



ANNUAL STATEMENT
For the Year Ended December 31, 2007
OF THE CONDITION AND AFFAIRS OF
THE TRAVELERS
INDEMNITY COMPANY

NAIC Group Code 3548 3548 NAIC Company Code 25658 Employer's ID Number 06-0566050
(Current Period) (Prior Period)

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

INCORPORATED/ORGANIZED, MARCH 25, 1903 COMMENCED BUSINESS, MAY 12, 1906

Statutory Home Office: One Tower Square, Hartford, CT 06183
Main Administrative Office: One Tower Square, Hartford, CT 06183 (860) 277-0111
Mail Address: One Tower Square, Hartford, CT 06183-6014
Primary Location of Books and Records: One Tower Square, Hartford, CT 06183 (860) 277-0111
Internet Website Address: travelers.com
Statutory Statement Contact: Michael J. Doody (860) 277-3966
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(E-Mail Address) (Fax Number)

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Lists 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, William Patrick Hannon, Joseph Patrick Lacher, Jr, Samuel Gersten Liss, Maria Olivo, Doreen Spadorcia, Kenneth Franklin Spence, III, Bruce Allen Backberg, Douglas Keith Bell, Wade Thomas Overgaard, Douglas Kenneth Russell, and Scott William Rynda.

DIRECTORS

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

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.

Signatures of Brian W. MacLean, Bruce A. Backberg, and Douglas K. Russell with their respective titles: President, Secretary, and Controller.

Subscribed and sworn to before me this

29th day of January, 2008

Notary Public signature and name: Sandra M. Bachina

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	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	12,825,697,327	0	12,825,697,327	12,626,490,318
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	146,050,982	0	146,050,982	176,798,912
2.2 Common stocks.....	3,724,418,967	45,117,532	3,679,301,435	3,628,818,456
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	38,176,054	0	38,176,054	41,944,236
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).....	177,780,509	0	177,780,509	147,268,439
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$....(490,987,369), Sch. E-Part 1), cash equivalents (\$.....0, Sch. E-Part 2) and short-term investments (\$....602,692,969, Sch. DA).....	111,705,600	0	111,705,600	(159,890,170)
6. Contract loans (including \$.....0 premium notes).....	2,775,494	2,775,494	0	0
7. Other invested assets (Schedule BA).....	877,595,327	19,689,649	857,905,678	838,371,174
8. Receivables for securities.....	360,578	0	360,578	2,577,185
9. Aggregate write-ins for invested assets.....	(904,034)	0	(904,034)	(56,283)
10. Subtotals, cash and invested assets (Lines 1 to 9).....	17,903,656,805	67,582,676	17,836,074,129	17,302,322,268
11. Title plants less \$.....0 charged off (for Title insurers only).....	0	0	0	0
12. Investment income due and accrued.....	161,992,949	0	161,992,949	157,739,793
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection.....	271,278,739	32,044,340	239,234,399	220,368,385
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$....20,751,263 earned but unbilled premiums).....	935,274,930	11,703,376	923,571,554	1,174,244,428
13.3 Accrued retrospective premiums.....	53,811,075	912,377	52,898,698	140,385,073
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	956,973,739	0	956,973,739	1,250,955,724
14.2 Funds held by or deposited with reinsured companies.....	12,355,589	0	12,355,589	13,042,929
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.....	12,411,590	0	12,411,590	0
16.2 Net deferred tax asset.....	753,271,664	471,867,713	281,403,951	264,222,130
17. Guaranty funds receivable or on deposit.....	10,041,444	0	10,041,444	11,313,704
18. Electronic data processing equipment and software.....	55,484,083	398,179	55,085,904	57,762,096
19. Furniture and equipment, including health care delivery assets (\$.....0).....	171,148,432	171,148,432	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.....	444,920,816	0	444,920,816	300,751,149
22. Health care (\$.....0) and other amounts receivable.....	0	0	0	0
23. Aggregate write-ins for other than invested assets.....	879,806,167	582,424,282	297,381,886	366,206,063
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	22,622,428,022	1,338,081,374	21,284,346,648	21,259,313,742
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. TOTALS (Lines 24 and 25).....	22,622,428,022	1,338,081,374	21,284,346,648	21,259,313,742

DETAILS OF WRITE-INS

0901. Investments in process.....	0	0	0	(56,283)
0902. Deferred gain intercompany investment transfer.....	(904,034)	0	(904,034)	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).....	(904,034)	0	(904,034)	(56,283)
2301. COLI supplemental benefits trust.....	115,874,926	0	115,874,926	111,758,390
2302. Other assets.....	61,420,090	0	61,420,090	(150,000)
2303. Equities and deposits in pools and associations.....	58,124,282	0	58,124,282	59,769,716
2398. Summary of remaining write-ins for Line 23 from overflow page.....	644,386,869	582,424,282	61,962,588	194,827,957
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	879,806,167	582,424,282	297,381,886	366,206,063

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	7,257,418,346	7,412,886,753
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	5,477,634	4,909,693
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,582,247,145	1,536,806,218
4. Commissions payable, contingent commissions and other similar charges.....	142,492,292	128,442,909
5. Other expenses (excluding taxes, licenses and fees).....	123,887,931	108,670,753
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	106,891,620	100,658,024
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	0	32,856,383
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 \$.....7,074,011,466 and including warranty reserves of \$.....0).....	1,875,314,505	1,805,625,440
10. Advance premiums.....	50,811,744	51,243,948
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	7,141,139	4,819,599
12. Ceded reinsurance premiums payable (net of ceding commissions).....	123,730,320	240,480,659
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	274,342,864	299,516,994
14. Amounts withheld or retained by company for account of others.....	880,587,963	758,858,845
15. Remittances and items not allocated.....	108,170,846	229,414,695
16. Provision for reinsurance (Schedule F, Part 7).....	324,076,676	535,039,564
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	(333,537)
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Payable for securities.....	4,678,710	55,256,080
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.....	(53,566,733)	(8,294,909)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	12,813,703,001	13,296,858,112
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	12,813,703,001	13,296,858,112
27. Aggregate write-ins for special surplus funds.....	90,260,004	21,795,940
28. Common capital stock.....	10,770,000	10,770,000
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.....	4,284,442,950	4,232,920,577
33. Unassigned funds (surplus).....	4,085,170,693	3,696,969,113
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).....	8,470,643,647	7,962,455,630
36. TOTALS (Page 2, Line 26, Col. 3).....	21,284,346,648	21,259,313,742

DETAILS OF WRITE-INS

2301. Interest deposit liability.....	6,178,243	0
2302. Retroactive reinsurance reserve assumed.....	5,818,571	576,658
2303. Deposit asset payable.....	3,869,493	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	(69,433,040)	(8,871,567)
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	(53,566,733)	(8,294,909)
2701. Special surplus from retroactive reinsurance.....	90,260,004	21,795,940
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	90,260,004	21,795,940
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).....	4,164,944,925	3,926,529,651
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	1,951,295,426	1,857,791,766
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	504,123,738	482,917,694
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,263,146,470	1,092,423,274
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	3,718,565,634	3,433,132,734
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	446,379,291	493,396,917
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,348,659,374	1,114,448,258
10. Net realized capital gains (losses) less capital gains tax of \$.....15,246,635 (Exhibit of Capital Gains (Losses)).....	(23,152,781)	28,188,524
11. Net investment gain (loss) (Lines 9 + 10).....	1,325,506,593	1,142,636,782
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....20,240,685 amount charged off \$.....28,979,388).....	(8,738,702)	(5,272,673)
13. Finance and service charges not included in premiums.....	20,873,694	19,188,338
14. Aggregate write-ins for miscellaneous income.....	(10,250,014)	(34,871,693)
15. Total other income (Lines 12 through 14).....	1,884,978	(20,956,028)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	1,773,770,862	1,615,077,671
17. Dividends to policyholders.....	5,418,654	3,407,236
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).....	1,768,352,209	1,611,670,435
19. Federal and foreign income taxes incurred.....	283,835,911	245,477,734
20. Net income (Line 18 minus Line 19) (to Line 22).....	1,484,516,298	1,366,192,701
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	7,962,455,630	5,940,309,885
22. Net income (from Line 20).....	1,484,516,298	1,366,192,701
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....3,462,934.....	108,826,018	401,361,552
25. Change in net unrealized foreign exchange capital gain (loss).....	1,899,709	20,442,408
26. Change in net deferred income tax.....	95,148,432	(150,339)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3).....	(479,315,894)	(210,271,757)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	210,962,888	14,997,029
29. Change in surplus notes.....	0	(130,000,000)
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	770,000
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	51,522,373	678,804,151
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.....	(965,000,000)	(120,000,000)
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.....	(371,807)	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	508,188,017	2,022,145,745
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35).....	8,470,643,647	7,962,455,630
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.....	6,901,126	2,321,732
1402. Change in COLI cash values.....	4,587,126	5,176,897
1403. Fines and penalties of regulatory authorities.....	(407,257)	(16,187,013)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(21,331,009)	(26,183,308)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(10,250,014)	(34,871,693)
3701. Prior period adjustment.....	(371,807)	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	(371,807)	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	4,440,657,694	3,966,935,288
2. Net investment income.....	1,402,558,605	1,136,776,970
3. Miscellaneous income.....	1,884,978	(22,168,516)
4. Total (Lines 1 through 3).....	5,845,101,277	5,081,543,742
5. Benefit and loss related payments.....	1,811,526,568	2,003,546,297
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,689,022,534	1,591,824,763
8. Dividends paid to policyholders.....	3,097,114	4,199,561
9. Federal and foreign income taxes paid (recovered) net of \$..... 43,926,280 tax on capital gains (losses).....	344,350,519	360,477,090
10. Total (Lines 5 through 9).....	3,847,996,735	3,960,047,711
11. Net cash from operations (Line 4 minus Line 10).....	1,997,104,542	1,121,496,031
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,010,064,619	2,403,014,935
12.2 Stocks.....	144,251,469	81,880,186
12.3 Mortgage loans.....	3,768,182	47,802,730
12.4 Real estate.....	4,791,195	2,615,436
12.5 Other invested assets.....	90,848,046	185,673,431
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(49,207)	(1,986)
12.7 Miscellaneous proceeds.....	3,912,110	115,393,204
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	2,257,586,414	2,836,377,936
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,269,028,856	3,846,465,675
13.2 Stocks.....	140,299,777	107,965,216
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	39,582,828	2,285,568
13.5 Other invested assets.....	63,609,688	111,053,127
13.6 Miscellaneous applications.....	51,425,122	25,745,940
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,563,946,271	4,093,515,526
14. Net increase (decrease) in contract loans and premium notes.....	(682,177)	(815,792)
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(305,677,679)	(1,256,321,798)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	(130,000,000)
16.2 Capital and paid in surplus, less treasury stock.....	51,522,372	160,914,839
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.....	965,000,000	120,000,000
16.6 Other cash provided (applied).....	(506,353,465)	(159,983,463)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(1,419,831,093)	(249,068,624)
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).....	271,595,770	(383,894,391)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(159,890,170)	224,004,221
19.2 End of year (Line 18 plus Line 19.1).....	111,705,600	(159,890,170)
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001 Security moved from Bond to Stock on Schedule D.....	0	287,786
20.0002 Made capital contributions in lieu of receipt of cash for sale of subsidiaries	0	18,416,126
20.0003 Intercompany transactions.....	(139,353,900)	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	130,440,686	54,566,027	56,714,401	128,292,312
2. Allied lines.....	113,241,791	44,766,057	48,833,011	109,174,837
3. Farmowners multiple peril.....	27,858,452	11,035,865	13,213,024	25,681,293
4. Homeowners multiple peril.....	612,539,953	288,143,243	319,744,755	580,938,441
5. Commercial multiple peril.....	697,660,680	311,043,793	316,917,166	691,787,306
6. Mortgage guaranty.....	0	0	0	0
8. Ocean marine.....	65,811,002	24,202,256	24,564,586	65,448,672
9. Inland marine.....	206,623,539	72,505,272	81,710,388	197,418,423
10. Financial guaranty.....	0	0	0	0
11.1 Medical malpractice - occurrence.....	(8,643)	7,357	4,739	(6,025)
11.2 Medical malpractice - claims-made.....	11,444	322,117	245,828	87,733
12. Earthquake.....	18,513,226	7,645,300	8,594,861	17,563,666
13. Group accident and health.....	93,789	176,338	137,186	132,941
14. Credit accident and health (group and individual).....	0	0	0	0
15. Other accident and health.....	523,037	329,840	312,021	540,856
16. Workers' compensation.....	510,134,485	214,868,429	201,513,486	523,489,428
17.1 Other liability - occurrence.....	418,626,076	171,146,731	172,567,580	417,205,227
17.2 Other liability - claims-made.....	154,978,286	89,684,241	87,992,849	156,669,678
18.1 Products liability - occurrence.....	31,573,166	10,079,924	11,706,832	29,946,258
18.2 Products liability - claims-made.....	3,934,104	1,504,924	1,826,382	3,612,646
19.1, 19.2 Private passenger auto liability.....	415,434,544	139,359,142	142,859,577	411,934,108
19.3, 19.4 Commercial auto liability.....	374,614,042	160,571,872	164,228,104	370,957,810
21. Auto physical damage.....	377,237,145	119,039,957	135,105,973	361,171,129
22. Aircraft (all perils).....	(716,210)	123,323	(699,934)	107,047
23. Fidelity.....	17,251,085	11,734,785	12,431,162	16,554,708
24. Surety.....	(5,966,264)	4,781,806	39,388	(1,223,846)
26. Burglary and theft.....	1,126,401	1,095,117	860,504	1,361,014
27. Boiler and machinery.....	41,968,297	17,638,761	18,307,056	41,300,003
28. Credit.....	26,881	43,994	20,494	50,381
29. International.....	2,089,083	181,606	1,592,834	677,855
30. Reinsurance - nonproportional assumed property.....	4,055,377	(168,189)	(128,619)	4,015,806
31. Reinsurance - nonproportional assumed liability.....	9,121,796	3,613,291	3,428,166	9,306,921
32. Reinsurance - nonproportional assumed financial lines.....	987,524	100,668	341,107	747,085
33. Aggregate write-ins for other lines of business.....	4,851	0	3,638	1,213
34. TOTALS.....	4,229,789,624	1,760,143,846	1,824,988,544	4,164,944,925

DETAILS OF WRITE-INS

3301. Auto Warranty.....	0	0	0	0
3302. Tribal Workers Compensation.....	4,851	0	3,638	1,213
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).....	4,851	0	3,638	1,213

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.....	38,292,035	18,626,376	(204,011)	.0	56,714,401
2.	Allied lines.....	38,169,657	10,663,777	(423)	.0	48,833,011
3.	Farmowners multiple peril.....	13,303,115	(90,085)	(7)	.0	13,213,024
4.	Homeowners multiple peril.....	320,516,129	(771,374)	0	.0	319,744,755
5.	Commercial multiple peril.....	316,714,278	2,561,475	(2,348,767)	(9,820)	316,917,166
6.	Mortgage guaranty.....	0	0	0	.0	0
8.	Ocean marine.....	9,858,710	16,701,131	(1,995,254)	.0	24,564,586
9.	Inland marine.....	52,154,158	31,722,081	(2,165,851)	.0	81,710,388
10.	Financial guaranty.....	0	0	0	.0	0
11.1	Medical malpractice - occurrence.....	4,739	0	0	.0	4,739
11.2	Medical malpractice - claims-made.....	684	0	(6)	245,149	245,828
12.	Earthquake.....	7,903,584	691,277	0	.0	8,594,861
13.	Group accident and health.....	137,186	0	0	.0	137,186
14.	Credit accident and health (group and individual).....	0	0	0	.0	0
15.	Other accident and health.....	17,041	295,072	(92)	.0	312,021
16.	Workers' compensation.....	232,518,810	(73,996)	(5,018,832)	(25,912,496)	201,513,486
17.1	Other liability - occurrence.....	110,555,687	69,618,751	(4,386,714)	(3,220,144)	172,567,580
17.2	Other liability - claims-made.....	(9,894,618)	98,322,110	(434,643)	.0	87,992,849
18.1	Products liability - occurrence.....	4,579,673	7,698,136	(356,942)	(214,035)	11,706,832
18.2	Products liability - claims-made.....	4,420	1,822,429	(467)	.0	1,826,382
19.1, 19.2	Private passenger auto liability.....	142,854,409	5,169	0	(0)	142,859,577
19.3, 19.4	Commercial auto liability.....	115,691,296	49,703,463	(668,602)	(498,054)	164,228,104
21.	Auto physical damage.....	116,778,112	18,338,637	(45,477)	34,702	135,105,973
22.	Aircraft (all perils).....	(858,702)	158,769	0	.0	(699,934)
23.	Fidelity.....	(162,873)	12,594,036	0	.0	12,431,162
24.	Surety.....	(2,750)	3,167,314	(3,125,176)	.0	39,388
26.	Burglary and theft.....	88,513	771,991	0	.0	860,504
27.	Boiler and machinery.....	16,540,686	1,766,370	0	.0	18,307,056
28.	Credit.....	20,494	0	0	.0	20,494
29.	International.....	1,592,834	0	0	.0	1,592,834
30.	Reinsurance - nonproportional assumed property.....	(129,011)	392	0	.0	(128,619)
31.	Reinsurance - nonproportional assumed liability.....	451,951	2,976,214	0	.0	3,428,166
32.	Reinsurance - nonproportional assumed financial lines.....	(11,598)	352,705	0	.0	341,107
33.	Aggregate write-ins for other lines of business.....	0	3,638	0	.0	3,638
34.	TOTALS.....	1,527,688,647	347,625,857	(20,751,263)	(29,574,697)	1,824,988,544
35.	Accrued retrospective premiums based on experience.....					29,574,697
36.	Earned but unbilled premiums.....					20,751,263
37.	Balance (sum of Lines 34 through 36).....					1,875,314,504

DETAILS OF WRITE-INS

3301.	Tribal Workers Compensation.....	0	3,638	0	.0	3,638
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	3,638	0	.0	3,638

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	162,181,738	553,675,613	13,313,389	415,497,853	183,232,202	130,440,686
2. Allied lines.....	118,213,700	570,289,331	9,355,884	362,750,827	221,866,297	113,241,791
3. Farmowners multiple peril.....	20,019,401	98,103,794	0	89,896,357	368,386	27,858,452
4. Homeowners multiple peril.....	68,485,386	2,586,072,824	0	1,968,934,558	73,083,699	612,539,953
5. Commercial multiple peril.....	263,488,774	2,917,002,972	0	2,242,107,891	240,723,175	697,660,680
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	3,598	304,728,012	4,795	212,679,965	26,245,438	65,811,002
9. Inland marine.....	37,012,144	884,192,885	4,679,890	650,317,028	68,944,353	206,623,539
10. Financial guaranty.....	283,428	1,281,301	27,525	0	1,592,254	0
11.1 Medical malpractice - occurrence.....	0	(28,785)	0	(29,708)	9,566	(8,643)
11.2 Medical malpractice - claims-made.....	1,778	(129,058)	0	(16,617)	(122,107)	11,444
12. Earthquake.....	28,342,101	62,166,619	3,024,956	59,689,248	15,331,202	18,513,226
13. Group accident and health.....	0	93,789	0	0	0	93,789
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	(618)	523,655	0	0	0	523,037
16. Workers' compensation.....	534,885,352	2,273,520,629	71,613,572	1,790,586,265	579,298,803	510,134,485
17.1 Other liability - occurrence.....	303,799,903	1,824,927,279	0	1,396,823,397	313,277,708	418,626,076
17.2 Other liability - claims-made.....	995,916	792,458,884	9,316	496,725,106	141,760,724	154,978,286
18.1 Products liability - occurrence.....	5,156,093	126,260,384	0	98,011,713	1,831,598	31,573,166
18.2 Products liability - claims-made.....	(2,024)	16,750,376	0	12,701,035	113,213	3,934,104
19.1, 19.2 Private passenger auto liability.....	79,482,970	1,711,584,339	13,747,988	1,373,712,239	15,668,514	415,434,544
19.3, 19.4 Commercial auto liability.....	121,951,906	1,568,058,282	20,363,023	1,193,867,931	141,891,237	374,614,042
21. Auto physical damage.....	69,348,673	1,517,658,277	3,070,795	1,187,731,958	25,108,642	377,237,145
22. Aircraft (all perils).....	13,722	979,745	0	(2,379,765)	4,089,441	(716,210)
23. Fidelity.....	121,325	76,287,256	0	54,841,503	4,315,994	17,251,085
24. Surety.....	3,906,519	27,901,482	1,000,350	(23,048,871)	61,823,486	(5,966,264)
26. Burglary and theft.....	16,059	6,053,848	0	4,822,035	121,471	1,126,401
27. Boiler and machinery.....	11,569,273	115,446,617	59,758,636	135,247,286	9,558,942	41,968,297
28. Credit.....	0	107,999	0	81,119	0	26,881
29. International.....	0	8,939,249	0	6,850,167	0	2,089,083
30. Reinsurance - nonproportional assumed property.....	XXX	14,532,765	4,155,765	13,386,709	1,246,445	4,055,377
31. Reinsurance - nonproportional assumed liability.....	XXX	31,892,003	3,139,229	29,451,230	(3,541,795)	9,121,796
32. Reinsurance - nonproportional assumed financial lines.....	XXX	4,223,147	0	3,235,623	0	987,524
33. Aggregate write-ins for other lines of business.....	0	20,827	0	15,976	0	4,851
34. TOTALS.....	1,829,277,117	18,095,576,343	207,265,113	13,774,490,059	2,127,838,890	4,229,789,624

DETAILS OF WRITE-INS

3301. Tribal Workers Compensation.....	0	20,827	0	15,976	0	4,851
3302.	0	0	0	0	0	0
3303.	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	20,827	0	15,976	0	4,851

(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.....	92,019,794	257,272,778	289,627,932	59,664,639	71,454,041	62,765,449	68,353,232	53.3
2. Allied lines.....	368,111,853	282,941,217	611,146,282	39,906,789	57,670,768	60,309,783	37,267,773	34.1
3. Farmowners multiple peril.....	6,666,691	36,773,561	33,629,594	9,810,658	6,979,019	6,156,770	10,632,907	41.4
4. Homeowners multiple peril.....	25,939,542	948,605,412	767,006,945	207,538,009	154,835,528	128,674,192	233,699,346	40.2
5. Commercial multiple peril.....	116,469,949	1,096,645,146	997,649,467	215,465,629	657,054,258	663,736,750	208,783,136	30.2
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	(30,548)	138,066,866	112,469,032	25,567,286	43,078,937	32,849,316	35,796,907	54.7
9. Inland marine.....	10,252,206	321,154,876	245,430,537	85,976,546	59,978,691	107,783,901	38,171,335	19.3
10. Financial guaranty.....	0	0	(518)	518	84,611	23,921	61,208	0.0
11.1 Medical malpractice - occurrence.....	0	57,350,328	47,182,004	10,168,324	32,336,803	42,754,136	(249,009)	4,133.1
11.2 Medical malpractice - claims-made.....	5,393,572	131,755,502	113,887,525	23,261,549	49,713,470	71,384,687	1,590,332	1,812.7
12. Earthquake.....	7,800	(17,787)	98,841	(108,828)	1,120,680	(457,436)	1,469,289	8.4
13. Group accident and health.....	0	3,348,956	1,424,376	1,924,580	6,375,006	8,291,259	8,327	6.3
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	285,614	206,466	254,753	237,328	10,777,752	11,651,824	(636,745)	(117.7)
16. Workers' compensation.....	327,417,654	1,193,235,591	1,115,316,532	405,336,714	2,281,054,072	2,343,642,491	342,748,295	65.5
17.1 Other liability - occurrence.....	112,344,535	839,750,900	746,612,514	205,482,921	1,647,291,462	1,656,988,461	195,785,922	46.9
17.2 Other liability - claims-made.....	94,494,257	335,357,795	372,864,858	56,987,194	371,647,522	316,714,730	111,919,986	71.4
18.1 Products liability - occurrence.....	17,582,288	189,227,942	185,093,191	21,717,039	338,318,856	350,005,558	10,030,338	33.5
18.2 Products liability - claims-made.....	2	12,385,880	11,044,006	1,341,875	7,815,843	8,299,063	858,655	23.8
19.1, 19.2 Private passenger auto liability.....	69,948,810	908,418,091	757,919,021	220,447,880	351,174,963	336,838,984	234,783,859	57.0
19.3, 19.4 Commercial auto liability.....	72,235,549	1,245,861,489	1,092,127,249	225,969,790	455,044,335	533,135,122	147,879,002	39.9
21. Auto physical damage.....	38,989,323	811,567,596	660,282,377	190,274,542	24,027,584	26,739,274	187,562,852	51.9
22. Aircraft (all perils).....	33,312	1,455,799	2,131,820	(642,709)	6,400,740	5,998,175	(240,144)	(224.3)
23. Fidelity.....	378,980	25,748,665	20,764,944	5,362,700	22,201,068	18,248,723	9,315,045	56.3
24. Surety.....	2,580,530	101,816,714	97,426,353	6,970,891	100,113,949	90,986,582	16,098,257	(1,315.4)
26. Burglary and theft.....	1,666,622	63,732	1,575,411	154,943	1,726,370	2,095,375	(214,061)	(15.7)
27. Boiler and machinery.....	624,529	47,053,049	37,491,254	10,186,324	12,232,028	11,553,793	10,864,559	26.3
28. Credit.....	0	750,449	685,429	65,019	2,742,815	2,795,142	12,692	25.2
29. International.....	44,362	89,070,142	69,206,873	19,907,631	2,968,463	21,573,104	1,302,990	192.2
30. Reinsurance - nonproportional assumed property.....	XXX	78,050,637	62,851,086	15,199,551	25,025,467	49,043,489	(8,818,471)	(219.6)
31. Reinsurance - nonproportional assumed liability.....	XXX	343,251,881	300,498,969	42,752,913	447,046,557	433,770,656	56,028,814	602.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	732,865	897,288	(164,422)	9,126,317	8,533,790	428,104	57.3
33. Aggregate write-ins for other lines of business.....	0	0	(12)	12	371	(305)	688	56.7
34. TOTALS.....	1,363,457,227	9,497,902,539	8,754,595,932	2,106,763,833	7,257,418,346	7,412,886,760	1,951,295,419	46.9

DETAILS OF WRITE-INS

3301. Auto Warranty.....	0	0	(12)	12	(317)	(305)	0	0.0
3302. Tribal Workers Compensation.....	0	0	0	0	687	0	687	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	0	(12)	12	371	(305)	688	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.....	74,927,333	175,094,430	211,336,192	38,685,571	2,904,936	154,348,907	124,485,374	71,454,041	6,513,365
2. Allied lines.....	52,590,050	102,500,234	132,835,765	22,254,519	38,745,509	188,025,779	191,355,039	57,670,768	8,996,626
3. Farmowners multiple peril.....	2,755,480	17,725,278	15,764,351	4,716,406	1,813,785	9,355,303	8,906,475	6,979,019	3,319,328
4. Homeowners multiple peril.....	8,350,893	303,992,300	245,288,559	67,054,634	6,762,301	446,508,682	365,490,088	154,835,528	26,156,622
5. Commercial multiple peril.....	124,527,901	1,176,400,350	1,014,834,546	286,093,705	225,972,990	1,569,297,930	1,424,310,367	657,054,258	257,757,674
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	3,223,891	99,898,132	81,935,126	21,186,897	8,131,543	115,664,873	101,904,377	43,078,937	8,859,608
9. Inland marine.....	1,848,612	181,727,612	151,093,778	32,482,447	37,236,801	130,700,847	140,441,403	59,978,691	9,827,095
10. Financial guaranty.....	0	0	0	0	0	23,921	(60,691)	84,611	3,029
11.1 Medical malpractice - occurrence.....	34,115	137,369,568	105,716,870	31,686,813	66,988,290	6,671,610	73,009,911	32,336,803	4,599,118
11.2 Medical malpractice - claims-made.....	12,904,241	201,930,530	171,009,044	43,825,727	58,823,082	(2,144,019)	50,791,320	49,713,470	5,807,851
12. Earthquake.....	0	1,938	22,825	(20,887)	1,159,009	4,443,617	4,461,059	1,120,680	1,813,456
13. Group accident and health.....	0	5,128,951	599,823	4,529,128	0	861,885	(983,993)	6,375,006	236,627
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0	0
15. Other accident and health.....	260,148	3,231,230	207,479	3,283,899	1,113,361	7,110,074	729,581	10,777,752	2,508,874
16. Workers' compensation.....	1,648,295,986	6,271,208,815	6,702,810,285	1,216,694,516	1,169,508,260	5,346,753,622	5,451,902,325	2,281,054,072	264,750,122
17.1 Other liability - occurrence.....	183,579,865	1,778,004,014	1,646,704,900	314,878,979	1,130,399,832	5,585,937,032	5,383,924,381	1,647,291,462	502,076,787
17.2 Other liability - claims-made.....	256,889,772	591,124,351	724,445,066	227,298,194	1,242,081,973	1,221,177,711	371,647,522	371,647,522	94,246,168
18.1 Products liability - occurrence.....	28,318,263	319,628,221	279,185,864	68,760,620	124,900,975	1,201,012,764	1,056,355,503	338,318,856	198,413,088
18.2 Products liability - claims-made.....	1	7,318,642	7,429,014	(110,371)	1,872,313	37,228,742	31,174,842	7,815,843	5,225,471
19.1, 19.2 Private passenger auto liability.....	82,991,813	831,256,055	715,842,203	198,405,666	59,988,189	622,979,711	530,198,602	351,174,963	63,210,905
19.3, 19.4 Commercial auto liability.....	72,241,495	1,160,210,908	996,038,469	236,413,934	86,157,536	1,085,406,661	952,933,796	455,044,335	72,126,934
21. Auto physical damage.....	2,076,449	53,662,182	43,413,355	12,325,276	21,104,698	40,797,044	50,199,434	24,027,584	10,125,099
22. Aircraft (all perils).....	4,402,586	109,313,263	111,956,405	1,759,444	628,658	50,310,085	46,297,447	6,400,740	712,783
23. Fidelity.....	629,796	60,841,864	50,800,303	10,671,357	93,779,344	65,611,928	147,861,561	22,201,068	3,312,795
24. Surety.....	8,899,437	427,112,968	366,029,560	69,982,846	25,034,517	138,270,691	133,174,105	100,113,949	14,966,862
26. Burglary and theft.....	2,012	577,150	468,743	110,419	6,884,652	7,881,679	13,150,380	1,726,370	420,027
27. Boiler and machinery.....	249,258	27,870,589	23,765,263	4,354,585	3,351,901	35,826,999	31,301,457	12,232,028	2,684,361
28. Credit.....	0	9,538,413	7,316,916	2,221,496	0	2,238,382	1,717,063	2,742,815	60,547
29. International.....	1,015,823	4,557,105	4,274,993	1,297,935	150,728	7,032,969	5,513,168	2,968,463	69,480
30. Reinsurance - nonproportional assumed property.....	XXX	86,428,075	69,021,630	17,406,445	XXX	62,086,178	54,467,156	25,025,467	1,709,811
31. Reinsurance - nonproportional assumed liability.....	XXX	1,101,875,385	865,712,055	236,163,330	XXX	1,207,651,606	996,768,379	447,046,557	11,693,970
32. Reinsurance - nonproportional assumed financial lines.....	XXX	16,409,754	12,829,337	3,580,417	XXX	24,196,905	18,651,004	9,126,317	42,600
33. Aggregate write-ins for other lines of business.....	(1,359)	0	(1,043)	(317)	0	2,952	2,264	371	61
34. TOTALS.....	2,571,013,862	15,261,938,309	14,758,811,669	3,074,140,502	3,400,711,401	19,394,177,332	18,611,610,890	7,257,418,346	1,582,247,145

DETAILS OF WRITE-INS

3301. Auto Warranty.....	(1,359)	0	(1,043)	(317)	0	0	0	(317)	0
3302. Tribal Workers Compensation.....	0	0	0	0	0	2,952	2,264	687	61
3303.	0	0	0	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	(1,359)	0	(1,043)	(317)	0	2,952	2,264	371	61

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	179,577,894	0	0	179,577,894
1.2 Reinsurance assumed.....	1,187,375,308	0	0	1,187,375,308
1.3 Reinsurance ceded.....	1,171,250,035	0	0	1,171,250,035
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	195,703,167	0	0	195,703,167
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....	0	236,557,480	0	236,557,480
2.2 Reinsurance assumed, excluding contingent.....	0	2,711,089,381	0	2,711,089,381
2.3 Reinsurance ceded, excluding contingent.....	0	2,320,448,294	0	2,320,448,294
2.4 Contingent - direct.....	0	4,283,817	0	4,283,817
2.5 Contingent - reinsurance assumed.....	0	87,302,767	0	87,302,767
2.6 Contingent - reinsurance ceded.....	0	74,944,165	0	74,944,165
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	643,840,986	0	643,840,986
3. Allowances to managers and agents.....	0	1,727,163	0	1,727,163
4. Advertising.....	7,862	17,897,557	0	17,905,419
5. Boards, bureaus and associations.....	1,212,741	17,215,158	2,867	18,430,765
6. Surveys and underwriting reports.....	23,418	15,381,744	11	15,405,173
7. Audit of assureds' records.....	0	0	0	0
8. Salary and related items:				
8.1 Salaries.....	182,661,999	270,726,057	6,377,778	459,765,834
8.2 Payroll taxes.....	9,135,334	16,525,990	279,064	25,940,388
9. Employee relations and welfare.....	26,306,304	39,141,495	617,747	66,065,545
10. Insurance.....	38,474,167	5,745,768	3,357	44,223,292
11. Directors' fees.....	0	5,464	0	5,464
12. Travel and travel items.....	7,898,187	19,280,815	214,745	27,393,747
13. Rent and rent items.....	12,439,465	22,644,830	(1,112,678)	33,971,618
14. Equipment.....	2,940,539	8,061,341	649,980	11,651,860
15. Cost or depreciation of EDP equipment and software.....	2,617,094	33,435,786	741,045	36,793,925
16. Printing and stationery.....	1,459,210	3,880,663	80,254	5,420,128
17. Postage, telephone and telegraph, exchange and express.....	4,053,615	15,505,507	286,468	19,845,590
18. Legal and auditing.....	12,754,510	13,953,038	439,782	27,147,331
19. Totals (Lines 3 to 18).....	301,984,444	501,128,378	8,580,419	811,693,241
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....3,045,631.....	0	110,143,231	0	110,143,231
20.2 Insurance department licenses and fees.....	0	7,652,718	0	7,652,718
20.3 Gross guaranty association assessments.....	0	5,135,445	0	5,135,445
20.4 All other (excluding federal and foreign income and real estate).....	0	1,665,049	0	1,665,049
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	124,596,442	0	124,596,442
21. Real estate expenses.....	0	0	19,907,183	19,907,183
22. Real estate taxes.....	0	0	6,661,021	6,661,021
23. Reimbursements by uninsured plans.....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses.....	6,436,130	(6,419,332)	1,577,899	1,594,697
25. Total expenses incurred.....	504,123,742	1,263,146,474	36,726,522	(a).....1,803,996,738
26. Less unpaid expenses - current year.....	1,582,247,145	366,980,638	6,291,205	1,955,518,988
27. Add unpaid expenses - prior year.....	1,536,806,217	341,235,285	2,362,270	1,880,403,772
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).....	458,682,814	1,237,401,122	32,797,587	1,728,881,522

DETAILS OF WRITE-INS

2401. Miscellaneous expenses.....	9,013,310	38,930,961	1,577,899	49,522,170
2402. Service reimbursements.....	(2,577,180)	(26,468,166)	0	(29,045,346)
2403. Costs of computer software developed for internal use.....	0	(18,882,127)	0	(18,882,127)
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	6,436,130	(6,419,332)	1,577,899	1,594,697

(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).....23,235,009	.....19,923,982
1.1 Bonds exempt from U.S. tax.....	(a).....306,008,266	.....310,874,957
1.2 Other bonds (unaffiliated).....	(a).....270,772,943	.....272,938,127
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....10,451,534	.....10,405,164
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....3,737,350	.....3,736,552
2.21 Common stocks of affiliates.....	.....552,100,000	.....552,100,000
3. Mortgage loans.....	(c).....3,066,301	.....3,061,018
4. Real estate.....	(d).....46,209,538	.....46,209,538
5. Contract loans.....	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	(e).....23,264,177	.....23,033,689
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....152,070,467	.....152,990,950
9. Aggregate write-ins for investment income.....	.....(1,777,074)	.....(1,777,074)
10. Total gross investment income.....	.....1,389,138,511	.....1,393,496,902
11. Investment expenses.....		(g).....36,726,522
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....3,121,171
14. Depreciation on real estate and other invested assets.....		(i).....4,989,834
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....44,837,528
17. Net investment income (Line 10 minus Line 16).....		.....1,348,659,374

DETAILS OF WRITE-INS

0901. Miscellaneous Income.....	.....1,981,114	.....1,981,114
0902. Lending of Security Fees.....	.....184,842	.....184,842
0903. Partnership Management Fees.....	.....(3,943,031)	.....(3,943,031)
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....(1,777,074)	.....(1,777,074)
1501. ....		.....0
1502. ....		.....0
1503. ....		.....0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0

- (a) Includes \$.....(5,068,730) accrual of discount less \$.....43,794,615 amortization of premium and less \$.....12,095,978 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 \$.....46,209,538 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....92,545 accrual of discount less \$.....5,776 amortization of premium and less \$.....1,982 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 \$.....3,121,171 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....4,989,834 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.....	.....0	.....0	.....0	.....0	.....0
1.1 Bonds exempt from U.S. tax.....	.....473,880	.....0	.....473,880	.....0	.....0
1.2 Other bonds (unaffiliated).....	.....23,357,548	.....(28,992,589)	.....(5,635,042)	.....(5,966,702)	.....233,981
1.3 Bonds of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.1 Preferred stocks (unaffiliated).....	.....5,370,374	.....(1)	.....5,370,373	.....(8,116,077)	.....0
2.11 Preferred stocks of affiliates.....	.....0	.....0	.....0	.....0	.....0
2.2 Common stocks (unaffiliated).....	.....3,189,559	.....(2,031,717)	.....1,157,842	.....5,155,941	.....983
2.21 Common stocks of affiliates.....	.....0	.....0	.....0	.....64,969,831	.....0
3. Mortgage loans.....	.....0	.....0	.....0	.....0	.....0
4. Real estate.....	.....710,270	.....0	.....710,270	.....0	.....0
5. Contract loans.....	.....0	.....0	.....0	.....0	.....0
6. Cash, cash equivalents and short-term investments.....	.....0	.....(49,207)	.....(49,207)	.....0	.....0
7. Derivative instruments.....	.....(333,537)	.....0	.....(333,537)	.....0	.....0
8. Other invested assets.....	.....0	.....(9,830,333)	.....(9,830,333)	.....56,778,186	.....1,637,472
9. Aggregate write-ins for capital gains (losses).....	.....0	.....229,608	.....229,608	.....(532,228)	.....27,273
10. Total capital gains (losses).....	.....32,768,094	.....(40,674,239)	.....(7,906,146)	.....112,288,951	.....1,899,709

DETAILS OF WRITE-INS

0901. Foreign Exchange.....	.....0	.....212,718	.....212,718	.....0	.....27,273
0902. Recoverable on bonds written down.....	.....0	.....16,890	.....16,890	.....0	.....0
0903. American Equity Inter-Co Deferral.....	.....0	.....0	.....0	.....(904,034)	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0	.....0	.....371,806	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....229,608	.....229,608	.....(532,228)	.....27,273

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.....	45,117,532	265,379	(44,852,153)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale.....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans.....	2,775,494	2,093,317	(682,177)
7. Other invested assets (Schedule BA).....	19,689,649	18,040,831	(1,648,818)
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).....	67,582,676	20,399,527	(47,183,149)
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued.....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection.....	32,044,340	41,421,102	9,376,761
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	11,703,376	6,696,756	(5,006,620)
13.3 Accrued retrospective premiums.....	912,377	1,624,016	711,640
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.....	471,867,713	397,364,036	(74,503,677)
17. Guaranty funds receivable or on deposit.....	0	0	0
18. Electronic data processing equipment and software.....	398,179	590,743	192,564
19. Furniture and equipment, including health care delivery assets.....	171,148,432	105,988,923	(65,159,508)
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.....	582,424,282	284,680,378	(297,743,904)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	1,338,081,375	858,765,481	(479,315,894)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. TOTALS (Lines 24 and 25).....	1,338,081,375	858,765,481	(479,315,894)

DETAILS OF WRITE-INS

0901.....	0	0	0
0902.....	0	0	0
0903.....	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0
2301. Amounts receivable under high deductible policies.....	14,711,712	13,305,133	(1,406,579)
2302. Other assets nonadmitted.....	567,712,569	271,362,115	(296,350,455)
2303. Miscellaneous receivables.....	0	13,130	13,130
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).....	582,424,282	284,680,378	(297,743,904)

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

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

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

Short-term investments are stated at amortized cost.

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

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

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

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

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

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

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

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

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

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

1. On October 1, 2001, the Company purchased from a former affiliate 100% of The Northland Company, an insurance holding company which in turn directly or indirectly owns several property-casualty insurance companies. For a listing of the companies, see Schedule Y - Part 1.
2. The transaction was accounted for as a statutory purchase.
3. The cost of The Northland Company was \$325 million resulting in goodwill in the amount of \$84 million.
4. Goodwill amortization relating to the purchase of The Northland Company was \$8.4 million for the year ended December 31, 2007.

B. Statutory Merger:

On October 1, 2007, Discover Re, an Indiana domiciled insurance entity was merged with and into the Company as part of a reorganization of affiliate entities. The statutory merger method was utilized in merging the two entities, of which the Company was the surviving entity. The Company tendered 7,700 shares of its common stock to The Travelers Companies, Inc. (TRV) in exchange for all of the issued and outstanding shares of Discover Re. Following this exchange the Company retired 100% of the outstanding common stock of Discover Re.

TRV contributed as a capital contribution the 7,700 shares of the Company to Travelers Property Casualty Corp. (TPC) which in turn contributed the same shares as a capital contribution to Travelers Insurance Group Holdings, Inc. (TIGHI).

NOTES TO FINANCIAL STATEMENTS

Details of the results of operations for the previously separate entities for the period ending September 30, 2007 were as follows:

	<u>The Company</u>	<u>Discover Re</u>
Net underwriting gain or (loss)	\$ 315,175,739	\$ 38,954,677
Net investment gain or (loss)	561,714,883	40,768,945
Other income	30,284,953	(40,104,441)
Dividends to policyholders	<u>3,747,259</u>	<u>-</u>
Net income after capital gains tax and before all other federal and foreign income taxes	903,428,316	39,619,182
Federal and foreign income taxes incurred	<u>159,597,629</u>	<u>6,822,364</u>
Net income	<u>\$ 743,830,687</u>	<u>\$ 32,796,818</u>

C. Impairment Loss:

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans:

The maximum percentage of any one loan-to-value of security at the time the loan was made, exclusive of any purchase money or insured or guaranteed mortgages was 9%.

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 state sponsored LIHTC properties. The state sponsored LIHTC property investments primarily generate premium tax credits which allow the Company to offset premium taxes in North Carolina and are available through 2009.

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

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.

B. Based on analysis of the prevailing facts and circumstances, the Company could not forecast a recovery of the carrying value (audited GAAP equity, which approximates fair value) of four limited partnerships up to or beyond their revised cost bases. As a result, the Company recognized other-than-temporary impairments totaling \$10,042,406 related to these investments. These impairments were accounted for as realized losses when the cost bases of these investments were written down to carrying value. There was no net impact to surplus because these realized losses were offset by the reversal of the unrealized losses previously recorded on the impaired investments.

7. INVESTMENT INCOME

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

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

8. DERIVATIVE INSTRUMENTS

Not applicable.

NOTES TO FINANCIAL STATEMENTS

9. INCOME TAXES

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Total of gross deferred tax assets	\$ 971,797,141	\$ 846,859,224
Total of deferred tax liabilities	<u>(218,525,477)</u>	<u>(185,273,058)</u>
Net deferred tax asset (liability)	753,271,664	661,586,166
Deferred tax asset nonadmitted	<u>(471,867,713)</u>	<u>(397,364,037)</u>
Net admitted deferred tax asset (liability)	<u>\$ 281,403,951</u>	<u>\$ 264,222,129</u>
 (Increase) decrease in nonadmitted asset	 \$ (74,503,676)	 \$ (20,488,931)

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	\$ 283,835,910	\$ 245,401,926
Foreign	<u>-</u>	<u>75,808</u>
	283,835,910	245,477,734
Federal income taxes on net capital gains	<u>15,246,635</u>	<u>(7,979,334)</u>
Federal and foreign income taxes incurred	<u>\$ 299,082,545</u>	<u>\$ 237,498,400</u>

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Deferred tax assets:		
Claims and claim adjustment expense reserves	\$ 302,931,964	\$ 349,327,377
Unearned premium reserves	132,668,496	128,366,662
Nonadmitted assets	220,349,259	106,944,859
Guaranty Fund assessments	18,258,588	13,856,568
Employee benefits	111,000,739	98,702,636
Investments	122,571,298	88,726,282
Other assets	<u>64,016,797</u>	<u>60,934,840</u>
Total deferred tax assets	971,797,141	846,859,224
Nonadmitted deferred tax assets	<u>(471,867,713)</u>	<u>(397,364,037)</u>
Admitted deferred tax assets	<u>499,929,428</u>	<u>449,495,187</u>
Deferred tax liabilities:		
Investments	193,556,855	165,610,335
Other liabilities	<u>24,968,622</u>	<u>19,662,723</u>
Total deferred tax liabilities	<u>218,525,477</u>	<u>185,273,058</u>
Net admitted tax asset	<u>\$ 281,403,951</u>	<u>\$ 264,222,129</u>

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	\$ 971,797,141	\$ 846,859,224	\$ 124,937,917
Total deferred tax liabilities	<u>(218,525,477)</u>	<u>(185,273,058)</u>	<u>(33,252,419)</u>
Net deferred tax asset (liability)	<u>\$ 753,271,664</u>	<u>\$ 661,586,166</u>	91,685,498
Tax effect of unrealized gains (losses)			<u>3,462,934</u>
Change in net deferred income taxes			<u>\$ 95,148,432</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)	\$1,783,598,845
Taxes at statutory rate	\$ 624,259,596
Increase (decrease) attributable to:	
Nontaxable investment income	(295,154,880)
Nonadmitted assets	(131,280,210)
Tax reserve adjustment	(19,488,335)
Other	<u>25,597,942</u>
Total statutory income taxes	<u>\$ 203,934,113</u>
Federal and foreign taxes incurred	\$ 299,082,545
Change in net deferred taxes	<u>(95,148,432)</u>
Total statutory income taxes	<u>\$ 203,934,113</u>
Effective tax rate	11.4%

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

2. The Company has \$315,158,904 and \$309,779,011 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.

NOTES TO FINANCIAL STATEMENTS**10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES**

- A-C. (1) In December 2007, the Company purchased \$27.8 million of long-term bonds from its affiliate, The Premier Insurance Company of Massachusetts in exchange for cash.
- (2) On December 3, 2007, the Company sold \$22.1 million in unaffiliated common stock to its affiliate, Fire and Marine.
- (3) On November 26, 2007 following a series of capital contributions, as approved by the Board of Directors of TPC and TIGHI, The Travelers Asset Funding Corporation (TAFC) with a statutory carrying value of \$51,522,372 became a wholly-owned subsidiary of the Company. Also effective November 26, 2007 the Company proceeded to dissolve TAFC pursuant to a Plan of Liquidation and Dissolution (the Plan) entered into by the Company and TAFC. In accordance with the Plan, the Company and TAFC entered into an Assumption Agreement whereby the Company assumes all obligations and liabilities of TAFC not otherwise discharged by the Plan. The impact of the above capital contribution and resulting increase in nonadmitted assets was not material to the Company's surplus.

The State of Connecticut Insurance Department approved the contribution of TAFC to the Company, the Plan and the Assumption Agreement.

- (4) 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 merged with Discover Re, with the Company 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 Fire and Marine. Fire and Marine 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 Fire and Marine's Annual Statement. In accordance with the "Plan of Merger", Discover Re then merged with and into the Company at which time all issued and outstanding shares of Discover Re were exchanged for 7,700 shares of the Company. TRV then contributed the 7,700 shares as a capital contribution to TPC which in turn contributed the 7,700 shares to TIGHI. As a result TIGHI continues to own all issued and outstanding shares of the Company. The statutory merger method was utilized in merging the two entities, of which the Company was the surviving entity.

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.

See Note 3 Part B for additional information.

- (5) On October 1, 2007, the Company purchased \$64.2 million of long-term bonds from its affiliate, American Equity Insurance Company in exchange for an equal amount in the Travelers Money Market Liquidity Pool.
- (6) In August 2007, the Company made a capital contribution of \$27,360,000 to its subsidiary, TINDY Foreign, Inc.
- (7) In December 2006, the Company purchased \$140.4 million in securities from TINDY Re Investments, Inc.
- (8) In July 2006, the Company made a capital contribution of \$15 million to its subsidiary, TINDY Foreign, Inc.
- (9) In June 2006, the Company made a capital contribution of \$15 million to its subsidiary, First Trenton Indemnity Company.
- (10) Effective January 1, 2006, the Company contributed its wholly-owned subsidiary, Travelers Medical Management Services, Inc. (TMMS) to The Phoenix Insurance Company which, in turn contributed TMMS to The Travelers Indemnity Company of Connecticut (ICT). Following the contribution of TMMS to ICT, TMMS was dissolved.
- (11) On January 1, 2006, the Company eliminated its Canadian branch by implementing an assumption/novation reinsurance agreement, whereby all insurance liabilities in the Company's Canadian branch were transferred to and assumed by Fire and Marine's Canadian branch. All required regulatory approvals were obtained by the Company including a release of licenses from the Canadian Taxing Authority.
- (12) On January 1, 2006, the Company contributed its wholly-owned subsidiary, Gulf Group Lloyds, to its subsidiary Atlantic Insurance Company (AIC). The Texas Department of Insurance (TDI) approved this contribution and exemption from change of control via entry of a consent order, Order Number 05-115. Subsequent to the contribution, also effective January 1, 2006, Gulf Group Lloyds was converted into a stock property casualty insurer and renamed GGL Insurance Company. Following the conversion, also effective January 1, 2006, GGL Insurance Company was merged into AIC and AIC is the surviving entity.
- (13) On January 1, 2006, the Company contributed its wholly-owned subsidiary, Commercial Guaranty Lloyds Insurance Company, to its subsidiary Commercial Guaranty Casualty Insurance Company (CGCIC). TDI approved this contribution and exemption from change of control via entry of a consent order, Order Number 05-115. Subsequent to the contribution, also effective January 1, 2006, Commercial Guaranty Lloyds Insurance Company was converted into a stock property casualty insurer and renamed CGL Insurance Company. Following the conversion, also effective January 1, 2006, CGL Insurance Company was merged into CGCIC and CGCIC is the surviving entity.
- (14) Effective January 1, 2006 the Company and USF&G Insurance Company of Mississippi (USF&G of Mississippi) entered into an Amendment No.1 to the Quota Share Reinsurance Agreement (Amendment No. 1) pursuant to which the Company reinsures on an assumption reinsurance basis all of the outstanding policy contractual obligations of USF&G of Mississippi. As a result, the Company assumed all of the contractual rights, obligations, liabilities and risks of USF&G of Mississippi and succeeded USF&G of Mississippi as the insurer under the terms and provisions of each of the policies.

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

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

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

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

- The principal banking functions for the property-casualty operations of TRV and some or all of its affiliated property-casualty insurance companies are handled by the Company. Settlements between the companies are made at least monthly.
- 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 the Company. Each company may convert its position in the pool into cash at any time and may also use its position in the pool to settle transactions with other affiliated participants in the pool. The position of each company in the pool is calculated and adjusted daily. Each participating insurance company carries its share of the pool as a short-term investment in Schedule DA. At December 31, 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 \$414,841,821 and \$306,322,361 receivable from 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.

NOTES TO FINANCIAL STATEMENTS

- E. The Company has not provided any guarantees for the benefit of an affiliate which would result in a material contingent exposure for the Company or any affiliated insurer's assets to liabilities, to the extent not disclosed in Note 14.
- F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements:

TYPE OF CONTRACT AND DESCRIPTION	SERVICING COMPANY	OTHER PARTY
Service Expense Reimbursement	The Travelers Companies, Inc.	The Travelers Indemnity Company
Expense Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Reinsurance Allocation	The Travelers Indemnity Company	Travelers P&C ¹
Corporate Services Agreement	The Travelers Indemnity Company	First Floridian Auto and Home Insurance Company

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 TIGHI, which in turn is indirectly 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 Gulf Insurance Holdings U.K. Ltd. (GIH UK), a downstream noninsurance holding company. GIH UK directly owns Travelers Casualty and Surety Company of Europe, Limited (TC&S Europe), a United Kingdom domiciled insurance company, and Gulf Underwriting Holdings Limited, a downstream noninsurance holding company. Gulf Underwriting Holdings Limited directly owns Gulf Underwriting Limited, a United Kingdom domiciled insurance company.
- (1) The carrying value of the Company's investment in GIH UK was \$33,591,830 at December 31, 2007.
- (2) The Company has not obtained an audit of GIH UK's financial statements.
- (3) The Company has limited the carrying value of its investment in GIH UK to the value contained in the audited financial statements of TC&S Europe, including any adjustments required by SSAP 97, *Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSASP No. 88*. GIH UK's value is limited to its direct and indirect ownership of its insurance subsidiaries. GIH UK 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 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 \$6,372,983 and \$5,591,704 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 \$2,488,496 and \$3,282,044 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 \$16,196,573 and \$14,077,735 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 150,000 shares of common capital stock authorized and 107,700 shares issued and outstanding with a par value of \$100 per share.

The Company paid ordinary dividends of \$965.0 million and \$120.0 million to its parent company, TIGHI in 2007 and 2006, respectively.

Dividends to shareholders and the proportion of the profits of the Company that may be paid to shareholders are not limited by charter. The maximum amount of dividends which can be paid by Connecticut insurance companies to shareholders without prior approval of the domiciliary Insurance Commissioner is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to shareholders that can be made during 2008 without prior approval is \$1,484,516,000.

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 \$1,642,246,870.

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

At December 31, 2007, the Company had commitments to fund investments of \$183.0 million.

B. Assessments:

The Company has accrued liabilities of \$64.7 million for guaranty fund and other insurance-related assessments (primarily second injury fund assessments) and related recoverables of \$2.5 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 \$6,559,500 in the reporting period on three 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 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:**

1. At December 31, 2007 and 2006, the Company is a party to various lease agreements for office space, data processing equipment, automobiles and office equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2007 and 2006 was \$127,882,697 and \$106,829,489, 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.

2. Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled \$623,973,919 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	\$130,254,287
2009	125,185,270
2010	95,942,674
2011	67,703,457
2012	54,881,835

At December 31, 2007, aggregate future minimum rental payments to be received by the Company under noncancelable subleases totaled \$794,189.

3. Sale-Leaseback Transactions:

On June 28, 2007, the Company completed a sale-leaseback transaction in which resulted in a realized gain of \$639,574. Future minimum rental payments for each of the five succeeding years are as follows:

<u>Year</u>	<u>Operating Lease</u>
2008	\$ 493,844
2009	503,792
2010	513,908
2011	524,024
2012	264,541

The lease expires on June 30, 2012.

B. Lessor's Business Activities:

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

NOTES TO FINANCIAL STATEMENTS**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 other fixed income investments. The off-balance-sheet risks of these financial instruments were \$183.0 million at December 31, 2007.

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. The Company no longer writes such guarantees. At December 31, 2007 and 2006, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately \$24.3 million and \$25.7 million, respectively.

Also in past years, the Company underwrote financial guarantee insurance representing the Company's participation in the Municipal Bond Insurance Association's (MBIA) guarantee of municipal bond obligations. The Company has no net exposure for the guarantee of principal and interest for such securities as the Company's participation in MBIA has been reinsured. The gross amounts of such financial guarantees was \$115 million and \$148 million at December 31, 2007 and 2006, respectively.

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

Not applicable.

B. Transfer and Servicing of Financial Assets:

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

C. Wash Sales:

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

During the year ended December 31, 2007, the Company's wash sales for securities with a NAIC designation 3 or below were as follows:

	<u>Number of Transactions</u>	<u>Book Value of Securities Sold</u>	<u>Cost of Securities Repurchased</u>	<u>Gain/(Loss)</u>
Bonds:				
NAIC 3	1	\$ 485,263	\$ 1,210,937	\$ 14,111
NAIC 4	15	\$ 5,918,920	\$ 8,511,141	\$ 312,776
NAIC 5	2	\$ 428,914	\$ 1,361,182	\$ (1,637)
Preferred Stock:				
NAIC 4	1	\$ 262,906	\$ 495,000	\$ 93,759

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:

MetLife Insurance Company of Connecticut (MICC) and the Company are parties to two quota share reinsurance agreements dated February 5, 1975 and December 23, 1980 (the reinsurance agreements) pursuant to which MICC cedes and the Company reinsures and administers 100% of the workers' compensation business written by the Accident Department of MICC.

On December 14, 2007, effective January 1, 2007 MICC entered into a "Transfer and Assumption Agreement" with the Company whereby all of the liabilities and obligations ceded to and assumed by the Company under the reinsurance agreements shall transfer to and become the obligations of the Company and (a) the Company reports the included liabilities as its direct liabilities in its statutory financial statements (b) MICC no longer reports any of the included liabilities as its direct liabilities in any of its statutory financial statements and (c) MICC shall not prepare or file separate statutory financial statements reporting the assets and liabilities of the Accident Department of MICC with the Connecticut Department of Insurance or any other governmental authority or agency. Following this transaction the Accident Department of MICC no longer exists.

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

NOTES TO FINANCIAL STATEMENTS

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	Accident Years				
	1997	1996	1995	1994	1993 & Prior
Part 1A	\$ 420	\$ 178	\$ 378	\$ 108	\$ 378
Part 1B	488	168	134	93	67,446
Part 1C	86	972	920	(545)	5,188
Part 1D	58,706	50,394	55,151	48,367	708,962
Part 1E	8,738	7,352	5,057	4,572	75,751
Part 1F - Section 1	1,749	631	981	138	3,051
Part 1F - Section 2	2,882	2,208	1,229	214	4,052
Part 1G	820	447	466	377	3,260
Part 1H - Section 1	24,613	27,863	19,162	31,197	719,269
Part 1H - Section 2	5,213	2,489	2,290	2,379	8,826
Part 1M	942	555	950	1,217	3,373
Part 1N	47	35	17	(85)	336
Part 1O	14,788	762	985	412	1,769
Part 1P	-	-	-	-	1,907
Part 1R - Section 1	6,721	9,999	9,675	5,320	344,461
Part 1R - Section 2	652	372	137	183	1,691

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):

	2002	2001	2000	1999	1998	1997	1996	1995	1994
Commercial Auto	\$ (255)	\$ (407)	\$ (33)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	(2,128)	(1,983)	(557)	(13,667)	-	(406)	-	-	-
Commercial Multiple Peril	-	-	-	-	-	-	-	-	-
Medical Malpractice - CM	-	-	(30,137)	-	-	-	-	-	-
Special Liability	(19)	-	-	-	-	-	-	-	-
Other Liability - Occ	(2,815)	(10)	(14)	-	(371)	(1,633)	(66)	(256)	(354)
Other Liability - CM	-	(6,013)	-	-	-	-	-	-	-
Special Property	(105)	-	-	-	-	-	-	-	-
Other	(27)	-	-	-	-	-	-	-	-
Reinsurance A	(841)	-	-	-	-	-	-	-	-
Reinsurance B	(7,803)	-	-	-	-	-	-	-	-

D. Uncollectible Premium Balances:

Not applicable.

E. Business Interruption Insurance Recoveries:

Not applicable.

F. State Transferable Tax Credits

Not applicable.

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, 2007 the Company held hybrid securities that are reported in Schedule D, Part 2, Section 1 as follows:

CUSIP	Issuer/Description	Type	Carrying Value
025816AU3	American Express AXP	Redeemable	\$ 1,013,960
054536AB3	AXA SA 144A	Perpetual	1,800,940
05518VAA3	BAC Capital Trust XIV	Perpetual	2,662,230
05568AAA8	BOI Capital Funding III 144A	Perpetual	1,725,980
06738CAF6	Barclays Bank PLC	Perpetual	1,035,280
37247DAG1	Genworth Financial Inc	Perpetual	908,550
42205MAA4	HBOS PLC FRNT	Perpetual	1,744,440
44978NAA3	ING CAP FDG TR III	Perpetual	3,177,000
90264AAA7	UBS Preferred Funding V	Perpetual	1,926,000
92978AAA0	Wachovia Capital Trust III	Perpetual	894,000
Total			<u>\$16,888,380</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

NOTES TO FINANCIAL STATEMENTS

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	\$112,597,318
b. Book adjusted carrying value	112,878,050
c. Fair value	112,994,135

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
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:

<u>Company</u>	<u>F.E.I.N.</u>	<u>Amount</u>
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

NOTES TO FINANCIAL STATEMENTS

Northland Casualty Company	94-6051964	22,276,595
American Equity Specialty Insurance Company	86-0868106	<u>20,281,352</u>
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:

	<u>Group Code</u>	<u>F.E.I.N.</u>	<u>Amount</u>
National Workers' Compensation Reinsurance Pool	0000	AA-9992118	\$ 2,415,785,357
Munich Reinsurance America Inc.	0361	13-4924125	977,784,053
Swiss Reinsurance America Corporation	0181	13-1675535	813,396,655
Transatlantic Reinsurance Company	0012	13-5616275	486,047,773
XL Reinsurance America	1285	13-1290712	467,219,737
United States Aircraft Insurance Group	0000	AA-9995043	331,836,137
Employers Reinsurance Corporation	0181	48-0921045	258,915,242

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

B. Reinsurance Recoverable in Dispute:

The Company did not have any individual reinsurers with reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute that exceeded 5% of the Company's policyholder surplus or disputed items, that when aggregated, exceed 10% of the Company's policyholder surplus.

C. Reinsurance Assumed and Ceded:

1.	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
Affiliates	\$ 8,077,972,400	\$ 1,037,992,977	\$ 6,177,282,484	\$ 793,760,552	\$ 1,900,689,916	\$ 244,232,425
All Other	<u>75,082,262</u>	<u>9,647,825</u>	<u>896,728,981</u>	<u>115,226,735</u>	<u>(821,646,719)</u>	<u>(105,578,910)</u>
Total	<u>\$ 8,153,054,662</u>	<u>\$ 1,047,640,802</u>	<u>\$ 7,074,011,465</u>	<u>\$ 908,987,287</u>	<u>\$ 1,079,043,197</u>	<u>\$ 138,653,515</u>

Direct Unearned Premium Reserve \$ 796,271,308

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to \$21,270,053 at December 31, 2007. This balance represents the Company's 23.29% pro rata share of the net amount of the TRV Pool (see Note 25):

Direct Business	\$ 6,336,863
Add: Reinsurance Assumed	88,476,191
Less: Reinsurance Ceded	<u>73,543,001</u>
Net	<u>\$ 21,270,053</u>

D. Uncollectible Reinsurance:

The Company has written off as uncollectible/(recovered) in the current year, certain reinsurance balances due (from the companies listed below) in the amount of \$462,894, which is reflected in losses incurred.

<u>Company – Uncollectible</u>	<u>Company – (Recovered)</u>
General Reinsurance Corporation	English & American Insurance Company Ltd.
Excess & Casualty Reinsurance Association	Everest Reinsurance Company
Guardian Royal Exchange Assurance PLC	Orion Insurance Company PLC
Lloyds Syndicate 1212	Bryanston Insurance Company Ltd.
Transatlantic Reinsurance Company	North Atlantic Insurance Company
Insurance Company of North America	Hyundai Marine & Fire Insurance Company Ltd.
City International Insurance Company Ltd.	Folksamerica Reinsurance Company
Andrew Weir Insurance Company Ltd.	Municipal General Insurance Ltd.
Kansa Reinsurance Company Ltd.	All other under (\$200,000)
Tokio Mar & Nichido Fire Insurance Company Ltd.	
New England Reinsurance Corporation	
Scan Re Insurance Company	
General Security National Insurance Company	
Agency Managers Ltd.	
Employers Reinsurance Company of Wausau	
Mission Reinsurance Corporation	
Nationwide Mutual Insurance Company	
American Centennial Insurance Company	
Clearwater Insurance Company	
Bermuda Fire & Marine Insurance Company Ltd.	
Fremont Indemnity Company	
PMA Capital Insurance Company	
Folksam International Insurance Company Ltd.	
Hannover Ruckversicherungs AG	
Republic Insurance Company	
Reliance Insurance Company	
Employers Reinsurance Corporation	
Trinity Insurance Company	
All other under \$200,000	

E. Commutation of Ceded Reinsurance:

The Company has reported in the current year, losses incurred of \$282,660 as a result of commutation of reinsurance, (from the companies listed below):

<u>Company</u>
Ace Property & Casualty Insurance Company
Allianz Cornhill International Insurance PLC
Continental Casualty Company
Copenhagen Reinsurance Company Ltd.
CX Reinsurance Company Ltd.
Folksamerica Reinsurance Company
General Security National Insurance Company
Global Reinsurance Corporation of America

NOTES TO FINANCIAL STATEMENTS

Guardian Royal Exchange Assurance PLC
Lloyds of London
Markel International Insurance Company Ltd.
Northwestern National Insurance Company
Odyssey America Reinsurance Corporation
Platinum Underwriters (UK) Ltd.
Reliastar Life Insurance Company
Scor Reinsurance Company
Seneca Insurance Company
St. Paul Reinsurance Company Ltd.
St. Paul Travelers Insurance Company Ltd.
Transatlantic Reinsurance Company
Unionamerica Insurance Company Ltd.
Workers Compensation Reinsurance Bureau

F. Retroactive Reinsurance:

1.	Assumed	Ceded
a. Reserves Transferred:		
(1) Initial Reserves	\$ 2,189,260	\$113,033,968
(2) Adjustments - Prior Year(s)	(698,700)	31,824,462
(3) Adjustments - Current Year	-	10,461,102
(4) Current Total	<u>\$ 1,490,560</u>	<u>\$155,319,532</u>
b. Consideration Paid or Received:		
(1) Initial Consideration	\$ 2,434,990	\$100,161,042
(2) Adjustments - Prior Year(s)	-	6,460,148
(3) Adjustments - Current Year	-	5,758,056
(4) Current Total	<u>\$ 2,434,990</u>	<u>\$112,379,246</u>
c. Paid Losses Reimbursed or Recovered:		
(1) Prior Year(s)	\$ 891,257	\$ 45,286,516
(2) Current Year	9,552	37,225,086
(3) Current Total	<u>\$ 900,809</u>	<u>\$ 82,511,602</u>
d. Special Surplus From Retroactive Reinsurance:		
(1) Initial Surplus Gain or Loss	\$ 245,730	\$ 12,872,926
(2) Adjustments - Prior Year(s)	698,700	25,364,315
(3) Adjustments - Current Year	-	4,703,046
(4) Current Year Restricted Surplus	<u>\$ 944,430</u>	<u>\$ 41,673,377</u>
(5) Cumulative Total Transferred to Unassigned Funds	<u>\$ -</u>	<u>\$ 1,266,909</u>

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

Company	Assumed	Ceded
Munich Reinsurance America, Inc. (10227)	\$ 1,490,560	\$ -
Commercial Risk Re-Insurance Co. (27955)	-	3,074,280
XL Reinsurance America (13-1290712)	-	10,729,345
Folksamerica Reinsurance Co (38776)	-	6,354,802
General Reinsurance Corporation (22039)	-	69,870,000
nSpire Re Limited (AA-1784124)	-	17,744,905
Platinum Underwriters Reinsurance Inc. (10357)	-	24,043,910
Various	-	23,502,290
Total	<u>\$ 1,490,560</u>	<u>\$155,319,532</u>

f. Paid Loss/LAE Recoverable:

Company	Paid Loss/LAE Recoverables	Amount Over 90 Days Past Due	Collateral Held
Platinum Underwriters Reinsurance Inc. (10357)	\$ 369,923	-	-
nSpire Re Limited (AA-1784124)	-	-	5,983,162
Various	2,538,381	554,842	57,006
Total	<u>\$ 2,908,304</u>	<u>\$ 554,842</u>	<u>\$ 6,040,168</u>

G. Reinsurance Accounted for as a Deposit:

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

Year	Deposits Received	Interest Income/(Expense)	Cash Payments	Deposit (Liability)/Asset Balance
2005	\$ -	\$ 2,354,935	\$ (69,644)	\$ 2,285,291
2006	-	-	(299,151)	1,986,140
2007	-	-	(440,396)	1,545,744

On July 1, 2000 the Company entered into an assumed reinsurance agreement which was determined to be a deposit. Upon inception of the contract, the Company recorded a deposit liability of \$5.3 million. This contract was retroceded through a quota share reinsurance agreement, whereby, the retrocessionaire assumed a 60% quota share participation. The amounts disclosed below represent the 100% assumption.

Year	Deposits Received	Interest Income/(Expense)	Cash Payments	Deposit (Liability)/Asset Balance
2000	\$ (5,300,000)	\$ (49,845)	\$ 713,135	\$ (4,636,710)
2001	-	(41,375)	1,066,640	(3,611,445)
2002	-	(30,905)	907,405	(2,734,945)
2003	-	(22,625)	488,265	(2,269,305)
2004	-	(17,540)	531,660	(1,755,185)
2005	-	(13,138)	454,830	(1,313,493)
2006	-	(9,743)	284,260	(1,038,976)
2007	-	-	-	(1,038,976)

NOTES TO FINANCIAL STATEMENTS

The Company entered into an assumed reinsurance agreement covering workers' compensation. Given the contract terms it was determined that this contract did not fulfill the risk transfer requirements of SSAP No. 62 so it has been accounted for as a deposit.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
2005	\$ (5,288,164)	\$ -	\$ -	\$ (5,288,164)
2006	-	-	148,896	(5,139,268)
2007	-	-	-	(5,139,268)

The Company has four ceded reinsurance arrangements which provide coverage for certain inland marine and workers' compensation policies issued by the Company. Given the contract terms and results of the Company's cash flow analysis, it was determined that these contracts did not fulfill the SSAP No. 62 requirements for risk transfer so they have been accounted for as deposits.

<u>Year</u>	<u>Deposits Received</u>	<u>Interest Income/ (Expense)</u>	<u>Cash Payments</u>	<u>Deposit (Liability)/ Asset Balance</u>
2000	\$ 3,180,000	\$ 29,907	\$ (427,881)	\$ 2,782,026
2001	-	24,825	(639,984)	2,166,867
2002	-	18,543	(544,443)	1,640,967
2003	-	13,575	(292,959)	1,361,583
2004	-	10,524	(318,996)	1,053,111
2005	5,288,164	3,648,371	(296,466)	9,693,180
2006	-	476,035	(2,103,498)	8,065,717
2007	-	(28,962)	-	8,036,755

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	\$ 53,811,075
2. Unsecured amount	9,123,765
3. Less: Nonadmitted amount (10%)	<u>912,377</u>
4. Admitted amount (1) - (3)	<u>\$ 52,898,698</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 \$83,128,609, 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 the Company. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with the Company. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by the Company is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of the Company and are not allocated to the other pool participants.

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

<u>TRV Pool Participant</u>	<u>NAIC Company Code</u>	<u>Pool Participation %</u>
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

NOTES TO FINANCIAL STATEMENTS

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
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 \$731,993,556 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 \$2,041,742,622 and the amount billed and outstanding on paid claims was \$25,144,919. 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.

NOTES TO FINANCIAL STATEMENTS

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
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

<u>Company</u>	<u>Workers' Compensation</u>		<u>Other Liability</u>	
	<u>Case</u>	<u>IBNR</u>	<u>Case</u>	<u>IBNR</u>
St. Paul Fire and Marine Insurance Company	\$ 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 23.29%.

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 ()

NOTES TO FINANCIAL STATEMENTS

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.

1. <u>Direct Basis - Asbestos:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 1,155,630,000	\$ 867,420,000	\$ 951,130,000	\$ 1,030,646,000	\$ 966,373,000
b. Incurred losses and LAE:	32,988,000	190,204,000	181,163,000	45,397,000	(3,899,000)
c. Calendar year payments for losses and LAE:	<u>321,198,000</u>	<u>106,494,000</u>	<u>101,647,000</u>	<u>109,670,000</u>	<u>84,475,000</u>
d. Ending reserves:	<u>\$ 867,420,000</u>	<u>\$ 951,130,000</u>	<u>\$ 1,030,646,000</u>	<u>\$ 966,373,000</u>	<u>\$ 877,999,000</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:	\$ 92,968,000	\$ 87,445,000	\$ 113,567,000	\$ 125,143,000	\$ 117,975,000
b. Incurred losses and LAE:	2,096,000	32,606,000	29,994,000	2,442,000	3,030,000
c. Calendar year payments for losses and LAE:	<u>7,619,000</u>	<u>6,484,000</u>	<u>18,418,000</u>	<u>9,610,000</u>	<u>10,609,000</u>
d. Ending reserves:	<u>\$ 87,445,000</u>	<u>\$ 113,567,000</u>	<u>\$ 125,143,000</u>	<u>\$ 117,975,000</u>	<u>\$ 110,396,000</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:	\$ 968,226,000	\$ 761,748,000	\$ 898,494,000	\$ 1,013,900,000	\$ 942,919,000
b. Incurred losses and LAE:	24,969,000	211,301,000	208,446,000	38,166,000	(82,000)
c. Calendar year payments for losses and LAE:	<u>231,447,000</u>	<u>74,555,000</u>	<u>93,040,000</u>	<u>109,147,000</u>	<u>73,864,000</u>
d. Ending reserves:	<u>\$ 761,748,000</u>	<u>\$ 898,494,000</u>	<u>\$ 1,013,900,000</u>	<u>\$ 942,919,000</u>	<u>\$ 868,973,000</u>

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

1. Direct Basis:	\$ 777,476,000
2. Assumed Reinsurance Basis:	\$ 61,607,000
3. Net of Ceded Reinsurance Basis:	\$ 750,500,000

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

1. Direct Basis:	\$ 201,839,000
2. Assumed Reinsurance Basis:	\$ 186,000
3. Net of Ceded Reinsurance Basis:	\$ 185,749,000

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 assess any emerging trends, fluctuations or characteristics suggested by the aggregate paid activity.

NOTES TO FINANCIAL STATEMENTS

1. <u>Direct Basis - Environmental:</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
a. Beginning reserves:	\$ 145,440,000	\$ 101,114,000	\$ 123,353,000	\$ 78,774,000	\$ 62,589,000
b. Incurred losses and LAE:	22,465,000	66,767,000	9,927,000	25,433,000	43,013,000
c. Calendar year payments for losses and LAE:	<u>66,791,000</u>	<u>44,528,000</u>	<u>54,506,000</u>	<u>41,618,000</u>	<u>21,707,000</u>
d. Ending reserves:	<u>\$ 101,114,000</u>	<u>\$ 123,353,000</u>	<u>\$ 78,774,000</u>	<u>\$ 62,589,000</u>	<u>\$ 83,895,000</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:	\$ 32,463,000	\$ 30,931,000	\$ 34,533,000	\$ 32,575,000	\$ 30,722,000
b. Incurred losses and LAE:	2,318,000	7,686,000	1,004,000	362,000	(338,000)
c. Calendar year payments for losses and LAE:	<u>3,850,000</u>	<u>4,084,000</u>	<u>2,962,000</u>	<u>2,215,000</u>	<u>5,084,000</u>
d. Ending reserves:	<u>\$ 30,931,000</u>	<u>\$ 34,533,000</u>	<u>\$ 32,575,000</u>	<u>\$ 30,722,000</u>	<u>\$ 25,300,000</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:	\$ 156,169,000	\$ 118,262,000	\$ 144,638,000	\$ 98,853,000	\$ 97,446,000
b. Incurred losses and LAE:	17,795,000	63,832,000	11,487,000	28,169,000	43,031,000
c. Calendar year payments for losses and LAE:	<u>55,702,000</u>	<u>37,456,000</u>	<u>57,272,000</u>	<u>29,576,000</u>	<u>26,396,000</u>
d. Ending reserves:	<u>\$ 118,262,000</u>	<u>\$ 144,638,000</u>	<u>\$ 98,853,000</u>	<u>\$ 97,446,000</u>	<u>\$ 114,081,000</u>
E. Ending loss and LAE reserves for unreported claims included in Part D above:					
1. Direct Basis:	\$ 77,588,000				
2. Assumed Reinsurance Basis:	\$ 16,743,000				
3. Net of Ceded Reinsurance Basis	\$ 99,674,000				
F. Ending LAE reserves for reported and unreported claims included in Part D above:					
1. Direct Basis:	\$ 38,194,000				
2. Assumed Reinsurance Basis:	\$ 49,000				
3. Net of Ceded Reinsurance Basis	\$ 38,239,000				

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

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.....	64,068,933	0.4	64,068,933	0.4
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	10,250,976	0.1	10,250,976	0.1
1.22 Issued by U.S. government sponsored agencies.....	10,019,665	0.1	10,019,665	0.1
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	31,795,430	0.2	31,795,430	0.2
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,605,176,345	9.0	1,605,176,345	9.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	2,472,115,458	13.8	2,472,115,458	13.9
1.43 Revenue and assessment obligations.....	3,461,814,534	19.4	3,461,814,534	19.4
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.....	244,802,007	1.4	244,802,007	1.4
1.512 Issued or guaranteed by FNMA and FHLMC.....	756,179,396	4.2	756,179,396	4.2
1.513 All other.....	67,532,460	0.4	67,532,460	0.4
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....	242,186,096	1.4	242,186,096	1.4
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.....	996,314,693	5.6	996,314,693	5.6
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	2,528,492,159	14.2	2,528,482,159	14.2
2.2 Unaffiliated foreign securities.....	334,949,175	1.9	334,949,175	1.9
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.....	146,050,982	0.8	146,050,982	0.8
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	32,770,630	0.2	32,770,630	0.2
3.4 Other equity securities:				
3.41 Affiliated.....	3,645,082,664	20.4	3,645,082,664	20.4
3.42 Unaffiliated.....	1,448,141	0.0	1,448,141	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.....	38,176,054	0.2	38,176,054	0.2
4.6 Mezzanine real estate loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	177,780,507	1.0	177,780,507	1.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Contract loans.....	0	0.0	0	0.0
7. Receivables for securities.....	360,578	0.0	360,578	0.0
8. Cash, cash equivalents and short-term investments.....	141,784,594	0.8	111,715,603	0.6
9. Other invested assets.....	857,905,678	4.8	857,001,644	4.8
10. Total invested assets.....	17,867,057,154	100.0	17,836,074,129	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? Connecticut
-
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2004
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/27/2006
- 3.4 By what department or departments? Connecticut
-
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [X] No []
- 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 |
|------------------------------|--------------------|------------------------|
| Discover Reinsurance Company | 44440 | IN |
-
- 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 [] No [X]
- 11.11 Name of real estate holding company _____
- 11.12 Number of parcels involved0
- 11.13 Total book/adjusted carrying value \$.....0
- 11.2 If yes, provide explanation. _____
-
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? _____
-
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 [X] No []
- 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.
-

- 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 contract 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 \$.....141,515,173
 - 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 \$.....41,849,658
 - 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 \$.....830,830,758
 - 23.291 Other \$.....136,902,593

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.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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
- 25.2 If yes, state the amount thereof at December 31 of the current year: \$.....4,237,036

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 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

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

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	Oaktree Capital Management	333 South Grand Ave., Los Angeles, CA 90071
N/A	Shenkman Capital Management	461 Fifth Ave., New York, NY 10017
N/A	Neuberger Berman	605 Third Ave., 36th Fl., New York, NY 10158

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

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.....	13,428,390,296	13,610,571,067	182,180,771
28.2 Preferred stocks.....	146,050,982	158,114,769	12,063,787
28.3 Totals.....	13,574,441,278	13,768,685,836	194,244,558

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 No

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....8,371,466

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	3,342,387

31.1 Amount of payments for legal expenses, if any? \$.....22,992,326

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	7,959,179

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....476,447

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

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 lives0
 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 lives0

- 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 lives0
 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 lives0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....4,164,944,925	\$.....3,670,178,277
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....20,347,558	\$.....20,519,106
2.5 Reserve Denominator.....	\$.....10,720,457,630	\$.....9,847,215,931
2.6 Reserve Ratio (2.4/2.5).....	.....0.2	.....0.2

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []
 3.2 If yes, state the amount of calendar year premiums written on:
 3.21 Participating \$.....38,908,868
 3.22 Non-participating policies \$.....4,190,880,757

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.

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

<p>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)?</p>	Yes [X]	No []
<p>7.2 If yes, indicate the number of reinsurance contracts containing such provisions.</p>	.....16	
<p>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)?</p>	Yes [X]	No []
<p>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?</p>	Yes [X]	No []
<p>8.2 If yes, give full information: Please see footnote 22E for a list of commutations.</p> <hr/>		
<p>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:</p> <p>(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;</p> <p>(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;</p> <p>(c) Aggregate stop loss reinsurance coverage;</p> <p>(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;</p> <p>(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</p> <p>(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?</p>	Yes []	No [X]
<p>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:</p> <p>(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</p> <p>(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?</p>	Yes []	No [X]
<p>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:</p> <p>(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;</p> <p>(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</p> <p>(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.</p>		
<p>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:</p> <p>(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</p> <p>(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?</p>	Yes []	No [X]
<p>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.</p>		
<p>9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:</p> <p>(a) The entity does not utilize reinsurance; or</p> <p>(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</p> <p>(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.</p>	Yes []	No [X]
<p>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?</p>	Yes [X]	No [] N/A []
<p>11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force?</p>	Yes []	No [X]
<p>11.2 If yes, give full information:</p> <hr/>		
<p>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:</p> <p>12.11 Unpaid losses</p> <p>12.12 Unpaid underwriting expenses (including loss adjustment expenses)</p>	\$.....21,449,135	\$.....5,362,284
<p>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:</p>	\$.....20,487,632	
<p>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?</p>	Yes []	No [X] N/A []
<p>12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:</p> <p>12.41 From</p> <p>12.42 To</p>	.....0.0 %	.....0.0 %
<p>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?</p>	Yes [X]	No []
<p>12.6 If yes, state the amount thereof at December 31 of current year:</p> <p>12.61 Letters of credit</p> <p>12.62 Collateral and other funds</p>	\$.....1,471,031,040	\$.....240,869,013

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....3,982,590
- 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 [X] No []
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....	.....0	.....0	.....0	.....0	.....0
16.12 Products.....	.....0	.....0	.....0	.....0	.....0
16.13 Automobile.....	.....0	.....(1,359)	.....0	.....0	.....0
16.14 Other*.....	.....0	.....0	.....0	.....0	.....0

* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [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).....	9,465,408,123	9,685,716,888	10,037,418,133	5,539,054,490	4,629,703,663
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	4,042,595,904	3,857,084,243	3,723,785,642	2,564,154,826	2,349,082,452
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	6,445,677,549	6,304,637,272	6,090,517,091	4,878,363,245	4,307,933,198
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	120,494,089	147,295,590	449,841,083	129,995,624	1,115,841
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	57,942,908	51,879,253	74,915,966	19,222,086	77,311,862
6. Total (Line 34).....	20,132,118,573	20,046,613,246	20,376,477,914	13,130,790,271	11,365,147,016
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,909,297,504	1,884,531,172	1,849,107,080	1,545,553,810	1,107,577,947
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	847,182,788	747,420,091	681,858,367	628,477,694	585,898,557
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,445,122,174	1,332,842,144	1,157,366,391	1,391,056,999	1,133,969,940
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	14,022,461	24,937,104	97,707,302	45,306,322	915,447
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	14,164,697	4,744,831	14,090,565	4,270,904	21,746,632
12. Total (Line 34).....	4,229,789,624	3,994,475,342	3,800,129,705	3,614,665,729	2,850,108,523
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	446,379,291	493,396,917	(103,667,782)	11,696,925	196,529,550
14. Net investment gain (loss) (Line 11).....	1,325,506,593	1,142,636,782	1,006,262,552	1,165,274,546	564,545,943
15. Total other income (Line 15).....	1,884,978	(20,956,029)	54,641,510	(1,800,842)	66,502,076
16. Dividends to policyholders (Line 17).....	5,418,654	3,407,236	3,440,706	(5,067,866)	1,484,953
17. Federal and foreign income taxes incurred (Line 19).....	283,835,911	245,477,734	217,425,119	245,025,689	16,710,205
18. Net income (Line 20).....	1,484,516,298	1,366,192,700	736,370,456	935,212,806	809,382,411
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3).....	21,284,346,648	21,265,139,608	18,281,125,499	15,670,111,023	13,315,431,225
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 13.1).....	239,234,399	220,368,385	211,717,280	241,727,716	159,560,606
20.2 Deferred and not yet due (Line 13.2).....	923,571,554	1,174,244,428	824,788,075	736,303,100	724,076,556
20.3 Accrued retrospective premiums (Line 13.3).....	52,898,698	140,287,073	42,495,516	98,664,055	57,560,539
21. Total liabilities excluding protected cell business (Page 3, Line 24).....	12,813,703,001	13,302,683,978	12,340,815,614	11,030,769,068	8,814,419,676
22. Losses (Page 3, Line 1).....	7,257,418,346	7,412,903,662	6,894,428,741	6,263,236,247	4,800,956,937
23. Loss adjustment expenses (Page 3, Line 3).....	1,582,247,145	1,536,806,218	1,504,585,758	1,272,044,595	1,025,895,511
24. Unearned premiums (Page 3, Line 9).....	1,875,314,505	1,805,625,439	1,660,813,146	1,591,280,672	1,304,517,640
25. Capital paid up (Page 3, Lines 28 & 29).....	10,770,000	13,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	8,470,643,647	7,962,455,631	5,940,309,885	4,639,341,956	4,501,011,549
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	1,997,104,542	1,121,496,031	1,345,451,960	1,433,427,385	1,107,509,412
Risk-Based Capital Analysis					
28. Total adjusted capital.....	8,470,643,647	7,962,455,631	5,940,309,885	4,639,341,956	4,501,011,549
29. Authorized control level risk-based capital.....	1,465,262,004	1,542,650,856	1,440,872,444	1,317,822,341	1,166,704,056
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).....	71.9	73.0	68.4	56.9	59.5
31. Stocks (Lines 2.1 & 2.2).....	21.4	22.0	22.5	30.8	28.9
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....	0.2	0.2	0.6	0.7	1.0
33. Real estate (Lines 4.1, 4.2 & 4.3).....	1.0	0.9	1.0	1.1	1.1
34. Cash, cash equivalents and short-term investments (Line 5).....	0.6	(0.9)	0.8	2.7	0.2
35. Contract loans (Line 6).....	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7).....	4.8	4.8	5.8	7.6	9.2
37. Receivable for securities (Line 8).....	0.0	0.0	0.8	0.2	0.1
38. Aggregate write-ins for invested assets (Line 9).....	(0.0)	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	0	0	0	0	330,000,000
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).....	3,690,200,196	3,597,870,365	3,148,342,748	2,927,704,761	2,933,105,434
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.....	217,692,110	212,554,206	236,832,855	261,992,085	248,686,687
46. Total of above lines 40 to 45.....	3,907,892,306	3,810,424,571	3,385,175,603	3,189,696,846	3,511,792,121
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).....	46.1	51.5	57.0	89.6	80.3

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).....	108,826,018	401,361,552	83,491,131	(348,960,588)	232,589,256
49. Dividends to stockholders (Line 35).....	(965,000,000)	(120,000,000)	(380,000,000)	(816,500,000)	(396,000,000)
50. Change in surplus as regards policyholders for the year (Line 38).....	508,188,017	1,503,504,434	1,300,967,929	138,330,407	537,685,346
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).....	5,612,760,185	5,925,705,260	1,345,285,395	3,763,082,883	3,283,174,587
52. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,184,030,011	2,635,832,496	1,816,673,315	1,184,788,309	1,077,730,190
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,418,303,309	2,989,884,348	2,085,895,142	1,700,153,342	1,634,661,050
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	224,230,877	269,838,817	(184,281,450)	67,429,929	2,236,412
55. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	422,035,384	372,277,510	(853,384,978)	198,444,785	123,128,590
56. Total (Line 34).....	10,861,359,765	12,193,538,431	4,210,187,424	6,913,899,248	6,120,930,830
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).....	1,170,713,285	1,013,800,017	858,935,321	664,701,305	758,121,389
58. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	375,868,631	358,722,238	398,873,646	283,652,417	240,455,030
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	467,925,197	568,948,206	609,835,186	453,813,037	446,859,407
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	34,468,679	43,089,775	(64,638,700)	24,357,861	859,052
61. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	57,788,042	65,436,283	(187,546,242)	35,832,100	32,253,305
62. Total (Line 34).....	2,106,763,833	2,049,996,519	1,615,459,210	1,462,356,720	1,478,548,183
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).....	46.9	47.3	61.2	65.5	57.6
65. Loss expenses incurred (Line 3).....	12.1	12.3	13.8	14.3	9.1
66. Other underwriting expenses incurred (Line 4).....	30.3	27.8	27.8	26.4	25.9
67. Net underwriting gain (loss) (Line 8).....	10.7	12.6	(2.8)	(6.2)	7.4
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).....	29.8	18.2	25.4	30.8	22.0
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	59.0	59.6	75.0	80.0	66.8
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).....	49.9	53.1	62.0	71.0	63.3
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).....	(137,116)	(94,841)	113,280	209,002	(70,594)
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).....	(1.7)	(1.6)	2.4	0.0	(1.8)
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).....	(173,266)	227,603	830,551	679,336	844,465
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).....	(2.9)	4.9	18.5	0.0	22.1

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.....	329,141,580	330,315,938	331,398,264	333,167,577
	2. Canada.....	2,010,014	2,008,573	1,846,817	2,016,640
	3. Other Countries.....	29,785,420	31,379,892	29,753,042	29,921,000
	4. Totals.....	360,937,013	363,704,404	362,998,124	365,105,217
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	1,605,176,345	1,639,619,869	1,643,411,435	1,530,835,000
	6. Canada.....	13,384,870	13,654,037	13,596,797	13,100,000
	7. Other Countries.....	0	0	0	0
	8. Totals.....	1,618,561,215	1,653,273,906	1,657,008,232	1,543,935,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	2,472,115,458	2,506,533,349	2,507,443,049	2,363,190,000
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	2,472,115,458	2,506,533,349	2,507,443,049	2,363,190,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	4,527,712,486	4,615,895,590	4,592,757,380	4,420,560,162
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	4,527,712,486	4,615,895,590	4,592,757,380	4,420,560,162
Public Utilities (Unaffiliated)	17. United States.....	373,616,837	372,774,269	377,207,194	370,823,863
	18. Canada.....	5,776,088	6,575,119	5,746,646	15,263,841
	19. Other Countries.....	19,205,501	19,248,825	19,319,425	19,250,000
	20. Totals.....	398,598,426	398,598,213	402,273,265	405,337,704
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	3,151,190,013	3,173,645,593	3,196,750,777	3,188,996,024
	22. Canada.....	54,411,791	54,790,537	56,837,138	57,327,750
	23. Other Countries.....	242,170,925	241,436,505	244,285,765	244,072,000
	24. Totals.....	3,447,772,729	3,469,872,635	3,497,873,680	3,490,395,774
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	12,825,697,327	13,007,878,098	13,020,353,730	12,588,523,857
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	24,139,620	24,142,250	24,064,212	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	24,139,620	24,142,250	24,064,212	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	18,799,974	18,823,470	20,552,672	
	32. Canada.....	0	0	0	
	33. Other Countries.....	7,967,896	8,094,145	9,199,709	
	34. Totals.....	26,767,870	26,917,615	29,752,381	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	94,396,854	106,308,266	98,735,028	
	36. Canada.....	0	0	0	
	37. Other Countries.....	746,638	746,638	553,425	
	38. Totals.....	95,143,492	107,054,904	99,288,453	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
	40. Total Preferred Stocks.....	146,050,982	158,114,769	153,105,047	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	4,500,837	4,500,837	2,731,754	
	50. Canada.....	0	0	0	
	51. Other Countries.....	29,717,934	29,717,934	15,929,417	
	52. Totals.....	34,218,772	34,218,772	18,661,171	
Parent, Subsidiaries and Affiliates	53. Totals.....	3,690,200,196	3,690,200,196	1,823,602,496	
	54. Total Common Stocks.....	3,724,418,967	3,724,418,967	1,842,263,667	
	55. Total Stocks.....	3,870,469,949	3,882,533,736	1,995,368,714	
	56. Total Bonds and Stocks....	16,696,167,276	16,890,411,834	15,015,722,444	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	16,432,373,067	7. Amortization of premium.....	43,794,616
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	2,409,328,633	8. Foreign exchange adjustment:	
3. Accrual of discount.....	(5,068,730)	8.1 Column 15, Part 1.....	154,713
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.....	0
4.1 Columns 12 - 14, Part 1.....	(32,598,430)	8.3 Column 16, Part 2, Section 2.....	983
4.2 Columns 15 - 17, Part 2, Section 1.....	(7,443,970)	8.4 Column 15, Part 4.....	79,267
4.3 Column 15, Part 2, Section 2.....	69,659,609		234,963
4.4 Columns 11 - 13, Part 4.....	(4,684,384)	9. Book/adjusted carrying value at end of current period.....	16,696,167,276
	24,932,825	10. Total valuation allowance.....	0
5. Total gain (loss), Column 19, Part 4.....	32,477,221	11. Subtotal (Lines 9 plus 10).....	16,696,167,276
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4....	2,154,316,087	12. Total nonadmitted amounts.....	45,117,532
		13. Statement value of bonds and stocks, current year.....	16,651,049,744

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.....	195,705	56,907	66,338	6,069	38,184	533	2,575	236,718	XXX.....	
2. 1998.....	3,718,527	689,763	3,028,763	2,756,297	586,087	273,572	40,487	195,692	13,524	77,779	2,585,463	XXX.....	
3. 1999.....	3,622,950	667,337	2,955,613	2,821,103	712,181	297,963	52,642	149,131	14,769	83,527	2,488,605	XXX.....	
4. 2000.....	3,740,779	790,748	2,950,031	2,745,437	656,964	304,649	48,010	145,321	15,432	93,432	2,475,001	XXX.....	
5. 2001.....	4,040,062	707,612	3,332,450	3,148,486	910,273	295,817	62,464	161,628	17,269	80,552	2,615,925	XXX.....	
6. 2002.....	4,481,632	925,119	3,556,513	2,157,745	466,066	249,439	35,796	137,507	13,333	76,385	2,029,495	XXX.....	
7. 2003.....	4,808,532	936,406	3,872,126	1,974,376	315,357	199,084	24,398	133,715	12,700	71,151	1,954,720	XXX.....	
8. 2004.....	4,907,831	901,514	4,006,317	1,776,874	299,578	150,341	18,838	151,178	13,780	69,079	1,746,197	XXX.....	
9. 2005.....	4,683,099	706,395	3,976,704	1,926,531	522,561	103,346	14,739	152,110	9,993	59,071	1,634,694	XXX.....	
10. 2006.....	4,590,679	594,736	3,995,943	1,170,891	125,667	57,056	5,557	162,435	4,897	57,419	1,254,260	XXX.....	
11. 2007.....	5,023,219	858,274	4,164,945	791,329	45,216	26,066	1,854	148,734	2,644	38,191	916,416	XXX.....	
12. Totals.....	XXX.....	XXX.....	XXX.....	21,464,774	4,696,856	2,023,672	310,855	1,575,635	118,876	709,161	19,937,493	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.....	1,299,789	420,895	1,497,765	261,578	147,746	21,804	246,720	16,583	143,300	704	1,800	2,613,756	XXX.....
2. 1998.....	108,635	35,263	76,691	8,088	8,051	2,538	14,010	697	5,003	65	970	165,740	XXX.....
3. 1999.....	156,834	53,515	127,615	33,101	15,158	6,173	13,533	2,669	8,467	163	1,289	225,985	XXX.....
4. 2000.....	232,564	61,870	198,487	58,297	17,211	4,728	16,952	5,161	8,129	108	2,260	343,178	XXX.....
5. 2001.....	285,478	85,953	222,210	81,953	29,058	10,941	31,799	10,628	23,941	257	5,938	402,754	XXX.....
6. 2002.....	236,831	67,124	239,195	69,514	24,448	3,594	38,833	11,364	17,788	214	8,105	405,285	XXX.....
7. 2003.....	275,390	65,908	260,552	83,449	29,259	3,281	67,935	17,918	37,278	179	16,169	499,678	XXX.....
8. 2004.....	310,825	78,384	343,599	79,203	33,283	3,562	85,924	11,232	27,486	176	21,931	628,561	XXX.....
9. 2005.....	331,464	83,328	649,278	166,686	39,141	4,375	99,008	13,372	32,289	45	30,578	883,373	XXX.....
10. 2006.....	387,434	67,653	701,061	130,759	40,003	3,197	124,641	16,933	39,711	723	35,110	1,073,585	XXX.....
11. 2007.....	535,027	66,236	999,956	160,505	41,243	2,988	159,740	8,730	99,151	(1,110)	63,537	1,597,769	XXX.....
12. Totals.....	4,160,270	1,086,130	5,316,409	1,133,132	424,601	67,181	899,095	115,287	442,543	1,524	187,686	8,839,665	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.....	2,115,081	498,675
2. 1998.	3,437,951	686,749	2,751,202	92.5	99.6	90.8	0	0	23.29	141,975	23,764
3. 1999.	3,589,804	875,213	2,714,591	99.1	131.2	91.8	0	0	23.29	197,833	28,152
4. 2000.	3,668,749	850,571	2,818,179	98.1	107.6	95.5	0	0	23.29	310,884	32,294
5. 2001.	4,198,418	1,179,738	3,018,680	103.9	166.7	90.6	0	0	23.29	339,781	62,973
6. 2002.	3,101,786	667,006	2,434,780	69.2	72.1	68.5	0	0	23.29	339,388	65,897
7. 2003.	2,977,587	523,190	2,454,398	61.9	55.9	63.4	0	0	23.29	386,584	113,094
8. 2004.	2,879,512	504,754	2,374,758	58.7	56.0	59.3	0	0	23.29	496,837	131,724
9. 2005.	3,333,166	815,099	2,518,067	71.2	115.4	63.3	0	0	23.29	730,727	152,646
10. 2006.	2,683,232	355,387	2,327,845	58.4	59.8	58.3	0	0	23.29	890,083	183,502
11. 2007.	2,801,247	287,062	2,514,185	55.8	33.4	60.4	0	0	23.29	1,308,243	289,526
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	7,257,418	1,582,247

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.....	6,290,149	6,148,199	5,941,302	5,837,557	6,512,672	6,568,665	6,902,624	7,177,736	7,266,672	7,354,788	88,117	177,053
2. 1998.....	2,337,788	2,319,818	2,363,305	2,426,154	2,470,531	2,497,767	2,526,888	2,545,618	2,556,423	2,568,128	11,704	22,510
3. 1999.....	XXX	2,168,859	2,178,943	2,289,892	2,393,453	2,483,013	2,536,720	2,546,012	2,572,925	2,575,833	2,909	29,822
4. 2000.....	XXX	XXX	2,158,137	2,243,752	2,324,073	2,490,906	2,630,672	2,661,786	2,694,582	2,685,590	(8,992)	23,804
5. 2001.....	XXX	XXX	XXX	2,653,117	2,696,570	2,809,594	2,863,432	2,838,241	2,874,149	2,856,910	(17,239)	18,669
6. 2002.....	XXX	XXX	XXX	XXX	2,378,747	2,204,191	2,266,619	2,300,404	2,317,944	2,303,989	(13,955)	3,584
7. 2003.....	XXX	XXX	XXX	XXX	XXX	2,379,421	2,255,993	2,302,586	2,297,511	2,310,749	13,237	8,163
8. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	2,617,112	2,384,709	2,285,969	2,224,736	(61,233)	(159,973)
9. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,652,848	2,435,508	2,355,950	(79,557)	(296,897)
10. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,217,581	2,145,474	(72,107)	XXX
11. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,284,484	XXX	XXX
12. Totals.....											(137,116)	(173,266)

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	1,103,436	1,939,078	2,593,951	3,159,524	3,751,266	4,040,700	4,332,659	4,584,064	4,783,131	XXX	XXX
2. 1998.....	774,435	1,253,930	1,619,039	1,880,286	2,073,143	2,206,043	2,281,002	2,322,431	2,366,971	2,403,294	XXX	XXX
3. 1999.....	XXX	754,775	1,267,965	1,648,402	1,959,861	2,110,197	2,197,636	2,273,014	2,319,665	2,354,244	XXX	XXX
4. 2000.....	XXX	XXX	758,048	1,304,658	1,701,526	1,979,406	2,072,128	2,193,069	2,276,466	2,345,112	XXX	XXX
5. 2001.....	XXX	XXX	XXX	773,184	1,416,780	1,827,712	2,103,429	2,302,023	2,405,660	2,471,567	XXX	XXX
6. 2002.....	XXX	XXX	XXX	XXX	662,329	1,128,167	1,411,926	1,642,623	1,804,965	1,905,321	XXX	XXX
7. 2003.....	XXX	XXX	XXX	XXX	XXX	686,805	1,180,106	1,498,682	1,687,977	1,833,705	XXX	XXX
8. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	690,233	1,188,002	1,428,732	1,608,799	XXX	XXX
9. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	738,487	1,281,241	1,492,577	XXX	XXX
10. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	707,856	1,096,722	XXX	XXX
11. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	770,326	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.....	3,420,806	2,702,733	2,134,387	1,688,303	1,853,544	1,482,697	1,552,425	1,615,766	1,522,083	1,475,450
2. 1998.....	935,601	510,954	302,464	213,197	150,554	116,801	109,695	106,689	88,559	83,361
3. 1999.....	XXX	825,431	367,492	167,860	69,843	161,934	134,234	95,361	111,359	107,084
4. 2000.....	XXX	XXX	804,590	400,483	165,001	230,416	266,788	186,598	191,021	154,201
5. 2001.....	XXX	XXX	XXX	1,215,831	661,519	459,299	291,111	194,765	198,990	165,349
6. 2002.....	XXX	XXX	XXX	XXX	1,181,129	568,325	394,907	288,249	236,771	204,971
7. 2003.....	XXX	XXX	XXX	XXX	XXX	1,190,456	590,401	402,774	285,353	237,648
8. 2004.....	XXX	XXX	XXX	XXX	XXX	XXX	1,403,266	761,107	496,942	350,840
9. 2005.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,221,019	760,136	579,491
10. 2006.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,041,572	690,937
11. 2007.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,006,545

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	24,014,835	24,352,848	0	6,487,646	5,852,344	69,932,652	20,790	0
2. Alaska.....AK	YES	902,376	767,643	0	684,167	(42,647)	6,006,524	126	0
3. Arizona.....AZ	YES	34,724,109	33,962,188	282	11,024,076	9,351,137	61,126,007	19,958	0
4. Arkansas.....AR	YES	25,334,435	25,275,412	0	20,537,276	15,844,429	90,174,419	17,067	0
5. California.....CA	YES	3,172,150	2,870,482	0	26,449,831	(40,656,389)	158,563,761	2,641	0
6. Colorado.....CO	YES	49,484,869	51,028,161	245	18,100,025	16,576,094	93,059,832	61,448	0
7. Connecticut.....CT	YES	42,513,997	44,159,226	25,953	24,620,521	4,249,935	207,317,077	136,520	0
8. Delaware.....DE	YES	12,882,939	14,674,025	0	5,896,132	3,538,968	41,065,215	42,429	0
9. District of Columbia.....DC	YES	21,093,107	20,874,258	(1,651)	4,759,382	(1,569,196)	51,714,282	12,583	0
10. Florida.....FL	YES	54,383,536	54,601,121	261,906	39,407,283	12,325,915	404,801,022	10,412	0
11. Georgia.....GA	YES	43,374,181	43,868,452	0	17,375,898	13,253,787	90,742,174	306,476	0
12. Hawaii.....HI	YES	7,202,478	6,135,056	0	1,674,718	(2,006,383)	25,755,460	759	0
13. Idaho.....ID	YES	8,829,559	8,546,825	0	2,657,282	3,654,685	10,762,585	11,674	0
14. Illinois.....IL	YES	120,932,954	121,422,330	294	94,913,620	68,898,126	302,575,356	74,096	0
15. Indiana.....IN	YES	37,808,102	36,761,697	57	17,972,966	16,304,212	51,885,272	13,595	0
16. Iowa.....IA	YES	17,684,568	17,965,144	0	10,377,186	10,319,874	58,697,906	10,349	0
17. Kansas.....KS	YES	49,926,798	49,925,845	0	23,907,723	32,688,250	70,508,450	33,194	0
18. Kentucky.....KY	YES	16,134,883	14,201,592	0	12,551,832	(120,171)	106,416,565	9,567	0
19. Louisiana.....LA	YES	16,632,271	15,889,300	5,283	38,290,990	10,022,010	77,426,955	11,863	0
20. Maine.....ME	YES	4,486,098	4,608,254	0	1,870,736	(4,546,815)	32,004,999	25,054	0
21. Maryland.....MD	YES	52,111,035	51,036,103	400	22,255,154	18,411,851	85,260,909	281,340	0
22. Massachusetts.....MA	YES	112,702,313	123,054,577	62	63,530,751	38,691,763	341,151,235	526,488	0
23. Michigan.....MI	YES	35,621,213	37,635,796	0	27,854,680	16,359,946	137,876,296	18,667	0
24. Minnesota.....MN	YES	19,009,697	18,363,185	75	6,974,125	2,196,896	92,536,457	18,547	0
25. Mississippi.....MS	YES	28,592,584	28,399,117	0	11,287,616	12,331,526	73,126,566	23,588	0
26. Missouri.....MO	YES	30,652,047	30,138,491	0	22,113,685	13,878,480	84,471,750	18,363	0
27. Montana.....MT	YES	11,048,666	10,719,747	0	3,297,978	2,242,935	14,584,754	19,010	0
28. Nebraska.....NE	YES	25,248,556	27,154,271	0	13,034,139	13,839,343	63,589,891	14,700	0
29. Nevada.....NV	YES	37,667,730	36,070,563	0	12,030,105	7,543,816	39,351,908	20,226	0
30. New Hampshire.....NH	YES	18,052,960	20,868,539	0	6,594,854	4,061,897	60,687,390	61,792	0
31. New Jersey.....NJ	YES	117,144,097	128,550,450	91,371	78,492,409	83,853,057	432,631,492	134,617	0
32. New Mexico.....NM	YES	7,995,954	7,420,111	0	4,554,819	5,491,128	23,125,770	5,107	0
33. New York.....NY	YES	160,737,121	168,202,697	15,939	425,928,824	40,363,525	868,119,232	644,195	0
34. North Carolina.....NC	YES	97,776,576	98,557,502	1,033	46,667,877	39,076,697	164,964,385	521,216	0
35. North Dakota.....ND	YES	1,538,289	1,437,805	0	327,260	(227,225)	1,602,600	592	0
36. Ohio.....OH	YES	31,398,138	31,467,484	0	24,809,967	4,670,949	87,900,189	23,804	0
37. Oklahoma.....OK	YES	21,487,382	21,449,511	0	14,300,975	22,095,806	30,810,990	1,880	0
38. Oregon.....OR	YES	11,802,010	11,200,194	0	4,368,678	4,640,241	28,403,396	13,674	0
39. Pennsylvania.....PA	YES	99,625,839	100,123,043	700	52,562,881	31,917,083	349,382,109	1,044,166	0
40. Rhode Island.....RI	YES	8,145,088	8,921,430	0	5,654,526	3,381,655	35,325,377	28,242	0
41. South Carolina.....SC	YES	24,875,357	23,129,046	0	4,752,108	3,110,559	46,847,381	22,831	0
42. South Dakota.....SD	YES	2,283,844	3,786,889	0	6,304,991	2,848,039	19,174,202	1,379	0
43. Tennessee.....TN	YES	56,933,660	58,656,967	39,915	17,018,509	26,654,060	153,286,076	95,145	0
44. Texas.....TX	YES	85,330,926	88,892,713	474	37,926,094	50,292,276	338,561,816	178,534	0
45. Utah.....UT	YES	11,666,702	11,946,457	63	2,923,539	3,075,341	17,514,705	18,982	0
46. Vermont.....VT	YES	8,174,333	10,099,805	0	5,132,799	5,662,078	29,605,659	24,545	0
47. Virginia.....VA	YES	65,381,482	71,948,957	5,162	29,713,381	38,922,205	165,213,862	91,409	0
48. Washington.....WA	YES	26,290,400	26,756,693	0	14,578,024	20,825,620	60,285,647	36,027	0
49. West Virginia.....WV	YES	7,480,123	7,199,297	0	3,664,192	614,769	52,861,286	7,943	0
50. Wisconsin.....WI	YES	16,866,159	15,217,445	33,434	13,608,949	8,680,497	52,434,667	7,792	0
51. Wyoming.....WY	YES	3,414,390	3,848,635	0	1,130,310	214,901	4,735,246	2,219	0
52. American Samoa.....AS	NO	0	0	0	0	0	0	0	0
53. Guam.....GU	YES	24,361	22,105	0	3,863	50,594	51,000	0	0
54. Puerto Rico.....PR	YES	627,584	1,071,052	0	139,651	(144,832)	144,290	2	0
55. US Virgin Islands.....VI	YES	35,746	34,609	0	0	1,809	19,351	0	0
56. Northern Mariana Islands.....MP	NO	0	0	0	0	0	0	0	0
57. Canada.....CN	NO	0	0	0	0	0	0	0	0
58. Aggregate Other Alien.....OT	XXX	16,511	(2,378)	0	360,223	438,239	5,550,865	0	0
59. Totals.....	(a) 54	1,829,277,117	1,875,268,767	480,996	1,363,457,227	700,005,690	5,971,725,263	4,727,620	0

DETAILS OF WRITE-INS

5801. Other Alien Combined.....	XXX	16,511	(2,378)	0	360,223	438,239	5,550,865	0	0
5802.	XXX	0	0	0	0	0	0	0	0
5803.	XXX	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above)	XXX	16,511	(2,378)	0	360,223	438,239	5,550,865	0	0

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

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

NOTE - CALIFORNIA: ADMITTED REINSURER.

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

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

PART 1 - ORGANIZATIONAL CHART

The 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

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