$26,680,680	\$ (494,109)	\$ 27,060,291
2006	148,015	1,845,526	(6,006,897)	23,046,935
2007	-	(1,424,040)	(6,327,360)	15,295,535

23. 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 TRV Pool (see Note 25).

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	\$ 57,276,794
2. Unsecured amount	9,711,384
3. Less: Nonadmitted amount (10%)	<u>971,138</u>
4. Admitted amount (1) - (3)	<u>\$ 56,305,656</u>

24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

In 2007, reserves for incurred losses and loss adjustment expenses for claims arising in prior years decreased by \$95,986,810, primarily due to private passenger auto liability, commercial auto liability, commercial multiple peril, and special property, partially offset by an increase in other liability – occurrence, other liability – claims made, reinsurance assumed liability and products liability – occurrence lines of business.

The decrease in private passenger auto liability is primarily driven by better than expected results from changes in claim handling practices. The decrease in commercial auto liability is attributable to an improving tort environment, claim handling initiatives and improvements in auto safety technology. The decrease in commercial multiple peril is primarily due to an improving tort environment, as well as better than expected results from enhanced risk control, underwriting and claim process initiatives. The decrease in special property is primarily attributable to fewer than expected late reported claims related to non-catastrophe weather events that occurred late in 2006, as well as better than expected frequency and severity due in part to changes in the marketplace, such as higher deductibles and lower policy limits. In addition, special property experienced better than expected large loss outcomes which were partially attributable to favorable litigation resolutions.

The increase in other liability – occurrence is due to strengthening of environmental reserves as a result of higher than expected defense and settlement costs, driven in part by coverage disputes with policyholders and adverse judicial developments in certain states regarding the availability of coverage for environmental claims. In addition, the increase was driven by a moderation in the rate of decline of both the number of new policyholders tendering claims for the first time and the number of pending lawsuits pertaining to coverage for environmental claims. The increase in other liability – claims made is due to greater than expected development on large losses as well as a ceded reserve release for older years as a result of ongoing analyses of recent data. The increase in reinsurance assumed liability is primarily due to reserve strengthening associated with voluntary pools as well as a ceded reserve reallocation to other liability – occurrence and reinsurance assumed property. The increase in products liability – occurrence is primarily attributable to a projected increase in loss adjustment expenses associated with handling mass tort claims.

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

25. INTERCOMPANY POOLING ARRANGEMENTS

On October 1, 2007, effective January 1, 2007, after receiving all required regulatory approvals, the TRV Pool, which includes the Company, was amended to include four former members of the Northland Pool (American Equity Specialty Insurance Company, Northland Insurance Company, Northfield Insurance Company, Northland Casualty Company), and three additional participants, Fidelity and Guaranty Insurance Underwriters, Inc. (FGIU), St. Paul Guardian Insurance Company (Guardian), and St. Paul Mercury Insurance Company (Mercury). Prior to this amendment FGIU, Guardian, and Mercury ceded 100% of their business to the TRV Pool.

The Company is a participant in the TRV Pool, an intercompany pooling arrangement. The lead company of the TRV 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 TRV Pool are as follows:

TRV Pool Participant	NAIC Company Code	Pool Participation %
St. Paul Fire and Marine Insurance Company	24767	24.79
The Travelers Indemnity Company	25658	23.29
Travelers Casualty and Surety Company	19038	20.36
The Phoenix Insurance Company	25623	5.00
The Standard Fire Insurance Company	19070	4.84
United States Fidelity and Guaranty Company	25887	4.41
Travelers Casualty Insurance Company of America	19046	2.73
Farmington Casualty Company	41483	1.48
The Automobile Insurance Company of Hartford, Connecticut	19062	1.37
The Travelers Indemnity Company of Connecticut	25682	1.37
The Charter Oak Fire Insurance Company	25615	1.27
Northland Insurance Company	24015	1.22
St. Paul Surplus Lines Insurance Company	30481	0.88
The Travelers Indemnity Company of America	25666	0.77
St. Paul Protective Insurance Company	19224	0.58
Northfield Insurance Company	27987	0.52
Travelers Casualty Company of Connecticut	36170	0.47
Travelers Commercial Casualty Company	40282	0.47
Travelers Commercial Insurance Company	36137	0.47
St. Paul Mercury Insurance Company	24791	0.40
Travelers Property Casualty Company of America	25674	0.36
Travelers Property Casualty Insurance Company	36161	0.30
Athena Assurance Company	41769	0.29
St. Paul Medical Liability Insurance Company	41750	0.29
TravCo Insurance Company	28188	0.27
Travelers Excess and Surplus Lines Company	29696	0.27

NOTES TO FINANCIAL STATEMENTS

The Travelers Home and Marine Insurance Company	27998	0.27
Travelers Personal Security Insurance Company	36145	0.27
Travelers Personal Insurance Company	38130	0.27
Discover Property & Casualty Insurance Company	36463	0.14
Discover Specialty Insurance Company	10213	0.14
Northland Casualty Company	24031	0.14
American Equity Specialty Insurance Company	10819	0.10
Fidelity and Guaranty Insurance Underwriters, Inc.	25879	0.10
St. Paul Guardian Insurance Company	24775	0.10

All of the above TRV 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.

26. 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, 2007, for structured settlement annuities purchased by members of the TRV Pool (see Note 25), of which \$779,137,838 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	\$713,804,021
MetLife Insurance Company of Connecticut, Hartford, CT	Yes	516,783,815
Genworth Life and Annuity, Richmond, VA	Yes	282,277,708
Symetra Life Insurance Company, Bellevue, WA	Yes	274,036,726
All other companies		1,356,049,882

27. HEALTH CARE RECEIVABLES

Not applicable.

28. PARTICIPATING POLICIES

Not applicable.

29. PREMIUM DEFICIENCY RESERVES

As of December 31, 2007, 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.

30. HIGH DEDUCTIBLES

At December 31, 2007, the amount of reserve credit recorded by the Company for high deductible policies on unpaid claims was \$2,173,241,718 and the amount billed and outstanding on paid claims was \$26,764,385. These amounts represent the Company's proportionate share of the TRV Pool (see Note 25).

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

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

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

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

The December 31, 2007 liabilities of the Company and its affiliates listed below included the following amounts of such discounted liabilities:

<u>Company</u>	<u>Workers' Compensation</u>	<u>Other Liability</u>
St. Paul Fire and Marine Insurance Company	\$ 429,126,387	\$ 10,812,410
The Travelers Indemnity Company	403,160,691	10,158,166
Travelers Casualty and Surety Company	352,441,034	8,880,218
The Phoenix Insurance Company	86,552,317	2,180,800
The Standard Fire Insurance Company	83,782,643	2,111,014
United States Fidelity and Guaranty Company	76,339,143	1,923,466
Travelers Casualty Insurance Company of America	47,257,565	1,190,717
Farmington Casualty Company	25,619,486	645,517
The Automobile Insurance Company of Hartford, Connecticut	23,715,335	597,539
The Travelers Indemnity Company of Connecticut	23,715,335	597,539
The Charter Oak Fire Insurance Company	21,984,288	553,923
Northland Insurance Company	21,118,765	532,115
St. Paul Surplus Lines Insurance Company	15,233,208	383,821
The Travelers Indemnity Company of America	13,329,057	335,843
St. Paul Protective Insurance Company	10,040,069	252,973
Northfield Insurance Company	9,001,441	226,803
Travelers Casualty Company of Connecticut	8,135,918	204,995
Travelers Commercial Casualty Company	8,135,918	204,995
Travelers Commercial Insurance Company	8,135,918	204,995
St. Paul Mercury Insurance Company	6,924,185	174,464

NOTES TO FINANCIAL STATEMENTS

Travelers Property Casualty Company of America	6,231,767	157,018
Travelers Property Casualty Insurance Company	5,193,139	130,848
St. Paul Medical Liability Insurance Company	5,020,034	126,486
Athena Assurance Company	5,020,034	126,486
TravCo Insurance Company	4,673,825	117,763
Travelers Excess and Surplus Lines Company	4,673,825	117,763
The Travelers Home and Marine Insurance Company	4,673,825	117,763
Travelers Personal Insurance Company	4,673,825	117,763
Travelers Personal Security Insurance Company	4,673,825	117,763
Discover Property & Casualty Insurance Company	2,423,465	61,062
Discover Specialty Insurance Company	2,423,465	61,062
Northland Casualty Company	2,423,465	61,062
American Equity Specialty Insurance Company	1,731,046	43,616
St. Paul Guardian Insurance Company	1,731,046	43,616
Fidelity and Guaranty Insurance Underwriters, Inc.	1,731,046	43,616
Total	<u>\$ 1,731,046,335</u>	<u>\$ 43,616,000</u>

The amount of tabular discount for workers' compensation and other liability reserves at December 31, 2007 was as follows:

Tabular Discount Included in Schedule P - Part 1

Company	Workers' Compensation		Other Liability	
	Case	IBNR	Case	IBNR
St. Paul Fire and Marine Insurance Company	\$ 119,680,663	\$ 92,529,987	\$ 2,081,372	\$ 1,980,966
The Travelers Indemnity Company	112,438,996	86,931,154	1,955,428	1,861,104
Travelers Casualty and Surety Company	98,293,601	75,994,774	1,709,426	1,626,968
The Phoenix Insurance Company	24,138,900	18,662,764	419,800	399,550
The Standard Fire Insurance Company	23,366,455	18,065,555	406,366	386,764
United States Fidelity and Guaranty Company	21,290,510	16,460,558	370,264	352,403
Travelers Casualty Insurance Company of America	13,179,839	10,189,869	229,211	218,154
Farmington Casualty Company	7,145,114	5,524,178	124,261	118,267
The Automobile Insurance Company of Hartford, CT	6,614,059	5,113,597	115,025	109,477
The Travelers Indemnity Company of Connecticut	6,614,059	5,113,597	115,025	109,477
The Charter Oak Fire Insurance Company	6,131,281	4,740,342	106,629	101,486
Northland Insurance Company	5,889,892	4,553,714	102,431	97,490
St. Paul Surplus Lines Insurance Company	4,248,446	3,284,646	73,885	70,321
The Travelers Indemnity Company of America	3,717,391	2,874,066	64,649	61,531
St. Paul Protective Insurance Company	2,800,112	2,164,881	48,697	46,348
Northfield Insurance Company	2,510,446	1,940,927	43,659	41,553
Travelers Casualty Company of Connecticut	2,269,057	1,754,300	39,461	37,558
Travelers Commercial Casualty Company	2,269,057	1,754,300	39,461	37,558
Travelers Commercial Insurance Company	2,269,057	1,754,300	39,461	37,558
St. Paul Mercury Insurance Company	1,931,112	1,493,021	33,584	31,964
Travelers Property Casualty Company of America	1,738,001	1,343,719	30,226	28,768
Travelers Property Casualty Insurance Company	1,448,334	1,119,766	25,188	23,973
St. Paul Medical Liability Insurance Company	1,400,056	1,082,440	24,348	23,174
Athena Assurance Company	1,400,056	1,082,440	24,348	23,174
TravCo Insurance Company	1,303,501	1,007,789	22,669	21,576
Travelers Excess and Surplus Lines Company	1,303,501	1,007,789	22,669	21,576
The Travelers Home and Marine Insurance Company	1,303,501	1,007,789	22,669	21,576
Travelers Personal Insurance Company	1,303,501	1,007,789	22,669	21,576
Travelers Personal Security Insurance Company	1,303,501	1,007,789	22,669	21,576
Discover Property & Casualty Insurance Company	675,889	522,557	11,754	11,187
Discover Specialty Insurance Company	675,889	522,557	11,754	11,187
Northland Casualty Company	675,889	522,557	11,754	11,187
American Equity Specialty Insurance Company	482,778	373,255	8,396	7,991
St. Paul Guardian Insurance Company	482,778	373,255	8,396	7,991
Fidelity and Guaranty Insurance Underwriters, Inc.	482,778	373,255	8,396	7,991
Total	<u>\$482,778,000</u>	<u>\$373,255,276</u>	<u>\$ 8,396,000</u>	<u>\$ 7,991,000</u>

B. Non-tabular reserves have not been discounted.

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

32. ASBESTOS/ENVIRONMENTAL RESERVES

The following represents the Company's allocable share of the pooled property-casualty business of the TRV Pool, based on its pro rata participation percentage of 24.79%.

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

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

With respect to reserving procedures, the Special Liability Group staff members are in daily contact with each other on pending asbestos claim activities and anticipated development. The Company also conducts quarterly asbestos reserve reviews with representatives of the claim, legal, reinsurance, finance and actuarial areas to review asbestos trends and other relevant factors. Based on these reviews, asbestos reserves are established for the Company's future exposure. Beginning in 2007 the Company supplemented the existing annual in-depth asbestos claim review and the existing quarterly asbestos review process with additional aggregate quarterly reserve analyses. These additional analyses provide the Company with an increased ability to detect and respond to emerging trends in its quarterly reserve estimates.

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

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

NOTES TO FINANCIAL STATEMENTS

1. <u>Direct Basis - Asbestos:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$1,230,058,000	\$ 923,287,000	\$1,012,388,000	\$ 1,097,025,000	\$1,028,613,000
b. Incurred losses and LAE:	35,114,000	202,454,000	192,831,000	48,322,000	(4,150,000)
c. Calendar year payments for losses and LAE:	<u>341,885,000</u>	<u>113,353,000</u>	<u>108,194,000</u>	<u>116,734,000</u>	<u>89,916,000</u>
d. Ending reserves:	<u>\$ 923,287,000</u>	<u>\$1,012,388,000</u>	<u>\$1,097,025,000</u>	<u>\$ 1,028,613,000</u>	<u>\$ 934,547,000</u>
2. <u>Assumed Reinsurance Basis - Asbestos:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 98,956,000	\$ 93,077,000	\$ 120,881,000	\$ 133,202,000	\$ 125,573,000
b. Incurred losses and LAE:	2,231,000	34,706,000	31,925,000	2,600,000	3,225,000
c. Calendar year payments for losses and LAE:	<u>8,110,000</u>	<u>6,902,000</u>	<u>19,604,000</u>	<u>10,229,000</u>	<u>11,292,000</u>
d. Ending reserves:	<u>\$ 93,077,000</u>	<u>\$ 120,881,000</u>	<u>\$ 133,202,000</u>	<u>\$ 125,573,000</u>	<u>\$ 117,506,000</u>
3. <u>Net of Ceded Reinsurance Basis - Asbestos:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$1,030,585,000	\$ 810,808,000	\$ 956,362,000	\$ 1,079,200,000	\$ 1,003,648,000
b. Incurred losses and LAE:	26,576,000	224,910,000	221,870,000	40,625,000	(87,000)
c. Calendar year payments for losses and LAE:	<u>246,353,000</u>	<u>79,356,000</u>	<u>99,032,000</u>	<u>116,177,000</u>	<u>78,621,000</u>
d. Ending reserves:	<u>\$ 810,808,000</u>	<u>\$ 956,362,000</u>	<u>\$1,079,200,000</u>	<u>\$1,003,648,000</u>	<u>\$ 924,940,000</u>
B. Ending loss and LAE reserves for unreported claims included in Part A above:					
1. Direct Basis:	\$ 827,549,000				
2. Assumed Reinsurance Basis:	\$ 65,575,000				
3. Net of Ceded Reinsurance Basis:	\$ 798,836,000				
C. Ending LAE reserves for reported and unreported claims included in Part A above:					
1. Direct Basis:	\$ 214,838,000				
2. Assumed Reinsurance Basis:	\$ 198,000				
3. Net of Ceded Reinsurance Basis:	\$ 197,712,000				
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 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 obligations 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 the 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.

In its review of environmental reserves, the Company considers: past settlement payments; changing judicial and legislative trends; its reserves for the costs of litigating environmental coverage matters; the potential for policyholders with smaller exposures to be named in new clean-up actions for both on- and off-site waste disposal activities; the potential for adverse development; the potential for additional new claims beyond previous expectations; and the potential higher costs for new settlements.

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

1. <u>Direct Basis - Environmental:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 154,808,000	\$ 107,626,000	\$ 131,298,000	\$ 83,848,000	\$ 66,620,000
b. Incurred losses and LAE:	23,911,000	71,068,000	10,567,000	27,070,000	45,784,000
c. Calendar year payments for losses and LAE:	<u>71,093,000</u>	<u>47,396,000</u>	<u>58,017,000</u>	<u>44,298,000</u>	<u>23,105,000</u>
d. Ending reserves:	<u>\$ 107,626,000</u>	<u>\$ 131,298,000</u>	<u>\$ 83,848,000</u>	<u>\$ 66,620,000</u>	<u>\$ 89,299,000</u>
2. <u>Assumed Reinsurance Basis- Environmental:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 34,553,000	\$ 32,923,000	\$ 36,757,000	\$ 34,673,000	\$ 32,701,000
b. Incurred losses and LAE:	2,468,000	8,181,000	1,069,000	386,000	(360,000)
c. Calendar year payments for losses and LAE:	<u>4,098,000</u>	<u>4,347,000</u>	<u>3,153,000</u>	<u>2,358,000</u>	<u>5,412,000</u>
d. Ending reserves:	<u>\$ 32,923,000</u>	<u>\$ 36,757,000</u>	<u>\$ 34,673,000</u>	<u>\$ 32,701,000</u>	<u>\$ 26,929,000</u>
3. <u>Net of Ceded Reinsurance Basis- Environmental:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 166,227,000	\$ 125,879,000	\$ 153,954,000	\$ 105,220,000	\$ 103,722,000
b. Incurred losses and LAE:	18,942,000	67,944,000	12,227,000	29,983,000	45,802,000
c. Calendar year payments for losses and LAE:	<u>59,290,000</u>	<u>39,869,000</u>	<u>60,961,000</u>	<u>31,481,000</u>	<u>28,096,000</u>
d. Ending reserves:	<u>\$ 125,879,000</u>	<u>\$ 153,954,000</u>	<u>\$ 105,220,000</u>	<u>\$ 103,722,000</u>	<u>\$ 121,428,000</u>

NOTES TO FINANCIAL STATEMENTS

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

1. Direct Basis:	\$ 82,585,000
2. Assumed Reinsurance Basis:	\$ 17,821,000
3. Net of Ceded Reinsurance Basis	\$ 106,093,000

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

1. Direct Basis:	\$ 40,654,000
2. Assumed Reinsurance Basis:	\$ 52,000
3. Net of Ceded Reinsurance Basis	\$ 40,702,000

As a result of the processes and procedures described above, management believes that the reserves carried for asbestos and environmental claims at December 31, 2007 are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. The continuing uncertainties include, without limitation, the risks and lack of predictability inherent in complex litigation, any impact from the bankruptcy protection sought by various asbestos producers and other asbestos defendants, a further increase or decrease in asbestos and environmental claims beyond that which is anticipated, the role of any umbrella or excess policies the Company has issued, the resolution or adjudication of some disputes pertaining to the amount of available coverage for asbestos and environmental claims in a manner inconsistent with the Company's previous assessment of these claims, the number and outcome of direct actions against the Company and future developments pertaining to the Company's ability to recover reinsurance for asbestos and environmental claims. The Company's asbestos-related claims and claim adjustment expense experience has been impacted by the unavailability of other insurance sources potentially available to policyholders, whether through exhaustion of policy limits or insolvency. In addition, uncertainties arise from the insolvency or bankruptcy of other defendants, although the Company has noted a decrease in the number and volatility of asbestos-related bankruptcies. It is also not possible to predict changes in the legal and legislative environment and their impact on the future development of asbestos and environmental claims. This development will be affected by future court decisions and interpretations, as well as changes in applicable legislation. 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 and environmental reserves, 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 in future periods.

33. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

34. MULTIPLE PERIL CROP INSURANCE

Not applicable.

NOTES TO FINANCIAL STATEMENTS

Attachment to the 2007 Annual Statement – Notes to Financial Statements, Note 9 – Part F:
Names of the companies included with TRV in the December 31, 2007, consolidated Federal income tax return filing

The Travelers Companies, Inc. (TRV) & Subsidiaries

<u>Company Name</u>	<u>FEIN</u>	<u>Company Name</u>	<u>FEIN</u>
350 MARKET STREET	41-1618103	ST. PAUL MEDICAL LIABILITY INSURANCE COMPANY	41-1435766
AE DEVELOPMENT GROUP, INC.	06-0952727	ST. PAUL MERCURY INSURANCE COMPANY	41-0881659
AE PROPERTIES, INC.	95-2798160	ST. PAUL PROPERTIES, INC.	41-1412523
AMERICAN EQUITY INSURANCE COMPANY	86-0703220	ST. PAUL PROTECTIVE INSURANCE COMPANY	36-2542404
AMERICAN EQUITY SPECIALTY INSURANCE COMPANY	86-0868106	ST. PAUL RE (BERMUDA) LTD.	98-0114704
ATHENA ASSURANCE COMPANY	41-1435765	ST. PAUL SURPLUS LINES INSURANCE COMPANY	41-1230819
ATLANTIC INSURANCE COMPANY	75-6013587	TCI GLOBAL SERVICES, INC.	52-1965525
BMR SPORTS PROPERTIES, INC.	52-1852190	TCS EUROPEAN INVESTMENTS, INC.	06-1549972
CAMPERDOWN CORPORATION	41-1762781	THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CT	06-0848755
CAPTIVA, LTD.	98-0170615	THE CHARTER OAK FIRE INSURANCE COMPANY	06-0291290
CASTLE PINES FIDELITY REALTY, INC.	52-1735211	THE NORTHLAND COMPANY	41-0588627
COMMERCIAL GUARANTY CASUALTY INSURANCE COMPANY	35-0293730	THE ONE HUNDRED LIGHT STREET CORPORATION	52-1371908
COMMERCIAL GUARANTY INSURANCE COMPANY	75-1679830	THE PHOENIX INSURANCE COMPANY	06-0303275
CONSTITUTION PLAZA INC	06-0566030	THE PREMIER INSURANCE COMPANY OF MASSACHUSETTS	04-3175569
COUNTERSIGNATURE AGENCY, INC.	06-1345091	THE STANDARD FIRE INSURANCE COMPANY	06-6033509
DISCOVER PROPERTY & CASUALTY INSURANCE COMPANY	36-2999370	THE TRAVELERS ASSET FUNDING CORPORATION	06-1216878
DISCOVER RE MANAGERS, INC.	06-1288492	THE TRAVELERS HOME AND MARINE INSURANCE COMPANY	35-1838079
DISCOVER REINSURANCE COMPANY	06-1313745	THE TRAVELERS INDEMNITY COMPANY	06-0566050
DISCOVER SPECIALTY INSURANCE COMPANY	52-1925132	THE TRAVELERS INDEMNITY COMPANY OF AMERICA	58-6020487
DISCOVERY MANAGERS, LTD.	06-1273933	THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT	06-0336212
ENGLISH TURN FIDELITY REALTY, INC.	52-1466734	THE TRAVELERS LLOYDS INSURANCE COMPANY	76-0002592
ENGLISH TURN REALTY MANAGEMENT, INC.	52-1715225	THE TRAVELERS MARINE CORPORATION	94-0338230
FARMINGTON CASUALTY COMPANY	06-1067463	TINDY FOREIGN, INC.	20-4403403
FIDELITY AND GUARANTY INSURANCE COMPANY	42-1091525	TINDY RE INVESTMENTS, INC.	06-1575463
FIDELITY AND GUARANTY INSURANCE UNDERWRITERS, INC.	52-0616768	TPC INVESTMENTS, INC.	06-1534005
FIDELITY JV HOLDING COMPANY NUMBER TWO, INC.	52-1649813	TRAVCO INSURANCE COMPANY	35-1838077
FIRST FLORIDIAN AUTO AND HOME INSURANCE COMPANY	59-3372141	TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY	75-1732040
FIRST TRENTON INDEMNITY COMPANY	22-3129711	TRAVELERS (BERMUDA) LTD.	98-0190863
GULF UNDERWRITERS INSURANCE COMPANY	56-1371361	TRAVELERS ALPHA HOLDINGS, INC.	06-1531058
JNO INDUSTRIAL, INC.	52-1802629	TRAVELERS AUTO INSURANCE COMPANY OF NEW JERSEY	22-3499393
JUPITER HOLDINGS, INC.	41-1769846	TRAVELERS CASUALTY AND SURETY COMPANY	06-6033504
LAUREL VILLAGE FIDELITY REALTY, INC.	52-1551225	TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA	06-0907370
MENDAKOTA INSURANCE COMPANY	31-1160863	TRAVELERS CASUALTY COMPANY OF CONNECTICUT	06-1286266
MENDOTA INSURANCE AGENCY, INC. (TX)	74-2482293	TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA	06-0876835
MENDOTA INSURANCE COMPANY	41-1639286	TRAVELERS COMMERCIAL CASUALTY COMPANY	95-3634110
MOUNTAIN RIDGE INSURANCE COMPANY	52-1957776	TRAVELERS COMMERCIAL INSURANCE COMPANY	06-1286268
NORTHBROOK HOLDINGS, INC.	51-0375653	TRAVELERS DISTRIBUTION ALLIANCE, INC.	62-1657094
NORTHFIELD INSURANCE COMPANY	41-0983992	TRAVELERS EXCESS AND SURPLUS LINES COMPANY	06-1203698
NORTHLAND CASUALTY COMPANY	94-6051964	TRAVELERS INDEMNITY UK INVESTMENTS LLC	06-1591454
NORTHLAND INSURANCE COMPANY	41-6009967	TRAVELERS INSURANCE GROUP HOLDINGS INC.	06-1445591
NORTHLAND RISK MANAGEMENT SERVICES, INC.	41-1720288	TRAVELERS LLOYDS MANAGEMENT COMPANY	20-4312440
SEABOARD SURETY COMPANY	13-5379820	TRAVELERS MGA, INC.	75-2676034
SELECT INSURANCE COMPANY	75-6013697	TRAVELERS PC FUND INVESTMENTS, INC.	06-1514468
SPC INSURANCE AGENCY, INC.	41-1888760	TRAVELERS PERSONAL INSURANCE COMPANY	36-3703200
ST. PAUL (BERMUDA) LTD.	98-0162036	TRAVELERS PERSONAL SECURITY INSURANCE COMPANY	06-1286264
ST. PAUL AVIATION COMPANY	52-1993243	TRAVELERS PROPERTY CASUALTY INSURANCE COMPANY	06-1286274
ST. PAUL BERMUDA HOLDINGS, INC.	41-1835264	TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA	36-2719165
ST. PAUL FIRE & CASUALTY INSURANCE COMPANY	41-1419276	TRAVELERS PROPERTY CASUALTY CORP.	06-1008174
ST. PAUL FIRE & MARINE INSURANCE COMPANY	41-0406690	UNITED STATES FIDELITY & GUARANTY COMPANY	52-0515280
ST. PAUL GUARDIAN INSURANCE COMPANY	41-0963301	USF&G FINANCIAL SERVICES CORPORATION	52-1386957
ST. PAUL LONDON PROPERTIES, INC.	41-1880024	USF&G RETAIL ASSOCIATES GP, INC.	52-1704255
		YONKERS FINANCING CORPORATION	20-3033027

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

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.....	756,115,357	4.2	756,115,357	4.2
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	36,772,514	0.2	36,772,514	0.2
1.22 Issued by U.S. government sponsored agencies.....	32,977,521	0.2	32,977,521	0.2
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	648,175,957	3.6	648,175,957	3.6
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,439,724,160	8.1	1,439,724,160	8.1
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	2,768,110,195	15.5	2,768,110,195	15.5
1.43 Revenue and assessment obligations.....	2,149,298,095	12.0	2,149,298,095	12.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	753,924,165	4.2	753,924,165	4.2
1.512 Issued or guaranteed by FNMA and FHLMC.....	113,036,181	0.6	113,036,181	0.6
1.513 All other.....	118,849,332	0.7	118,849,332	0.7
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	99,110,323	0.6	99,110,323	0.6
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.....	617,886,606	3.5	617,886,606	3.5
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	2,137,069,878	12.0	2,137,069,878	12.0
2.2 Unaffiliated foreign securities.....	1,026,332,989	5.7	1,026,332,989	5.7
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	41,437,120	0.2	41,437,120	0.2
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	103,120,930	0.6	103,120,930	0.6
3.4 Other equity securities:				
3.41 Affiliated.....	3,225,372,739	18.1	3,225,372,739	18.1
3.42 Unaffiliated.....	3,388,928	0.0	3,388,928	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	2,535,000	0.0	2,535,000	0.0
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	97,907,961	0.5	97,907,961	0.5
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	652,724,201	3.7	652,724,201	3.7
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.....	531,372	0.0	531,372	0.0
8. Cash, cash equivalents and short-term investments.....	419,462,764	2.3	419,462,764	2.3
9. Other invested assets.....	610,757,941	3.4	610,757,941	3.4
10. Total invested assets.....	17,854,622,228	100.0	17,854,622,228	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? Minnesota

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

- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2002
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/29/2004
- 3.4 By what department or departments? Minnesota

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

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

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

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

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

1 Nationality	2 Type of Entity

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Wade T. Overgaard, F.C.A.S. & M.A.A.A. (Senior Vice President and Chief Corporate Actuary) The 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 [X] No []
- 11.11 Name of real estate holding company See 11.2 below.

- 11.12 Number of parcels involved5
- 11.13 Total book/adjusted carrying value \$.....55,848,371

- 11.2 If yes, provide explanation.
St. Paul Properties, Inc: 3 parcels; total book/adjusted carrying value \$ 34,594,759; A residential golf course development in New Orleans, LA, a 254 room hotel in St. Paul and an Industrial Park Development in New Orleans, LA.
100 Light Street: 1 parcel; total book/adjusted carrying value \$ 8,680,994; Holds land in Baltimore, MD.
Chandler AZ, LLC: 1 parcel; total book/adjusted carrying value \$ 12,572,618; Holds a single member LLC that owns and office building in Chandler, AZ.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
-
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - c. Compliance with applicable governmental laws, rules and regulations;
 - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
-
- 13.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
-
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 13.31 If the response to 13.3 is yes, provide the nature of any waiver(s).
-

BOARD OF DIRECTORS

14. 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 []
15. 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 []
16. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers \$.....0
 - 18.12 To stockholders not officers \$.....0
 - 18.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 18.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers \$.....0
 - 18.22 To stockholders not officers \$.....0
 - 18.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others \$.....0
 - 19.22 Borrowed from others \$.....0
 - 19.23 Leased from others \$.....0
 - 19.24 Other \$.....0
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment \$.....0
 - 20.22 Amount paid as expenses \$.....0
 - 20.23 Other amounts paid \$.....0
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

INVESTMENT

- 22.1 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? Yes [X] No []
- 22.2 If no, give full and complete information relating thereto.
-

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 23.1 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, or has the reporting entity sold or transferred any assets subject to a put option contact that is currently in force? (Exclude securities subject to Interrogatory 19.1) Yes [X] No []
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--------|--|----------------------|
| 23.21 | Loaned to others | \$.....1,225,641,949 |
| 23.22 | Subject to repurchase agreements | \$.....0 |
| 23.23 | Subject to reverse repurchase agreements | \$.....0 |
| 23.24 | Subject to dollar repurchase agreements | \$.....0 |
| 23.25 | Subject to reverse dollar repurchase agreements | \$.....0 |
| 23.26 | Pledged as collateral | \$.....132,596,312 |
| 23.27 | Placed under option agreements | \$.....0 |
| 23.28 | Letter stock or securities restricted as to sale | \$.....0 |
| 23.29 | On deposit with state or other regulatory body | \$.....1,494,817,122 |
| 23.291 | Other | \$.....162,083,522 |

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 25.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

26. 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 Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JPMorgan Chase	3 Chase MetroTech Center, Brooklyn, NY 11245
The Bank of New York	One Wall Street, New York, NY 10286

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

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

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

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

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

26.05 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	Clarion CRA Securities	259 N Radnor-Chester Rd., Radnor, PA 19087
N/A	Neuberger Berman	605 Third Ave., 36th Fl., New York, NY 10058

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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj. Carrying Value
		0
27.2999. TOTAL		0

27.3 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	

28. 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 (+)
28.1 Bonds.....	13,098,697,139	13,228,716,535	130,019,396
28.2 Preferred stocks.....	41,437,120	41,437,120	0
28.3 Totals.....	13,140,134,259	13,270,153,655	130,019,396

28.4 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 Travelers Companies, Inc.

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 29.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....8,910,633

30.2 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, Inc	3,557,654

31.1 Amount of payments for legal expenses, if any? \$.....24,473,154

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

1 Name	2 Amount Paid
Simpson, Thatcher & Bartlett	8,471,793

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....507,133

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

1 Name	2 Amount Paid
	0

ST. PAUL FIRE AND MARINE INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....4,676,657,681	\$.....4,572,152,181
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....11,985,681,069	\$.....12,159,945,634
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 \$.....41,414,806
 - 3.22 Non-participating policies \$.....4,629,431,619

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?0.0 %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$.....0

5. FOR RECIPROCAL EXCHANGES ONLY:

- 5.1 Does the exchange appoint local agents? Yes [] No []
- 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 - 5.22 As a direct expense of the exchange Yes [] No [] N/A []
- 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

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

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

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

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

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

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

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

- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.16
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [X] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [X] No []
- 8.2 If yes, give full information:
Please see footnote 22E for a list of commutations.
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 5% 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 5% 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) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% 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 5% of prior year-end surplus as regards policyholders; 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 in a separate reinsurance contract? 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 31 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.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No [X]
 - (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 - (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
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 [X] No []
- 11.2 If yes, give full information:
The company guarantees the policies of several of its subsidiaries as disclosed in its parent's Form B filing.
-
- 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 \$.....22,830,574
 - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....5,707,643
- 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: \$.....21,807,145
- 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 \$.....1,565,773,270
 - 12.62 Collateral and other funds \$.....258,791,780

Annual Statement for the year 2007 of the **ST. PAUL FIRE AND MARINE INSURANCE COMPANY**
GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....4,239,090
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.1

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

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

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

16.1 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
16.11 Home.....	.....0	.....0	.....0	.....0	.....0
16.12 Products.....	.....0	.....0	.....0	.....0	.....0
16.13 Automobile.....	.....0	.....0	.....0	.....0	.....0
16.14 Other*.....	.....0	.....0	.....0	.....0	.....0

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]
 Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:
 17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
 17.12 Unfunded portion of Interrogatory 17.11 \$.....0
 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....0
 17.14 Case reserves portion of Interrogatory 17.11 \$.....0
 17.15 Incurred but not reported portion of Interrogatory 17.11 \$.....0
 17.16 Unearned premium portion of Interrogatory 17.11 \$.....0
 17.17 Contingent commission portion of Interrogatory 17.11 \$.....0

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:
 17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 \$.....0
 17.19 Unfunded portion of Interrogatory 17.18 \$.....0
 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....0
 17.21 Case reserves portion of Interrogatory 17.18 \$.....0
 17.22 Incurred but not reported portion of Interrogatory 17.18 \$.....0
 17.23 Unearned premium portion of Interrogatory 17.18 \$.....0
 17.24 Contingent commission portion of Interrogatory 17.18 \$.....0

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2007	2 2006	3 2005	4 2004	5 2003
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).....	3,426,121,788	3,412,101,073	3,943,969,834	4,072,191,446	4,253,009,525
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,277,955,449	1,257,579,055	1,488,695,574	1,070,337,549	1,163,926,261
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,734,521,094	1,842,660,314	2,394,528,745	589,450,634	671,065,917
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	71,740,881	88,620,778	145,194,350	343,789,554	1,003,239,202
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	64,887,412	50,645,282	43,611,633	60,459,134	319,166,996
6. Total (Line 34).....	6,575,226,623	6,651,606,502	8,016,000,136	6,136,228,317	7,410,407,901
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).....	2,184,977,847	2,103,846,752	1,669,278,384	3,064,622,214	3,150,653,527
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	968,350,386	920,610,181	973,426,304	744,659,853	791,453,172
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,487,385,424	1,587,653,720	2,020,308,661	398,805,253	474,550,488
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	15,472,519	30,963,785	(114,752,476)	221,051,035	780,785,864
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	14,660,249	11,533,477	1,714,048	51,976,321	76,162,084
12. Total (Line 34).....	4,670,846,424	4,654,607,916	4,549,974,921	4,481,114,676	5,273,605,135
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	510,805,664	555,226,903	(88,714,965)	(994,610,797)	(115,627,259)
14. Net investment gain (loss) (Line 11).....	874,271,535	623,564,024	877,453,216	1,186,062,644	1,309,742,838
15. Total other income (Line 15).....	8,712,202	(12,826,284)	8,289,043	61,011,923	(76,177,264)
16. Dividends to policyholders (Line 17).....	5,767,644	4,007,798	4,047,167	7,476,931	8,889,804
17. Federal and foreign income taxes incurred (Line 19).....	240,176,771	303,576,896	(190,290,108)	54,518,388	36,956,407
18. Net income (Line 20).....	1,147,844,986	858,379,950	983,270,235	190,468,451	1,072,092,104
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	19,842,695,554	20,171,993,801	19,900,457,827	19,049,272,602	17,870,633,203
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	290,131,464	297,424,581	277,058,021	298,847,631	806,553,527
20.2 Deferred and not yet due (Line 13.2).....	984,110,194	1,001,129,046	975,122,963	788,341,168	781,236,980
20.3 Accrued retrospective premiums (Line 13.3).....	56,305,656	33,451,716	49,985,801	258,412	943,421
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,961,588,288	13,152,114,948	13,324,598,297	13,540,614,357	12,794,906,366
22. Losses (Page 3, Line 1).....	8,055,245,217	8,162,526,178	8,399,417,898	8,496,951,431	6,753,806,224
23. Loss adjustment expenses (Page 3, Line 3).....	1,806,063,470	1,851,897,924	1,865,968,230	1,903,876,611	1,695,956,544
24. Unearned premiums (Page 3, Line 9).....	2,099,873,010	2,105,017,678	2,039,240,515	2,011,739,762	2,499,095,219
25. Capital paid up (Page 3, Lines 28 & 29).....	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	6,881,107,266	7,019,878,853	6,575,859,529	5,508,658,245	5,075,726,837
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	975,699,174	1,034,230,115	379,260,642	2,120,396,603	659,062,680
Risk-Based Capital Analysis					
28. Total adjusted capital.....	6,881,107,266	7,019,878,853	6,575,859,529	5,508,658,245	5,075,726,837
29. Authorized control level risk-based capital.....	1,200,098,848	1,228,604,067	1,219,633,336	1,546,788,634	1,239,411,960
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					
30. Bonds (Line 1).....	71.1	70.4	71.4	69.6	69.9
31. Stocks (Lines 2.1 & 2.2).....	18.9	17.7	16.7	19.0	16.9
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.0	0.0	0.0	0.1	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	4.2	3.9	3.8	4.4	4.6
34. Cash, cash equivalents and short-term investments (Line 5).....	2.3	2.8	3.1	2.2	3.5
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7).....	3.4	5.1	4.9	4.8	5.0
37. Receivable for securities (Line 8).....	0.0	0.0	0.1	0.0	0.1
38. Aggregate write-ins for invested assets (Line 9).....	0.0	0.0	0.0	(0.1)	(0.0)
39. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.1
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	0	0	0	4,703,464	22,664,215
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1).....	3,228,535,982	3,120,042,402	2,867,283,896	3,030,018,163	2,176,272,155
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7).....	0	0	0	0	0
44. Affiliated mortgage loans on real estate.....	0	0	0	0	0
45. All other affiliated.....	93,701,053	512,413,707	492,013,333	483,609,830	533,526,687
46. Total of above lines 40 to 45.....	3,322,237,035	3,632,456,109	3,359,297,229	3,518,331,457	2,732,463,057
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0).....	48.3	51.7	51.1	62.3	51.7

ST. PAUL FIRE AND MARINE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2007	2006	2005	2004	2003
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24).....	321,066,190	888,888,774	(188,222,617)	(844,120,232)	(393,774,681)
49. Dividends to stockholders (Line 35).....	(1,428,000,000)	(780,000,000)	0	(150,000,000)	(775,000,000)
50. Change in surplus as regards policyholders for the year (Line 38).....	(138,771,588)	444,019,324	1,067,201,284	432,931,408	149,947,428
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,995,697,705	2,160,078,963	(1,074,515,034)	2,070,762,530	2,495,978,855
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	588,888,740	630,914,544	447,985,544	404,636,169	548,565,276
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	713,791,478	847,992,917	(60,017,682)	310,002,660	422,933,269
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	188,182,204	158,108,277	168,126,767	352,731,903	305,499,746
55. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	366,825,178	332,599,373	(117,378,943)	285,281,372	470,762,665
56. Total (Line 34).....	3,853,385,305	4,129,694,074	(635,799,348)	3,423,414,634	4,243,739,811
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,086,589,554	1,124,407,680	1,169,690,708	1,115,526,525	1,787,276,379
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	431,698,913	419,076,085	399,861,778	253,979,294	334,265,381
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	600,237,544	677,332,103	43,217,928	175,357,597	201,553,700
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	49,754,445	47,902,477	446,955,659	224,602,320	171,469,139
61. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	110,617,591	77,128,520	793,049,295	159,065,644	396,676,422
62. Total (Line 34).....	2,278,898,047	2,345,846,866	2,852,775,368	1,928,531,380	2,891,241,021
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
63. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2).....	46.4	46.1	60.3	74.3	55.4
65. Loss expenses incurred (Line 3).....	12.2	12.5	13.9	17.8	13.7
66. Other underwriting expenses incurred (Line 4).....	30.4	29.3	27.8	27.8	33.4
67. Net underwriting gain (loss) (Line 8).....	10.9	12.1	(1.9)	(20.0)	(2.5)
Other Percentages					
68. 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).....	30.3	29.0	27.7	29.6	31.2
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	58.6	58.6	74.2	92.2	69.0
70. 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).....	67.9	66.3	69.2	81.3	103.9
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(165,041)	(93,482)	146,009	1,229,470	402,728
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100).....	(2.4)	(1.4)	2.7	24.2	8.2
Two Year Loss Development (000 omitted)					
73. 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).....	(181,613)	297,687	1,008,758	1,974,653	1,036,653
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(2.8)	5.4	19.9	40.1	25.0

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States.....1,579,789,557	.....1,606,359,643	.....1,629,263,035	.....1,537,046,540
	2. Canada.....484,215,159	.....488,066,667	.....483,736,418	.....477,470,000
	3. Other Countries.....163,960,799	.....165,580,878	.....165,279,205	.....163,141,589
	4. Totals.....2,227,965,515	.....2,260,007,188	.....2,278,278,659	.....2,177,658,129
States, Territories and Possessions (Direct and guaranteed)	5. United States.....1,439,724,160	.....1,457,390,589	.....1,463,712,227	.....1,378,105,000
	6. Canada.....353,251,573	.....359,770,947	.....355,165,057	.....349,707,464
	7. Other Countries.....0	.....0	.....0	.....0
	8. Totals.....1,792,975,732	.....1,817,161,536	.....1,818,877,284	.....1,727,812,464
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....2,768,110,195	.....2,810,417,594	.....2,799,908,417	.....2,663,035,000
	10. Canada.....79,103,508	.....82,156,399	.....78,983,552	.....79,147,000
	11. Other Countries.....0	.....0	.....0	.....0
	12. Totals.....2,847,213,703	.....2,892,573,993	.....2,878,891,969	.....2,742,182,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....2,480,293,931	.....2,521,133,893	.....2,512,684,668	.....2,399,301,682
	14. Canada.....0	.....0	.....0	.....0
	15. Other Countries.....0	.....0	.....0	.....0
	16. Totals.....2,480,293,931	.....2,521,133,893	.....2,512,684,668	.....2,399,301,682
Public Utilities (Unaffiliated)	17. United States.....507,978,723	.....502,370,709	.....513,822,026	.....501,687,770
	18. Canada.....13,265,252	.....13,567,460	.....13,597,420	.....13,250,000
	19. Other Countries.....47,467,702	.....48,296,623	.....47,163,174	.....47,946,000
	20. Totals.....568,711,677	.....564,234,792	.....574,582,620	.....562,883,770
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....2,246,452,498	.....2,242,182,962	.....2,293,240,861	.....2,255,982,462
	22. Canada.....273,131,288	.....271,235,542	.....273,143,438	.....272,311,118
	23. Other Countries.....260,638,928	.....258,872,763	.....265,891,814	.....252,526,124
	24. Totals.....2,780,222,714	.....2,772,291,267	.....2,832,276,113	.....2,780,819,703
Parent, Subsidiaries and Affiliates	25. Totals.....0	.....0	.....0	.....0
	26. Total Bonds.....12,697,383,273	.....12,827,402,669	.....12,895,591,313	.....12,390,657,748
PREFERRED STOCKS				
Public Utilities (Unaffiliated)	27. United States.....1,970,000	.....1,970,000	.....2,000,000	
	28. Canada.....0	.....0	.....0	
	29. Other Countries.....0	.....0	.....0	
	30. Totals.....1,970,000	.....1,970,000	.....2,000,000	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....19,998,520	.....19,998,520	.....22,505,207	
	32. Canada.....0	.....0	.....0	
	33. Other Countries.....13,071,050	.....13,071,050	.....13,292,305	
	34. Totals.....33,069,570	.....33,069,570	.....35,797,512	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....4,536,590	.....4,536,590	.....5,075,922	
	36. Canada.....0	.....0	.....0	
	37. Other Countries.....1,860,960	.....1,860,960	.....2,000,000	
	38. Totals.....6,397,550	.....6,397,550	.....7,075,922	
Parent, Subsidiaries and Affiliates	39. Totals.....0	.....0	.....0	
	40. Total Preferred Stocks.....41,437,120	.....41,437,120	.....44,873,434	
COMMON STOCKS				
Public Utilities (Unaffiliated)	41. United States.....7,088,795	.....7,088,795	.....7,010,356	
	42. Canada.....0	.....0	.....0	
	43. Other Countries.....0	.....0	.....0	
	44. Totals.....7,088,795	.....7,088,795	.....7,010,356	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....7,052,930	.....7,052,930	.....7,472,818	
	46. Canada.....0	.....0	.....0	
	47. Other Countries.....0	.....0	.....0	
	48. Totals.....7,052,930	.....7,052,930	.....7,472,818	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....92,368,133	.....92,368,133	.....86,297,558	
	50. Canada.....0	.....0	.....0	
	51. Other Countries.....0	.....0	.....0	
	52. Totals.....92,368,133	.....92,368,133	.....86,297,558	
Parent, Subsidiaries and Affiliates	53. Totals.....3,228,535,982	.....3,228,535,982	.....2,970,277,159	
	54. Total Common Stocks.....3,335,045,840	.....3,335,045,840	.....3,071,057,891	
	55. Total Stocks.....3,376,482,960	.....3,376,482,960	.....3,115,931,325	
	56. Total Bonds and Stocks.....16,073,866,233	.....16,203,885,629	.....16,011,522,638	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	16,038,388,499	7. Amortization of premium.....	65,593,334
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	4,635,254,851	8. Foreign exchange adjustment:	
3. Accrual of discount.....	10,454,569	8.1 Column 15, Part 1.....	3,737,180
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	(10,704,244)	8.3 Column 16, Part 2, Section 2.....	0
4.2 Columns 15 - 17, Part 2, Section 1.....	(3,388,335)	8.4 Column 15, Part 4.....	(4,828,742)
4.3 Column 15, Part 2, Section 2.....	323,813,414	9. Book/adjusted carrying value at end of current period.....	16,073,866,233
4.4 Columns 11 - 13, Part 4.....	236,448	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	20,808,044	11. Subtotal (Lines 9 plus 10).....	16,073,866,233
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	4,874,312,119	12. Total nonadmitted amounts.....	3,163,243
		13. Statement value of bonds and stocks, current year.....	16,070,702,990

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.....	211,339	61,718	71,162	6,391	49,430	584	3,770	263,237	XXX.....
2. 1998.....	4,032,682	730,187	3,302,495	3,008,696	638,924	303,711	43,985	208,118	14,613	86,500	2,823,004	XXX.....
3. 1999.....	3,978,523	757,770	3,220,753	3,105,466	802,056	330,368	58,763	158,377	15,982	92,446	2,717,409	XXX.....
4. 2000.....	4,096,527	881,199	3,215,328	3,040,211	844,664	339,495	54,546	154,370	17,847	103,353	2,617,019	XXX.....
5. 2001.....	4,472,637	842,319	3,630,319	3,412,130	1,019,461	330,028	67,768	171,853	18,718	90,245	2,808,063	XXX.....
6. 2002.....	4,988,369	1,044,128	3,944,242	2,379,399	551,762	282,425	39,442	146,216	15,026	90,228	2,201,809	XXX.....
7. 2003.....	5,467,755	1,153,752	4,314,003	2,162,899	335,412	223,394	26,113	142,162	13,699	80,901	2,153,231	XXX.....
8. 2004.....	5,416,401	921,640	4,494,761	1,921,504	311,404	164,516	19,968	159,323	14,583	79,720	1,899,389	XXX.....
9. 2005.....	5,229,701	745,709	4,483,992	2,098,145	555,581	113,484	15,589	161,061	10,569	65,866	1,790,950	XXX.....
10. 2006.....	5,136,495	630,339	4,506,157	1,299,715	136,161	63,343	5,846	172,751	5,056	64,229	1,388,745	XXX.....
11. 2007.....	5,221,289	544,632	4,676,658	867,330	48,120	28,359	1,973	158,313	2,813	41,293	1,001,095	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	23,506,833	5,305,263	2,250,284	340,385	1,681,973	129,490	798,552	21,663,952	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.....	1,405,304	460,567	1,600,755	278,908	157,559	23,159	263,436	17,680	174,123	742	1,954	2,820,121	XXX.....
2. 1998.....	122,366	40,064	84,000	8,950	9,609	2,767	15,068	753	5,324	69	1,053	183,763	XXX.....
3. 1999.....	171,699	60,429	141,138	37,582	17,128	6,599	15,420	3,131	8,983	173	1,432	246,456	XXX.....
4. 2000.....	258,634	72,076	217,932	66,079	20,160	5,086	19,647	6,052	8,623	115	2,498	375,588	XXX.....
5. 2001.....	320,530	95,825	248,918	88,168	34,709	11,780	36,928	11,677	25,454	273	6,583	458,816	XXX.....
6. 2002.....	272,184	73,846	269,363	78,446	31,245	3,911	44,706	13,443	18,906	228	9,252	466,530	XXX.....
7. 2003.....	312,846	70,819	300,717	93,313	36,727	3,539	74,283	19,842	39,650	191	18,447	576,519	XXX.....
8. 2004.....	348,066	83,797	386,576	90,715	39,177	3,904	100,878	12,141	29,254	186	24,331	713,207	XXX.....
9. 2005.....	379,591	94,302	717,471	182,667	47,718	4,773	117,087	16,038	34,367	48	34,566	998,406	XXX.....
10. 2006.....	441,228	73,764	767,899	139,970	48,212	3,373	148,036	19,317	42,266	768	39,974	1,210,448	XXX.....
11. 2007.....	633,805	70,790	1,093,894	178,591	51,770	3,180	188,984	11,371	105,751	(1,185)	71,513	1,811,456	XXX.....
12. Totals.....	4,666,253	1,196,278	5,828,662	1,243,391	494,014	72,071	1,024,473	131,446	492,700	1,607	211,602	9,861,309	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.....	2,266,583	553,538
2. 1998.	3,756,891	750,124	3,006,767	93.2	102.7	91.0	0	0	24.79	157,351	26,412
3. 1999.	3,948,579	984,714	2,963,865	99.2	129.9	92.0	0	0	24.79	214,826	31,629
4. 2000.	4,059,072	1,066,465	2,992,607	99.1	121.0	93.1	0	0	24.79	338,411	37,177
5. 2001.	4,580,549	1,313,670	3,266,879	102.4	156.0	90.0	0	0	24.79	385,456	73,359
6. 2002.	3,444,443	776,104	2,668,339	69.0	74.3	67.7	0	0	24.79	389,255	77,275
7. 2003.	3,292,679	562,929	2,729,750	60.2	48.8	63.3	0	0	24.79	449,430	127,089
8. 2004.	3,149,295	536,699	2,612,595	58.1	58.2	58.1	0	0	24.79	560,130	153,077
9. 2005.	3,668,923	879,567	2,789,356	70.2	118.0	62.2	0	0	24.79	820,092	178,313
10. 2006.	2,983,449	384,255	2,599,193	58.1	61.0	57.7	0	0	24.79	995,392	215,055
11. 2007.	3,128,204	315,653	2,812,551	59.9	58.0	60.1	0	0	24.79	1,478,318	333,138
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	8,055,245	1,806,063

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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	One Year	Two Year
1. Prior.....	6,705,973	6,572,857	6,368,075	6,250,423	6,951,307	7,003,404	7,363,384	7,655,551	7,764,519	7,856,340	91,821	200,789
2. 1998....	2,578,107	2,549,095	2,598,261	2,665,021	2,702,929	2,729,012	2,759,610	2,781,214	2,799,288	2,812,299	13,010	31,084
3. 1999....	XXX	2,369,588	2,425,768	2,532,237	2,624,543	2,715,865	2,771,983	2,778,794	2,812,671	2,816,821	4,150	38,027
4. 2000....	XXX	XXX	2,335,215	2,435,369	2,500,549	2,648,026	2,790,302	2,820,268	2,858,870	2,853,239	(5,631)	32,971
5. 2001....	XXX	XXX	XXX	2,924,397	2,916,771	3,035,093	3,093,677	3,067,663	3,104,483	3,095,240	(9,242)	27,577
6. 2002....	XXX	XXX	XXX	XXX	2,604,841	2,392,922	2,476,681	2,526,495	2,541,747	2,530,133	(11,614)	3,638
7. 2003....	XXX	XXX	XXX	XXX	XXX	2,650,691	2,509,748	2,575,281	2,569,768	2,577,223	7,455	1,942
8. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	2,905,285	2,644,700	2,530,941	2,454,420	(76,521)	(190,280)
9. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,944,941	2,714,528	2,617,578	(96,950)	(327,363)
10. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,486,588	2,405,067	(81,521)	XXX
11. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,567,837	XXX	XXX
12. Totals.....											(165,041)	(181,613)

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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
1. Prior.....	000	1,169,359	2,067,162	2,768,971	3,369,086	3,999,357	4,306,224	4,616,184	4,888,240	5,102,631	XXX	XXX
2. 1998....	843,363	1,388,212	1,781,103	2,059,601	2,263,000	2,409,555	2,490,852	2,536,958	2,587,786	2,629,499	XXX	XXX
3. 1999....	XXX	819,481	1,404,217	1,817,932	2,139,426	2,304,522	2,403,176	2,485,167	2,537,317	2,575,015	XXX	XXX
4. 2000....	XXX	XXX	797,992	1,385,370	1,781,858	2,080,180	2,180,185	2,310,115	2,402,649	2,480,496	XXX	XXX
5. 2001....	XXX	XXX	XXX	846,120	1,513,029	1,942,323	2,239,703	2,458,947	2,576,562	2,654,929	XXX	XXX
6. 2002....	XXX	XXX	XXX	XXX	702,519	1,206,752	1,511,991	1,763,796	1,949,332	2,070,619	XXX	XXX
7. 2003....	XXX	XXX	XXX	XXX	XXX	753,712	1,302,981	1,652,306	1,860,582	2,024,767	XXX	XXX
8. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	747,718	1,295,803	1,558,044	1,754,649	XXX	XXX
9. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	805,540	1,409,034	1,640,459	XXX	XXX
10. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	775,041	1,221,051	XXX	XXX
11. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	845,595	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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior.....	3,631,779	2,902,690	2,296,484	1,812,089	1,977,655	1,580,249	1,656,032	1,722,870	1,627,630	1,577,317
2. 1998....	1,037,735	556,401	334,978	236,386	167,504	127,954	120,242	114,655	95,783	90,902
3. 1999....	XXX	895,444	404,685	188,153	80,562	174,255	143,657	101,112	119,683	117,662
4. 2000....	XXX	XXX	882,447	444,957	212,084	253,654	288,188	197,625	200,934	167,811
5. 2001....	XXX	XXX	XXX	1,332,690	715,022	501,798	329,143	220,651	220,889	190,174
6. 2002....	XXX	XXX	XXX	XXX	1,304,647	614,367	439,860	334,289	265,800	230,504
7. 2003....	XXX	XXX	XXX	XXX	XXX	1,315,916	658,395	465,828	331,735	273,052
8. 2004....	XXX	XXX	XXX	XXX	XXX	XXX	1,571,697	859,978	565,682	397,105
9. 2005....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,351,519	855,786	647,842
10. 2006....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,166,404	770,406
11. 2007....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,110,035

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES	21,058,138	22,955,671	99,512	20,138,458	10,914,094	90,651,258	18,133	613,232
2. Alaska.....AK	YES	5,214,504	6,304,089	13,991	3,603,502	3,223,533	13,224,413	730	110,354
3. Arizona.....AZ	YES	27,290,284	28,622,805	34,569	20,372,985	19,614,258	70,036,204	15,174	669,870
4. Arkansas.....AR	YES	9,175,951	9,710,282	144,298	5,216,144	2,730,295	29,321,607	6,072	251,829
5. California.....CA	YES	174,251,562	193,010,150	1,364,852	100,601,361	46,930,709	452,303,712	144,363	962,720
6. Colorado.....CO	YES	40,896,238	39,917,612	21,070	18,401,068	19,238,605	86,060,062	50,106	438,248
7. Connecticut.....CT	YES	18,715,471	20,432,718	50,674	22,886,218	32,844,776	113,994,369	38,316	217,237
8. Delaware.....DE	YES	4,097,643	4,118,722	11,575	8,573,547	15,052,620	18,409,889	2,025	174,767
9. District of Columbia.....DC	YES	5,339,950	5,676,075	22,138	4,029,531	8,338,096	32,704,316	2,940	8,460
10. Florida.....FL	YES	90,531,898	99,741,629	471,443	45,907,426	7,010,125	174,086,721	4,391	1,154,287
11. Georgia.....GA	YES	36,151,629	38,782,830	86,490	26,464,408	19,370,633	92,387,789	34,007	1,237,179
12. Hawaii.....HI	YES	3,381,510	3,123,478	41,664	4,838,387	1,094,906	11,385,831	211	214,488
13. Idaho.....ID	YES	3,422,483	3,610,502	13,050	1,997,174	1,713,172	8,214,643	4,537	65,026
14. Illinois.....IL	YES	80,959,302	84,096,615	86,971	108,095,955	58,805,904	391,453,520	43,289	2,046,673
15. Indiana.....IN	YES	19,196,423	20,901,646	21,353	18,318,453	25,575,244	64,500,860	6,821	451,118
16. Iowa.....IA	YES	13,357,006	12,487,435	49,905	5,906,499	4,314,047	40,027,494	7,799	137,786
17. Kansas.....KS	YES	18,857,647	18,658,109	24,369	5,592,853	9,145,549	47,218,025	7,700	183,650
18. Kentucky.....KY	YES	12,975,269	14,158,769	25,806	8,818,418	2,204,622	38,919,259	7,163	275,371
19. Louisiana.....LA	YES	64,229,600	64,218,125	134,103	52,097,695	(7,007,507)	163,135,505	38,362	40,856
20. Maine.....ME	YES	5,157,116	5,399,802	11,506	6,027,884	1,736,093	9,452,044	4,397	109,079
21. Maryland.....MD	YES	24,094,709	27,077,463	65,210	18,485,602	16,491,956	76,621,168	17,235	304,468
22. Massachusetts.....MA	YES	48,340,276	51,071,086	88,052	47,594,470	55,766,093	130,143,456	91,629	509,487
23. Michigan.....MI	YES	29,567,992	30,895,665	83,699	9,230,346	15,512,180	92,497,936	15,418	425,221
24. Minnesota.....MN	YES	40,763,438	43,199,564	128,355	17,912,537	32,514,118	164,280,522	18,623	807,235
25. Mississippi.....MS	YES	22,516,251	21,795,269	110,424	19,334,823	(9,028,449)	65,728,281	18,404	671,331
26. Missouri.....MO	YES	22,983,244	24,426,579	10,480	12,428,367	15,094,229	84,915,923	13,417	400,492
27. Montana.....MT	YES	7,159,069	7,273,872	51,149	6,071,497	2,859,038	26,224,502	11,913	44,708
28. Nebraska.....NE	YES	5,975,842	6,227,964	46,529	1,594,353	(890,310)	28,583,037	3,472	118,567
29. Nevada.....NV	YES	10,040,776	10,361,548	42,511	13,964,404	18,477,806	49,726,321	5,221	297,803
30. New Hampshire.....NH	YES	6,479,703	6,867,673	16,510	1,915,195	(2,829,277)	24,031,612	9,196	145,977
31. New Jersey.....NJ	YES	61,190,458	63,835,581	34,112	36,946,691	52,598,984	179,769,902	70,202	1,768,188
32. New Mexico.....NM	YES	33,820,050	34,120,388	91,776	13,824,002	22,953,207	40,072,963	21,593	99,112
33. New York.....NY	YES	156,175,500	163,668,193	189,312	94,273,423	78,866,588	479,205,497	215,297	3,648,605
34. North Carolina.....NC	YES	25,263,083	27,254,310	78,372	14,006,464	5,510,190	70,100,685	21,319	357,933
35. North Dakota.....ND	YES	8,538,833	7,833,516	28,210	1,148,630	3,323,075	8,006,894	3,231	78,293
36. Ohio.....OH	YES	37,645,633	38,982,884	3,487	32,676,210	41,498,490	107,097,292	14,864	827,084
37. Oklahoma.....OK	YES	19,956,696	19,647,657	109,917	6,609,935	6,334,291	37,287,336	1,740	376,252
38. Oregon.....OR	YES	13,869,990	14,006,683	5,836	8,054,405	5,532,915	24,973,760	13,964	197,344
39. Pennsylvania.....PA	YES	63,405,119	67,476,854	159,728	40,853,208	36,103,564	180,518,926	49,684	1,462,321
40. Rhode Island.....RI	YES	8,576,767	10,178,746	6,715	9,238,645	44,980,690	59,215,039	17,358	33,685
41. South Carolina.....SC	YES	11,134,785	11,897,939	45,194	8,128,429	4,380,011	35,434,845	10,136	359,452
42. South Dakota.....SD	YES	3,743,944	3,637,287	13,924	1,584,375	6,099,288	17,595,823	2,136	49,004
43. Tennessee.....TN	YES	15,522,730	16,108,916	70,543	17,703,609	(3,761,300)	52,312,881	13,754	632,458
44. Texas.....TX	YES	163,139,719	161,743,524	134,922	95,311,129	65,838,157	394,928,766	126,906	5,023,745
45. Utah.....UT	YES	20,823,970	19,273,956	17,877	7,799,808	6,522,533	37,522,827	23,919	232,821
46. Vermont.....VT	YES	5,444,049	2,768,931	11,826	1,039,084	1,673,749	9,176,890	6,099	3,293,738
47. Virginia.....VA	YES	33,478,602	34,604,098	52,597	16,125,935	17,657,817	73,440,038	33,678	227,741
48. Washington.....WA	YES	63,157,583	64,093,053	10,193	27,040,740	38,293,173	104,887,345	65,471	5,803,633
49. West Virginia.....WV	YES	13,536,412	14,746,072	19,644	8,832,720	4,725,011	30,547,203	6,819	106,673
50. Wisconsin.....WI	YES	26,391,305	27,031,160	152,271	16,611,494	11,834,982	78,668,697	6,545	421,156
51. Wyoming.....WY	YES	27,234,095	25,404,343	11,262	3,309,235	7,825,012	22,558,013	17,122	79,618
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	YES	(130,910)	(130,910)	0	0	1,439	17,243	0	0
54. Puerto Rico.....PR	YES	906,535	1,682,044	0	1,152,235	14,362	7,697,956	3	0
55. US Virgin Islands.....VI	YES	711,859	715,361	0	107,784	345,033	911,390	0	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0	0	0
57. Canada.....CN	YES	280,260,942	271,864,221	0	99,951,344	92,223,395	383,399,796	0	0
58. Aggregate Other Alien.....OT	XXX	79,431,254	80,805,601	0	18,444,704	36,635,206	76,100,734	0	0
59. Totals.....	(a) 54	2,045,409,927	2,108,374,154	4,619,979	1,217,193,800	1,014,827,021	5,201,689,021	1,382,905	38,166,375

DETAILS OF WRITE-INS

5801. Other Alien Combined.....	XXX	79,130,435	80,487,833	0	18,444,214	36,624,982	75,999,082	0	0
5802. Bahama Islands.....	XXX	300,819	317,768	0	490	10,224	101,652	0	0
5803.....	XXX	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	79,431,254	80,805,601	0	18,444,704	36,635,206	76,100,734	0	0

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

FIRE; ALLIED LINES; FARMOWNERS MULTI PERIL; HOMEOWNERS MULTI PERIL; COMMERCIAL MULTI PERIL; EARTHQUAKE; BURGLARY & THEFT; BOILER & MACHINERY-LOCATION OF PROPERTY INSURED; OCEAN MARINE-LOCATION WHERE CONTRACT OF INSURANCE IS NEGOTIATED, EXCEPT BUILDERS RISKS WHICH ARE ALLOCATED ON LOCATIONS OF RISK; INLAND MARINE-ADDRESS OF INSURED OR STATE OF PRINCIPAL EXPOSURE, BRIDGES & TUNNELS-LOCATION OF PROPERTY; FINANCIAL GUARANTY; GROUP ACCIDENT & HEALTH; OTHER ACCIDENT & HEALTH; CREDIT-LOCATION OF INSURED; MEDICAL MALPRACTICE; WORKERS COMPENSATION; OTHER LIABILITY; PRODUCTS LIABILITY-LOCATION OF RISK; AUTO LIABILITY; AUTO PHYSICAL DAMAGE-LOCATION OF PRINCIPAL GARAGE OF INSURED; AIRCRAFT (ALL PERILS)-LOCATION OF AIRPORT FROM WHICH INSURED AIRCRAFT PRINCIPALLY OPERATE; FIDELITY-FORGERY-LOCATION OF INSURED, PUBLIC & FEDERAL OFFICIAL-LOCATION OF OFFICIAL, ALL OTHER FIDELITY-LOCATION OF EMPLOYER; SURETY-CONSTRUCTION CONTRACT-LOCATION OF WORK, SUPPLY CONTRACTS-LOCATION OF CONTRACTOR, JUDICIAL-LOCATION OF COURT, LICENSE-LOCATION OF OBLIGEE; ALL OTHER-LOCATION OF PRINCIPAL.

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

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART**

The Travelers Companies, Inc.	Minnesota	41-0518860	... .. Travelers Personal Security Insurance Company (36145) *	Connecticut	06-1286264
... St. Paul Fire and Marine Insurance Company (24767) *	Minnesota	41-0406690	... .. Travelers Property Casualty Insurance Company (36161) *	Connecticut	06-1286274
... .. St. Paul Mercury Insurance Company (24791) *	Minnesota	41-0881659	... .. Travelers Personal Insurance Company (38130) *	Connecticut	36-3703200
... .. St. Paul Guardian Insurance Company (24775) *	Minnesota	41-0963301	... .. Travelers (Bermuda) Limited *	Bermuda	98-0190863
... .. St. Paul Fire and Casualty Insurance Company (40967) *	Wisconsin	41-1419276	... .. Travelers Casualty and Surety Company (19038) *	Connecticut	06-6033504
... .. Seaboard Surety Company (22535)*	New York	13-5379820	... .. Farmington Casualty Company (41483) *	Connecticut	06-1067463
... .. St. Paul Surplus Lines Insurance Company (30481) *	Delaware	41-1230819	... .. Travelers Guarantee Company of Canada*	Canada	
... .. Athena Assurance Company (41769) *	Minnesota	41-1435765	... .. Coronation Insurance Company, Ltd. *	Canada	
... .. St. Paul Medical Liability Insurance Company (41750) *	Minnesota	41-1435766	... .. TCS European Investments Inc.	Connecticut	06-1549972
... .. Northbrook Holdings, Inc.	Delaware	51-0375653	... .. TCS International Investments	Cayman Islands	52-2138487
... .. Discover Property & Casualty Insurance Company (36463) *	Illinois	36-2999370	... .. Travelers Casualty and Surety Company of America (31194) *	Connecticut	06-0907370
... .. St. Paul Protective Insurance Company (19224) *	Illinois	36-2542404	... .. Travelers Casualty Insurance Company of America (19046) *	Connecticut	06-0876835
... .. Discover Specialty Insurance Company (10213) *	Illinois	52-1925132	... .. Travelers Casualty Company of Connecticut (36170) *	Connecticut	06-1286266
... .. Unionamerica Holdings, Ltd.	United Kingdom		... .. Travelers Commercial Insurance Company (36137) *	Connecticut	06-1286268
... .. Unionamerica Acquisition Company, Ltd.	United Kingdom		... .. Travelers Excess and Surplus Lines Company (29696) *	Connecticut	06-1203698
... .. St. Paul Reinsurance Company Limited *	United Kingdom		... .. Travelers Lloyds of Texas Insurance Company (41564) *	Texas	75-1732040
... .. Unionamerica Insurance Company, Ltd. (71%) *	United Kingdom		... .. Travelers PC Fund Investments, Inc.	Connecticut	06-1514468
... .. Unionamerica Insurance Company, Ltd. (29%) *	United Kingdom		... .. The Travelers Indemnity Company (25658) *	Connecticut	06-0566050
... .. Unionamerica Combined Investment Co., Ltd.	United Kingdom		... .. The Charter Oak Fire Insurance Company (25615) *	Connecticut	06-0291290
... .. Jago Dedicated, Ltd. (88.9%)	United Kingdom		... .. First Floridian Auto and Home Insurance Company (10647) *	Florida	59-3372141
... .. Jago Capital Limited	United Kingdom		... .. First Trenton Indemnity Company (29930) *	New Jersey	22-3129711
... .. Lloyds Syndicate 205 *	United Kingdom		... .. Travelers Auto Insurance Co. of New Jersey (10785) *	New Jersey	22-3499393
... .. MMedica Insurance Company, Ltd. *	Ireland		... .. Atlantic Insurance Company (22209) *	Texas	75-6013587
... .. Captiva, Ltd. (81.1%)*	Bermuda	98-0170615	... .. Gulf Underwriters Insurance Company (42811) *	Connecticut	56-1371361
... .. United States Fidelity and Guaranty Company (25887) *	Maryland	52-0515280	... .. Select Insurance Company (22233) *	Texas	75-6013697
... .. Fidelity and Guaranty Insurance Underwriters, Inc. (25879) *	Wisconsin	52-0616768	... .. Gulf Insurance Holdings U.K. Ltd.	United Kingdom	
... .. Fidelity and Guaranty Insurance Company (35386) *	Iowa	42-1091525	... .. Gulf Underwriting Holdings Limited	United Kingdom	
... .. Discover Re Managers, Inc.	Delaware	06-1288492	... .. Gulf Underwriting Limited *	United Kingdom	
... .. MMI Capital Trust I	Delaware	52-2073764	... .. Travelers Casualty and Surety Company of Europe, Limited *	United Kingdom	
... .. USF&G Capital I	Delaware	52-1953822	... .. The Northland Company	Minnesota	41-0588627
... .. USF&G Capital II	Delaware	52-1953824	... .. Commercial Guaranty Casualty Insurance Company (21296) *	Indiana	35-0293730
... .. USF&G Capital III	Delaware	52-2044075	... .. Commercial Guaranty Insurance Company (38385) *	Delaware	75-1679830
... .. USF&G Financial Services Corporation	Maryland	52-1386957	... .. Jupiter Holdings, Inc.	Minnesota	41-1769846
... .. Mountain Ridge Insurance Company (10950) *	Vermont	52-1957776	... .. American Equity Insurance Company (43117) *	Arizona	86-0703220
... .. St. Paul Bermuda Holdings, Inc.	Delaware	41-1835264	... .. American Equity Specialty Insurance Company (10819) *	Connecticut	86-0868106
... .. St. Paul (Bermuda), Ltd. *	Bermuda	98-0162036	... .. Northland Insurance Company (24015) *	Minnesota	41-6009967
... .. St. Paul Re (Bermuda), Ltd. *	Bermuda	98-0114704	... .. Northfield Insurance Company (27987) *	Iowa	41-0983992
... .. St. Paul Travelers Insurance Company Limited *	United Kingdom		... .. Northland Casualty Company (24031) *	Minnesota	94-6051964
... .. F&G U.K. Underwriters Limited	United Kingdom		... .. Travelers Indemnity UK Investments, LLC	Connecticut	06-1591454
... .. Lloyds Syndicate 5000 (40%) *	United Kingdom		... .. The Phoenix Insurance Company (25623) *	Connecticut	06-0303275
... .. Aprilgrange Limited	United Kingdom		... .. The Travelers Indemnity Company of America (25666) *	Connecticut	58-6020487
... .. Lloyds Syndicate 5000 (60%) *	United Kingdom		... .. The Travelers Indemnity Company of Connecticut (25682) *	Connecticut	06-0336212
... .. Travelers Property Casualty Corp.	Connecticut	06-1008174	... .. Travelers Property Casualty Company of America (25674) *	Connecticut	36-2719165
... .. Travelers Insurance Group Holdings Inc.	Delaware	06-1445591	... .. Constitution State Services, LLC	Delaware	06-1501229
... .. TPC Investments Inc.	Connecticut	06-1534005	... .. The Premier Insurance Company of Massachusetts (12850) *	Massachusetts	04-3175569
... .. TPC UK Investments LLC	Delaware	06-1534005	... .. TINDY RE Investments, Inc.	Connecticut	06-1575463
... .. The Standard Fire Insurance Company (19070) *	Connecticut	06-6033509	... .. TINDY Foreign, Inc.	Connecticut	20-4403403
... .. AE Properties, Inc.	California	95-2798160	... .. TravCo Insurance Company (28188) *	Connecticut	35-1838077
... .. Travelers ALPHA Holdings, Inc.	Connecticut	06-1531058	... .. Travelers Commercial Casualty Company (40282) *	Connecticut	95-3634110
... .. The Automobile Insurance Company of Hartford, Connecticut (19062) *	Connecticut	06-0848755	... .. The Travelers Home and Marine Insurance Company (27998) *	Connecticut	35-1838079
			... .. The Travelers Lloyds Insurance Company (41262) *	Texas	76-0002592
			... .. The Travelers Marine Corporation	California	94-0338230

Notes:

* Denotes affiliated insurer

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

2007 ALPHABETICAL INDEX
 (http://www.naic.org/committees_e_app_blanks.htm)
PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

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