PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

* 2 1 4 8 2 2 0 0 5 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2005

of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

NAIC Group Code.....0065, 65 (Current Period) (Prior Period) NAIC Company Code..... 21482 Employer's ID Number..... 05-0316605

Organized under the Laws of Rhode Island State of Domicile or Port of Entry Rhode Island Country of Domicile US

Incorporated/Organized..... October 31, 1835 Commenced Business..... October 31, 1835

Statutory Home Office	1301 Atwood Avenue… Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	1301 Atwood Avenue… Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Mail Address	P.O. Box 7500… Johnston ..... RI ..... 02919-0500 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	1301 Atwood Avenue… Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number)*
Internet Website Address	www.fmglobal.com	
Statutory Statement Contact	Joy K Cave *(Name)*	401-275-3000-1680 *(Area Code) (Telephone Number) (Extension)*
	joy.cave@fmglobal.com *(E-Mail Address)*	401-946-8306 *(Fax Number)*
Policyowner Relations Contact	1301 Atwood Avenue… Johnston ..... RI ..... 02919-4908 *(Street and Number) (City or Town, State and Zip Code)*	401-275-3000 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Shivan Sivaswamy Subramaniam	President and CEO	2. John James Pomeroy	Secretary & Sr. Vice President
3. William Alfred Mekrut	Treasurer		

OTHER

Antonius Rudolfus Henricus Bosman	Executive Vice President	Brian Joseph Hurley	Executive Vice President
Jeffrey Alfred Burchill	Senior Vice President	Jeanne Ruth Lieb	Senior Vice President
Paul Edward LaFleche	Senior Vice President	John James Pomeroy	Senior Vice President
Enzo Rebula	Senior Vice President		

DIRECTORS OR TRUSTEES

Walter Joseph Galvin	Mary Lynch Howell	John Anderson Luke Jr.	Gracia Catherine Martore
Robert Joseph O'Toole	James Wilson Owens	David Pulman	Elisabeth Struckell
Shivan Sivaswamy Subramaniam	James Conrad Thyen	Alfred Joseph Verrecchia	

State of..... Rhode Island
County of..... Providence

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

(Signature)	(Signature)	(Signature)
Theresa A. Molloy	John James Pomeroy	William Alfred Mekrut
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Controller	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 31st day of January, 2006
Kimberly Balkun Notary Public
December 1, 2009

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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,993,072,139		1,993,072,139	1,810,587,267
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks	4,575,236,346		4,575,236,346	3,880,758,909
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens	5,001		5,001	7,308
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $.....0 encumbrances)	2,705,082		2,705,082	2,792,243
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....125,148,447, Sch. E-Part 1), cash equivalents ($.....144,869,583, Sch. E-Part 2) and short-term investments ($.....313,766,078, Sch. DA)	583,784,108		583,784,108	554,504,394
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets (Schedule BA)	92,007,855		92,007,855	81,790,353
8. Receivables for securities	2,959,659		2,959,659	13,637,525
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	7,249,770,190	0	7,249,770,190	6,344,077,999
11. Title plants less $.....0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	28,071,195		28,071,195	25,315,396
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	368,961,590	3,874,545	365,087,045	287,147,993
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	104,058,446		104,058,446	143,701,934
14.2 Funds held by or deposited with reinsured companies	30,647,847		30,647,847	7,047,280
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon	66,450,444		66,450,444	19,191,157
16.2 Net deferred tax asset			0	
17. Guaranty funds receivable or on deposit	2,991,816		2,991,816	3,315,367
18. Electronic data processing equipment and software	5,914,555		5,914,555	8,423,701
19. Furniture and equipment, including health care delivery assets ($.....0)	18,269,202	18,269,202	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates	28,147,072		28,147,072	62,014,227
22. Health care ($.....0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	483,034,691	384,893,444	98,141,247	74,313,047
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,386,317,048	407,037,191	7,979,279,857	6,974,548,101
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	8,386,317,048	407,037,191	7,979,279,857	6,974,548,101

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. CSV Life Insurance	53,571,361		53,571,361	47,357,209
2302. Pension Asset	344,617,819	344,617,819	0	
2303. Director Comp Plan	3,821,660		3,821,660	3,563,731
2398. Summary of remaining write-ins for Line 23 from overflow page	81,023,851	40,275,625	40,748,226	23,392,107
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	483,034,691	384,893,444	98,141,247	74,313,047

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 34, Column 8)	1,790,391,323	1,551,475,519
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	55,857,348	47,686,560
3.	Loss adjustment expenses (Part 2A, Line 34, Column 9)	135,189,899	121,392,138
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	158,593,728	157,329,737
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	21,149,380	11,028,243
7.1	Current federal and foreign income taxes (including $.....38,550,000 on realized capital gains (losses))	47,682,897	44,100,079
7.2	Net deferred tax liability	195,475,000	156,547,000
8.	Borrowed money $.....0 and interest thereon $.....0		
9.	Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....233,182,803 and including warranty reserves of $.....0)	1,108,219,162	1,079,882,541
10.	Advance premiums		
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	141,706,174	133,571,890
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	34,002,910	17,041,556
14.	Amounts withheld or retained by company for account of others	8,281,294	8,491,323
15.	Remittances and items not allocated	1,357,901	
16.	Provision for reinsurance (Schedule F, Part 7)	18,670,239	18,636,888
17.	Net adjustments in assets and liabilities due to foreign exchange rates	38,475,046	49,496,060
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Payable for securities	9,904,845	36,402,090
21.	Liability for amounts held under uninsured accident and health plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	10,103,534	8,675,752
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	3,775,060,680	3,441,757,376
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	3,775,060,680	3,441,757,376
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock		
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
31.	Surplus notes		
32.	Gross paid in and contributed surplus		
33.	Unassigned funds (surplus)	4,202,969,177	3,531,540,725
34.	Less treasury stock, at cost:		
	34.1 .....0.000 shares common (value included in Line 28 $.....0)		
	34.2 .....0.000 shares preferred (value included in Line 29 $.....0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	4,204,219,177	3,532,790,725
36.	TOTALS (Page 2, Line 26, Col. 3)	7,979,279,857	6,974,548,101

DETAILS OF WRITE-INS

2301.	Miscellaneous Accounts Payable	10,103,534	7,298,023
2302.	Merger Accrual		1,060,490
2303.	Payable to ALM		317,239
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	10,103,534	8,675,752
2701.			
2702.			
2703.			
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)	0	0
3001.	Guaranty Funds	1,250,000	1,250,000
3002.			
3003.			
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)	1,250,000	1,250,000

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 34, Column 4)	2,236,887,916	2,147,726,287
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 34, Column 7)	1,118,372,785	936,572,748
3.	Loss expenses incurred (Part 3, Line 25, Column 1)	75,113,579	104,096,587
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	534,078,673	547,348,286
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	1,727,565,037	1,588,017,621
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	509,322,879	559,708,666
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	131,757,725	135,003,647
10.	Net realized capital gains (losses) less capital gains tax of $.....38,550,000 (Exhibit of Capital Gains (Losses))	71,593,914	52,826,849
11.	Net investment gain (loss) (Lines 9 + 10)	203,351,639	187,830,496
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....49,305 amount charged off $.....0)	49,305	(1,215,039)
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	923,102	(2,902,421)
15.	Total other income (Lines 12 through 14)	972,407	(4,117,460)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	713,646,925	743,421,702
17.	Dividends to policyholders		
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)	713,646,925	743,421,702
19.	Federal and foreign income taxes incurred	187,854,041	241,942,233
20.	Net income (Line 18 minus Line 19) (to Line 22)	525,792,884	501,479,469
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	3,532,790,725	2,833,294,640
	GAINS AND (LOSSES) IN SURPLUS		
22.	Net income (from Line 20)	525,792,884	501,479,469
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....42,290,000	168,421,735	188,029,041
25.	Change in net unrealized foreign exchange capital gain (loss)	11,021,014	12,115,772
26.	Change in net deferred income tax	3,362,000	17,856,000
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	(30,295,465)	33,219,152
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(33,351)	1,156,856
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(6,840,365)	(54,360,205)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	671,428,452	699,496,085
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	4,204,219,177	3,532,790,725

DETAILS OF WRITE-INS

0501.			
0502.			
0503.			
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.	Miscellaneous Income (expense)	2,479,786	(19,232)
1402.	Balances Charged off	(135,149)	(620,164)
1403.	Gain (loss) on foreign exchange	(1,421,535)	(2,263,025)
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	923,102	(2,902,421)
3701.	Foreign Exchange & Other Adjustments	(6,925,525)	(54,450,484)
3702.	Interest on prior year federal and foreign income taxes	85,160	90,279
3703.			
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)	(6,840,365)	(54,360,205)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	2,196,547,917	2,205,251,876
2. Net investment income	133,492,820	95,183,638
3. Miscellaneous income	972,406	(4,117,460)
4. Total (Lines 1 through 3)	2,331,013,143	2,296,318,054
5. Benefit and loss related payments	855,243,272	865,565,288
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	583,685,812	627,455,098
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $.....18,489,397 net of tax on capital gains (losses)	270,080,510	191,487,796
10. Total (Lines 5 through 9)	1,709,009,594	1,684,508,182
11. Net cash from operations (Line 4 minus Line 10)	622,003,549	611,809,872
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,097,288,128	1,053,773,112
12.2 Stocks	586,592,740	339,333,301
12.3 Mortgage loans	2,307	3,494
12.4 Real estate		700
12.5 Other invested assets	30,687,928	4,606,362
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	10,253,945	83,631,713
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,724,825,048	1,481,348,682
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,281,684,739	1,014,928,991
13.2 Stocks	979,031,156	1,187,551,970
13.3 Mortgage loans		
13.4 Real estate		156,943
13.5 Other invested assets	30,997,243	26,764,310
13.6 Miscellaneous applications	26,497,245	
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,318,210,383	2,229,402,214
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(593,385,335)	(748,053,532)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	661,500	(86,171,155)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	661,500	(86,171,155)
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)	29,279,714	(222,414,815)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	554,504,394	776,919,209
19.2 End of year (Line 18 plus Line 19.1)	583,784,108	554,504,394

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

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	396,635,098	182,394,427	187,645,198	391,384,327
2.	Allied lines	1,041,810,643	507,872,928	496,841,948	1,052,841,623
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril				0
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine	751,968	435,303	374,820	812,451
9.	Inland marine	414,445,717	193,542,978	227,203,567	380,785,128
10.	Financial guaranty				0
11.1	Medical malpractice - occurrence				0
11.2	Medical malpractice - claims-made				0
12.	Earthquake				0
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation	53			53
17.1	Other liability - occurrence	3,792			3,792
17.2	Other liability - claims-made				0
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability				0
19.3, 19.4	Commercial auto liability				0
21.	Auto physical damage				0
22.	Aircraft (all perils)	57			57
23.	Fidelity				0
24.	Surety				0
26.	Burglary and theft				0
27.	Boiler and machinery	412,512,871	195,636,905	196,153,629	411,996,147
28.	Credit				0
29.	International				0
30.	Reinsurance - nonproportional assumed property	(935,662)			(935,662)
31.	Reinsurance - nonproportional assumed liability				0
32.	Reinsurance - nonproportional assumed financial lines				0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	2,265,224,537	1,079,882,541	1,108,219,162	2,236,887,916

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	187,496,122	149,076			187,645,198
2.	Allied lines	496,438,716	403,232			496,841,948
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril					0
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine	374,820				374,820
9.	Inland marine	226,801,256	402,311			227,203,567
10.	Financial guaranty					0
11.1	Medical malpractice - occurrence					0
11.2	Medical malpractice - claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence					0
17.2	Other liability - claims-made					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery	195,559,147	594,482			196,153,629
28.	Credit					0
29.	International					0
30.	Reinsurance - nonproportional assumed property					0
31.	Reinsurance - nonproportional assumed liability					0
32.	Reinsurance - nonproportional assumed financial lines					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0
34.	TOTALS	1,106,670,061	1,549,101	0	0	1,108,219,162
35.	Accrued retrospective premiums based on experience					
36.	Earned but unbilled premiums					
37.	Balance (sum of Lines 34 through 36)					1,108,219,162

DETAILS OF WRITE-INS

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire	393,792,242	79,149,746	22,032,935	709,371	97,630,454	396,635,098
2.	Allied lines	1,041,325,954	209,701,978	56,141,963	1,914,158	263,445,094	1,041,810,643
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril						0
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine	855,177		50,474	1,852	151,831	751,968
9.	Inland marine	528,713,871	46,393,517	29,659,942	768,807	189,552,806	414,445,717
10.	Financial guaranty						0
11.1	Medical malpractice - occurrence						0
11.2	Medical malpractice - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation			53			53
17.1	Other liability - occurrence			3,792			3,792
17.2	Other liability - claims-made						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)			57			57
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery	317,190,096	63,905,726	106,235,936	622,812	74,196,075	412,512,871
28.	Credit						0
29.	International						0
30.	Reinsurance - nonproportional assumed property	XXX	50,294,316	13,811	51,243,789		(935,662)
31.	Reinsurance - nonproportional assumed liability	XXX					0
32.	Reinsurance - nonproportional assumed financial lines	XXX					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
34.	TOTALS	2,281,877,340	449,445,283	214,138,963	55,260,789	624,976,260	2,265,224,537

DETAILS OF WRITE-INS

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums $.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	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.	Fire	179,091,855	74,953,610	20,344,175	233,701,290	478,040,758	291,021,348	420,720,700	107.5
2.	Allied lines	368,224,762	12,615,598	68,127,460	312,712,900	370,553,855	353,979,050	329,287,705	31.3
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril				0			0	
5.	Commercial multiple peril		(85,958)		(85,958)	4,975,843	4,877,822	12,063	
6.	Mortgage guaranty				0			0	
8.	Ocean marine	38,585,710	9,130,607	46,772,398	943,919	50,412,963	51,356,881	1	0.0
9.	Inland marine	175,484,084	36,196,233	42,503,491	169,176,826	327,062,398	255,481,625	240,757,599	63.2
10.	Financial guaranty				0			0	
11.1	Medical malpractice - occurrence				0			0	
11.2	Medical malpractice - claims-made				0			0	
12.	Earthquake				0			0	
13.	Group accident and health				0			0	
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation		7,978		7,978	378,327	386,305	0	
17.1	Other liability - occurrence	6,417,187	6,405,708	8,273,159	4,549,736	103,882,461	108,432,196	1	0.0
17.2	Other liability - claims-made				0			0	
18.1	Products liability - occurrence		(132,000)		(132,000)			(132,000)	
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability				0			0	
19.3, 19.4	Commercial auto liability		98,897		98,897	1,671,665	1,516,086	254,476	
21.	Auto physical damage				0			0	
22.	Aircraft (all perils)	57,219	132,117	65,938	123,398	1,262,639	1,386,036	1	1.8
23.	Fidelity	(148,847)			(148,847)	6,105,472	5,956,626	(1)	
24.	Surety				0	6,921	6,921	0	
26.	Burglary and theft		53,362		53,362	162,987	53,294	163,055	
27.	Boiler and machinery	132,028,235	31,762,669	29,724,849	134,066,055	141,521,896	139,742,635	135,845,316	33.0
28.	Credit				0			0	
29.	International				0			0	
30.	Reinsurance - nonproportional assumed property	XXX	16,845,478	26,052,210	(9,206,732)			(9,206,732)	984.0
31.	Reinsurance - nonproportional assumed liability	XXX	54,029,769	20,433,612	33,596,157	304,353,138	337,278,694	670,601	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
34.	TOTALS	899,740,205	242,014,068	262,297,292	879,456,981	1,790,391,323	1,551,475,519	1,118,372,785	50.0

DETAILS OF WRITE-INS

3301.					0			0	
3302.					0			0	
3303.					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	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire	276,004,168	126,368,164	41,783,461	360,588,871	112,328,174	5,123,713		478,040,758	14,173,349
2.	Allied lines	524,623,335	18,359,411	276,613,396	266,369,350	104,175,175	9,330		370,553,855	25,193,579
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril				0				0	
5.	Commercial multiple peril		288,135		288,135		4,687,708		4,975,843	3,914
6.	Mortgage guaranty				0				0	
8.	Ocean marine	64,662,497	5,099,725	53,253,423	16,508,799	111,073,282	41,351,351	118,520,469	50,412,963	605,437
9.	Inland marine	435,008,313	35,485,227	279,526,134	190,967,406	135,309,350	11,146,536	10,360,894	327,062,398	13,453,067
10.	Financial guaranty				0				0	
11.1	Medical malpractice - occurrence				0				0	
11.2	Medical malpractice - claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation		365,263		365,263		13,064		378,327	3,111
17.1	Other liability - occurrence	89,336,157	22,403,567	72,960,888	38,778,836	65,683,819	71,724,644	72,304,838	103,882,461	2,007,188
17.2	Other liability - claims-made				0				0	
18.1	Products liability - occurrence				0				0	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability		1,671,665		1,671,665				1,671,665	1,712
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)	108,867	69,476	83,572	94,771	2,335,420	2,300,052	3,467,604	1,262,639	5,732
23.	Fidelity	4,278,323		2,278,323	2,000,000	4,105,472			6,105,472	
24.	Surety		6,921		6,921				6,921	
26.	Burglary and theft		162,987		162,987				162,987	
27.	Boiler and machinery	111,862,271	36,694,952	21,728,132	126,829,091	12,372,805	2,320,000		141,521,896	6,268,272
28.	Credit				0				0	
29.	International				0				0	
30.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
31.	Reinsurance - nonproportional assumed liability	XXX	239,300,400	90,444,014	148,856,386	XXX	223,676,828	68,180,076	304,353,138	73,474,538
32.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
33.	Aggregate write-ins for other lines of business	0		0	0	0	0	0	0	0
34.	TOTALS	1,505,883,931	486,275,893	838,671,343	1,153,488,481	547,383,497	362,353,226	272,833,881	1,790,391,323	135,189,899

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	47,854,335			47,854,335
1.2 Reinsurance assumed	19,879,940			19,879,940
1.3 Reinsurance ceded	20,255,541			20,255,541
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	47,478,734	0	0	47,478,734
2. Commission and brokerage:				
2.1 Direct excluding contingent				0
2.2 Reinsurance assumed excluding contingent		119,895,567		119,895,567
2.3 Reinsurance ceded excluding contingent		81,751,872		81,751,872
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	38,143,695	0	38,143,695
3. Allowances to managers and agents				0
4. Advertising	17,408	4,912,969		4,930,377
5. Boards, bureaus and associations		(50,899)		(50,899)
6. Surveys and underwriting reports		33,183,105		33,183,105
7. Audit of assureds' records	542			542
8. Salary and related items:				
8.1 Salaries	14,065,517	183,269,595	1,843,764	199,178,876
8.2 Payroll taxes	937,283	11,101,656	106,907	12,145,846
9. Employee relations and welfare	4,734,848	58,312,632	621,977	63,669,457
10. Insurance	82,943	5,268,301	502	5,351,746
11. Directors' fees	4,502	1,418,196		1,422,698
12. Travel and travel items	4,087,141	32,011,799	47,236	36,146,176
13. Rent and rent items	2,336,729	20,898,968	1,244,786	24,480,483
14. Equipment	688,795	28,358,172	32,604	29,079,571
15. Cost or depreciation of EDP equipment and software	54,218	6,126,909	14,539	6,195,666
16. Printing and stationery	210,081	4,338,664	21,416	4,570,161
17. Postage, telephone and telegraph, exchange and express	272,598	5,943,035	282,617	6,498,250
18. Legal and auditing	6,977	5,393,129		5,400,106
19. Totals (Lines 3 to 18)	27,499,582	400,486,231	4,216,348	432,202,161
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....0		56,649,665		56,649,665
20.2 Insurance department licenses and fees		721,951		721,951
20.3 Gross guaranty association assessments		(75,786)		(75,786)
20.4 All other (excluding federal and foreign income and real estate)				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	57,295,830	0	57,295,830
21. Real estate expenses			69,780	69,780
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	135,263	38,152,917	7,645,242	45,933,422
25. Total expenses incurred	75,113,579	534,078,673	11,931,370	(a) 621,123,622
26. Less unpaid expenses - current year	135,189,899	179,743,108		314,933,007
27. Add unpaid expenses - prior year	121,392,138	168,357,980		289,750,118
28. Amounts receivable relating to uninsured accident and health plans, prior year				0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	61,315,818	522,693,545	11,931,370	595,940,733

DETAILS OF WRITE-INS

2401. Consulting	123,012	19,357,898	49,477	19,530,387
2402. Investment Management Fees			3,792,065	3,792,065
2403. Miscellaneous	1,036	1,385,235	3,614,526	5,000,797
2498. Summary of remaining write-ins for Line 24 from overflow page	11,215	17,409,784	189,174	17,610,173
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	135,263	38,152,917	7,645,242	45,933,422

(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) 13,341,815	13,301,024
1.1	Bonds exempt from U.S. tax	(a) 35,997,320	36,494,107
1.2	Other bonds (unaffiliated)	(a) 40,859,110	42,064,066
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	47,203,350	48,585,203
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 69,780	69,780
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 17,269,354	16,954,865
7.	Derivative instruments	(f)	
8.	Other invested assets	825,239	825,239
9.	Aggregate write-ins for investment income	750,138	750,138
10.	Total gross investment income	156,316,106	159,044,422
11.	Investment expenses		(g) 11,931,370
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 15,268,165
14.	Depreciation on real estate and other invested assets		(i) 87,162
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		27,286,697
17.	Net investment income (Line 10 minus Line 16)		131,757,725

DETAILS OF WRITE-INS

0901.	Prior Year Expense	(13,122)	(13,122)
0902.	Interest Income Secuitites Lending	265,417	265,417
0903.	Mscellaneous Interest Income	411,417	411,417
0998.	Summary of remaining write-ins for Line 9 from overflow page	86,426	86,426
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	750,138	750,138
1501.			
1502.			
1503.			
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 $.....1,947,440 accrual of discount less $.....13,199,172 amortization of premium and less $.....8,672,909 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....2,845,432 accrual of discount less $.....266,494 amortization of premium and less $.....329,337 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....87,162 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1.	U.S. government bonds	3,183,569			3,183,569
1.1	Bonds exempt from U.S. tax	(1,404,372)			(1,404,372)
1.2	Other bonds (unaffiliated)	8,986,927		(1,433,774)	7,553,153
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)	12,750			12,750
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)	113,943,686	(31,846,674)	130,266,169	212,363,181
2.21	Common stocks of affiliates			89,663,099	89,663,099
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments	(423,921)			(423,921)
7.	Derivative instruments				0
8.	Other invested assets	17,825,945	(134,000)	(7,783,759)	9,908,186
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	142,124,584	(31,980,674)	210,711,735	320,855,645

DETAILS OF WRITE-INS

0901.					0
0902.					0
0903.					0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0

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
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	3,874,545	5,002,693	1,128,148
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon			0
16.2 Net deferred tax asset			0
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	18,269,202	29,821,764	11,552,562
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	384,893,444	341,917,269	(42,976,175)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	407,037,191	376,741,726	(30,295,465)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	407,037,191	376,741,726	(30,295,465)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			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. Pension Asset	285,285,463	249,580,000	(35,705,463)
2302. Post Retirement Asset	59,332,356	55,803,000	(3,529,356)
2303. Prepaid Expenses	26,313,609	21,822,292	(4,491,317)
2398. Summary of remaining write-ins for Line 23 from overflow page	13,962,016	14,711,977	749,961
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	384,893,444	341,917,269	(42,976,175)

NOTES TO FINANCIAL STATEMENTS

Note 1 –Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement of Factory Mutual Insurance Company ("Company") has been completed in accordance with the NAIC Accounting Practices and Procedures manual and the state laws of Rhode Island.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant interest rate method. Loaned back bonds and structured securities at amortized cost using the constant interest rate method, not including anticipated prepayment at the date of purchases.
3. Common Stocks, except investments of stocks of subsidiaries, are stated at market.
4. The Company has no preferred stock.
5. Mortgage loans other than first liens are stated at the aggregate unpaid balance.
6. Loaned back securities are valued using an effective yield based on current prepayment assumptions. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.
7. Insurance subsidiaries are stated at statutory equity value. Non-insurance subsidiaries are also stated at statutory equity value. Investments in stocks of unconsolidated subsidiaries and affiliates in which the company has an interest of 20% or more are carried using the equity method of accounting.
8. Investments in joint ventures, partnerships and limited liability corporations are stated at market value if available, otherwise are stated at GAAP value.
9. The Company has no Derivatives.
10. The Company does not have premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including A & E reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred but not reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not materially modified its capitalization policy from the prior period.
13. The Company has no "pharmaceutical rebate receivables"

Note 2 –Accounting Changes and Correction of Errors

A. There were no material accounting changes or material correction of errors.

Note 3 –Business Combinations and Goodwill –Not applicable

Note 4 –Discontinued Operations - Not applicable

Note 5 –Investments

A. Mortgage Loans - Not applicable

B. Debt Restructuring - Not applicable

C. Reverse Mortgages - Not applicable

D. Loan-Backed Securities –Bonds not backed by other loans are valued at amortized cost using the constant interest rate method. Loan backed bonds and structured securities are valued at amortized costs using the constant interest rate method, not including anticipated prepayment at the date of purchase. Loan backed securities are valued using an effective yield based on current prepayment assumptions. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

E. Repurchase agreements - Not applicable

F. Real Estate - Not applicable

Note 6 –Joint Ventures, Partnerships and Limited Liability Companies

A. Details for those greater than 10% of the admitted assets of the company - Not applicable

B. Impaired Investments - Not applicable

Note 7 –Investment Income

A. The Company does not have any non-admitted investment income due and accrued.

B. Amounts Non-admitted - Not applicable

Note 8 –Derivative Instruments –Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 9 –Income Taxes

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs)

Description	December 31, 2005	January 1, 2005
Gross deferred tax assets	$ 266,135,000	$ 259,042,000
Gross deferred tax liabilities	461,610,000	415,589,000
Net deferred tax assets	(195,475,000)	(156,547,000)
Non-admitted deferred tax assets	-	-
Admitted deferred tax assets/(liabilities)	$ (195,475,000)	$ (156,547,000)
Increase (decrease) in non-admitted deferred tax assets	$ -	$ -

B. Unrecognized DTLs

The Company has not recognized a deferred tax liability for the undistributed earnings, of its 100 percent owned foreign subsidiaries that arose in 2004 and prior years because the Company does not expect these un-remitted earnings to reverse and become taxable to the Company in the foreseeable future and the calculation of the tax is not practicable. A deferred tax liability will be recognized when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investment. As of December 31, 2005, the undistributed earnings of these subsidiaries were approximately $158,000,000.

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

Description	2005	2004
Federal	$163,897,069	$208,900,821
Foreign	23,956,972	33,041,412
Realized Capital Gains Tax	38,550,000	18,489,000
Federal and Foreign income taxes incurred	$226,404,041	$241,942,233

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

	December 31, 2005	January 1, 2005	Change
Deferred Tax Assets			
Unpaid losses and LAE	$ 31,294,000	$ 28,337,000	$ 2,957,000
Unearned Premiums	76,405,000	74,175,000	2,230,000
Non-admitted assets	21,827,000	24,863,000	(3,036,000)
Benefit plan expense	37,924,000	37,703,000	221,000
Unrealized foreign exchange loss	17,829,000	25,905,000	(8,076,000)
Unrealized investment losses	60,983,000	52,686,000	8,297,000
Other	19,873,000	15,373,000	4,500,000
Total deferred tax assets	266,135,000	259,042,000	7,093,000
Non-admitted deferred tax assets	-	-	-
Admitted deferred tax assets	266,135,000	259,042,000	7,093,000
Deferred Tax Liabilities			
Unrealized appreciation	432,708,000	390,418,000	42,290,000
Other	28,902,000	25,171,000	3,731,000
Total deferred tax liabilities	461,610,000	415,589,000	46,021,000
Net admitted deferred tax assets/(liabilities)	$ (195,475,000)	$ (156,547,000)	$ (38,928,000)

D. Reconciliation of Federal Income Tax Rate to Effective Rate

The significant book-to-tax adjustments were as follows:

Description	Amount	Effective tax rate
Provision at statutory rate	$ 263,268,924	35.0%
Effect of foreign operations	(860,850)	(0.1)%
Tax-exempt interest	(8,801,450)	(1.2)%
Dividends received deduction net of pro-ration	(7,311,850)	(1.0)%
Change in non-admitted assets	(20,319,000)	(2.9)%
Unrealized foreign exchange loss	8,076,000	1.1%
Other	(11,009,733)	(1.2)%
Totals	$ 223,042,041	29.7%
Federal and foreign income taxes incurred	$187,854,041	25.0%
Realized Capitals Gains Tax	38,550,000	5.1%
Change in net deferred income taxes	(3,362,000)	(.4)%
Total statutory income taxes	$223,042,041	29.7%

E. Operating Loss and Tax Credit Carry forwards

(1) The amount of Federal income taxes incurred and available to be recouped in the event of future net losses is: current year $ 275,064,000; first preceding year $ 208,282,000.

(2) The amount of net losses carried forward and available to offset future income subject to Federal income tax is: current year $ 0; first preceding year $ 0; second preceding year $ 0; third preceding year $ 0; fourth preceding year $ 0; fifth preceding year $ 0; sixth preceding year $ 0.

NOTES TO FINANCIAL STATEMENTS

Note 9 –Income Taxes (con't)

F.) Consolidated Federal Income Tax Return

(1) The Company's Federal Income Tax return is consolidated with the following entities:

Factory Mutual Insurance Company	FMIC Real Estate Holdings, Inc.
Affiliated FM Insurance Company	FM Real Estate Building Trust
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Allendale Services Insurance Agency Inc (NJ)
FMIC Holdings, Inc.	TSB Loss Control Consultants, Inc.
Factory Mutual Engineering Corporation	

(2) The method of allocation between the companies is subject to written agreement. Allocation is based upon separate company tax return calculations.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

B. Detail of Transactions Greater that ½% of Admitted Asset

The Company lists its transactions with affiliates on Schedule Y, Part 2. There were no non-insurance transactions between this Company and any affiliates, which exceeded one-half of 1% of admitted assets. During 2005, Factory Mutual Insurance Company (NAIC #21482) contributed capital to Factory Engineering Corporation totaling $26,089,127, and to FMIC Real Estate Holdings, Inc., in the amount of $20,400,000. The capital contributions were mainly due to funding real estate expansion projects.

C. Change in terms of inter-company arrangements - Not applicable

D. Amounts Due to or from Related Parties

Amounts shown on Page 2, Line 21 and/or Page 3, Line 19 include balances owed to and from affiliates relate to inter-company pooling arrangements (see footnote 26) and Inter-company Cash Management Agreements. In addition, there are balances to/due from an international insurance affiliate and various other non-insurance affiliates. See Schedule Y Parts 1 and 2 for listings of affiliates.

E. Guarantees or Contingencies for Related Parties

The Company has no guarantees or undertakings for the benefit of affiliates.

F. Management, Service Contracts, Cost Sharing Agreements

The Company provides certain accounting management and other services to its affiliates. Management fees are charged to affiliates for services rendered.

G. Nature of Relationships that could affect operations - Not applicable

H. Amounts deducted for Investment in Upstream Company

The Company does not own shares, directly or indirectly, of an upstream intermediate or parent.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable

J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies - Not applicable

Note 11 –Debt

A. Capital Notes –Not applicable

B. All other Debt –Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 12 –Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. Defined Benefit Plan

Factory Mutual Insurance Company and Subsidiaries sponsor a non-contributory retirement income plan covering substantially all employees. The Benefits are based on years of services and the average of the highest consecutive 60 months of the employee's compensation within the 120 months prior to retirement. The Company's funding policy is to contribute each year the net periodic pension cost for the year determined according to SFAS 87. However, the contribution for any year will not be less than the minimum required contribution nor greater than the maximum deductible contribution. The Company also has a Supplemental Retirement Plan which a non-contributory defined benefit plan is covering certain employees who, because of changes in the law, will receive less than their full benefits from the Retirement Income Plan. This plan will pay those benefits not permitted to be paid by the Retirement Income Plan.

	2005 Pension Benefits	2005 Other Benefits	2004 Pension Benefits	2004 Other Benefits
(1) Change in benefit obligation				
a. Benefit obligation at B O Y	868,834,000	156,773,000	815,630,000	174,725,000
b. Service cost	19,030,000	3,488,000	17,414,000	4,701,000
c. Interest cost	53,332,000	9,428,000	50,011,000	10,620,000
d. Plan Participants contribution	-	-	-	-
e. Actuarial (gain) loss	68,937,000	(9,033,000)	20,256,000	(20,411,000)
f. Foreign currency exchange rates	-	-	-	-
g. Benefits paid	(35,974,000)	(12,846,000)	(34,477,000)	(12,862,000)
h. Plan amendments	-	-	-	-
i. Business combos, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
j. Benefit obligation at E O Y	974,159,000	147,810,000	868,834,000	156,773,000
(2) Change in plan assets				
a. Fair value of plan assets at B O Y	695,585,000	123,444,000	660,440,000	111,669,000
b. Actual return on plan assets	75,966,000	7,813,000	67,866,000	3,175,000
c. Foreign currency exchange rates	-	-	-	-
d. Employer contribution	69,192,000	7,400,000	1,756,000	8,600,000
e. Plan participants' contributions	-	-	-	-
f. Benefits paid	(35,974,000)	-	(34,477,000)	-
g. Business combos, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
h. Fair value total	804,769,000	138,657,000	695,585,000	123,444,000
(3) Funded Status				
a. Unamortized prior service cost	-	(693,000)	-	(780,000)
b. Unrecognized net (gain) loss	420,907,000	47,596,000	388,178,000	60,467,000
c. Remaining net obligation of (net asset) at initial date of application	-	24,482,000	-	26,230,000
d. Fourth quarter contribution	498,000	3,212,000	440,000	3,215,000
e. Prepaid assets or (accrued liab)	252,015,000	65,447,000	215,369,000	55,803,000
f. Intangible asset	-	-	-	-
(4) Benefit obligation for non-vested employees	18,866,000	12,499,000	12,874,000	14,686,000
(5) Components of net periodic benefit cost				
a. Service cost	19,030,000	3,488,000	17,414,000	4,701,000
b. Interest cost	53,332,000	9,428,000	50,011,000	10,620,000
c. Expected return on plan assets	(57,596,000)	(7,407,000)	(59,018,000)	(7,096,000)
d. Amortization of unrecognized transition obligation or transition asset	-	1,749,000	-	1,749,000
e. Amount of recognized (gains) and losses	17,838,000	3,431,000	14,968,000	4,926,000
f. Amount of prior service cost recognized	-	(87,000)	-	(87,000)
g. Amount of (gain) or loss recog due to a settlement or curtailment	-	-	-	-
h. Total net periodic benefit cost (income)	32,604,000	10,602,000	23,375,000	14,813,000
(6) Additional minimum liability				
a. Additional minimum liability	5,411,000	-	1,707,000	-
b. Intangible asset	-	-	-	-
c. Accumulated other comprehensive income	5,411,000	-	1,707,000	-
(7)Weighted average assumption as of Sept 30				
a. Discount rate	5.500%	5.500%	6.125%	6.125%
b. Rate of compensation increase	4.00%	4.00%	4.50%	4.50%
c. Expected long-term rate of return on plan asset	7.75%	6.00%	8.00%	6.00%
(8) Health care cost trend as of Sept 30				
a. Health care cost trend assumed for next year	-	10.00%	-	10.00%
b. ultimate trend rate	-	5.00%	-	5.00%
c. Years to reach ultimate trend rate	-	5	-	5

(8) Factory Mutual Insurance Company provides certain health care and life insurance benefits for retired employees and their dependents. Employees not eligible for benefits under pre-merger plan provisions, under age 30 as of January 1, 2000 or hired after January 1, 2000 are ineligible for benefits. Other employees may become eligible if they meet certain age and service requirements. The plan is contributory with retiree contributions adjusted annually, and contain other cost-sharing features such as deductibles and coinsurance.

NOTES TO FINANCIAL STATEMENTS

Note 12 –Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans (con't)

(9) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Point Increase	1% Point Decrease
a. Effect on total of service and interest cost components	1,008,000	(858,000)
b. Effect of postretirement benefit obligation	12,151,000	(10,603,000)

B. Defined Contribution Plans –

The Company also sponsors a savings plan whereby eligible employees may elect annually to contribute from 1% to 19% of their base pay on a pretax or after-tax basis. Pretax contributions per employee were limited to $14,000 in 2005 and $13,000 in 2004. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were $10,327,000 in 2005 and $11,051,000 in 2004.

C. Multiemployer Plans - Not applicable

D. Consolidated/Holding Company Plans - See Note 12A.

E. Post-employment benefits and compensated absences –Not applicable

F. Additional defined benefit plan disclosures from Footnote Number 21(F):

(F)(1)(a) –Accumulated Benefit Obligation for fully vested and partially vested employees:

The accumulated benefit obligation for the vested portion of all defined benefit pension plans was $820,641 and $719,116 at September 30, 2005 and 2004, respectively.

(F)(1)(b) –Projected Benefit Obligation and accumulated benefit obligation for the non-vested portions for all employees as of the most recent actuarial valuation date:

The accumulated benefit obligation for the non-vested portion of all defined benefit pension plans was $15,974 and $10,742 at September 30, 2005 and 2004, respectively.

(F)(1)(c) –Measurement date used:

The Company uses a September 30 measurement date for the majority of its plans.

(F)(1)(d) –Information about plan assets:

The Company's pension plan asset allocation at September 30, 2005 and 2004, and target allocation for 2006, are as follows:

Asset Category	Target Allocation 2006	Percentage of Plan Assets at September 30 2005	2004
Equity securities	72%	69%	71%
Debt securities	25%	24%	26%
Cash equivalents	1%	6%	1%
Other	2%	1%	2%
Total	100%	100%	100%

The maturities of debt securities at September 30, 2005, range from 1 to 40 years with a weighted-average maturity of 6.69 years. The maturities of debt securities at September 30, 2004, range from 1 to 39 years with a weighted-average maturity of 6.70 years.

The Company's other benefit plan asset allocation at September 30, 2005 and 2004, and target allocation for 2006, are as follows:

Asset Category	Target Allocation 2006	Percentage of Plan Assets at September 30 2005	2004
Equity securities	80%	76%	69%
Debt securities	20%	4%	2%
Cash equivalents	-	20%	29%
Total	100%	100%	100%

The maturities of debt securities at September 30, 2005, range from 1 to 24 years with a weighted-average maturity of 3.40 years. The maturities of debt securities at September 30, 2004, range from 1 to 23 years with a weighted-average maturity of 4.24 years.

Investment policy goals are to maximize surplus, minimize pension expense and maximize portfolio returns with acceptable return volatility. The invested assets will be managed on a long-term total return basis and measured against established benchmarks for each asset class. As equities are expected to continue to provide the highest returns of the major asset classes, exposure to equities will be emphasized. Risk management is achieved by limiting the size of asset classes and individual security positions to achieve adequate diversification. Derivatives are not used in internally managed portfolios, but are used in varying degrees in the externally managed portfolios. The Plans will maintain a funded level sufficient to ensure benefit security.

Expected rate of return assumptions are created based on assessments of future behavior of asset classes. As part of the process, historical relationships are considered. Using a three-to-five year outlook, estimates of productivity, inflation and labor force have been combined to gauge economic growth potential. Corporate profit growth is positively correlated with economic growth and equity returns are driven by profits. Debt security returns should continue their historical relationship with equities and produce somewhat lower returns with a lower level of risk.

NOTES TO FINANCIAL STATEMENTS

Note 12 –Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans (con't)

(F)(1)(e) –Benefits expected to be paid in each of the next five fiscal years:

Benefit Payments	Pension and Supplemental Benefits	Other Benefits	Other Benefits (Gov. Subsidy)
2004	$36,700	$12,500	N/A
2005	$37,500	$12,800	N/A

Estimated Future Payments	Pension and Supplemental Benefits	Other Benefits	Other Benefits (Gov. Subsidy)
2006	$38,800	$13,300	$1,200
2007	40,200	14,100	1,300
2008	41,900	14,500	1,400
2009	44,400	14,700	1,500
2010	48,000	15,000	1,500
2011-2015	$311,000	$72,600	$8,800

(F)(1)(f) –Estimated contributions expected to be paid during the next fiscal year:

Employer Contributions	Pension Benefits	Other Benefits
2004	$15,300	$ –
2005	78,000	7,400
2006 (expected)	$8,400	$ –

Contributions by participants to the other benefit plans were $1,000 and $1,200 for the years ending September 30, 2005 and 2004, respectively.

Note 13 –Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations

(1.) Outstanding Shares - Not applicable

(2.) Dividend Rate of Preferred Stock –Not applicable

(3. 4. & 5.) Dividend Restrictions, Amount of Ordinary Dividends that may be paid, & Restrictions on Unassigned Funds –Not applicable

(6.) Advances to surplus not repaid - Not applicable

(7. & 8.) Changes in Special Surplus Funds and company stock held for special purposes –Not applicable

(9.) The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is $1,609,566,000.

This unrealized gain is not net of the applicable deferred tax liability of $432,708,000.

(10.) Surplus Notes - Not applicable

(11. and 12.) Quasi-Reorganizations - Not applicable

Note 14 –Contingencies

A. Contingent Commitments –Not applicable

B. Guaranty Fund and Other Assessments –Not applicable

C. Gain Contingencies –Not applicable

D. All other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

Note 15 –Leases

The Company has a sale and leaseback agreement that was entered into in 1984, and amended in 1988. The agreement is with a group of unrelated investors with respect to the Company's U.S. corporate office building in Johnston, Rhode Island. This building was leased for a period of 25 years, with renewal provisions for six five-year periods.

The lease is classified as an operating lease. The Company pays all costs related to the maintenance of the building. The agreement provides that the Company can purchase the property at the end of the lease term and the second, fourth and sixth renewal terms at fair value, plus closing costs. Fair value is defined in the agreement.

The lease payments fluctuate over the term of the lease. The payments are larger later in the term. Rent expense is recognized on a pro-rata basis, adjusted for inflation for financial statement purposes. $5,199,976 was paid and expensed as rent in 2005. Future minimum rent payments to be paid from 2006 to 2010 total $39,614,886.

Regional field offices are leased for periods extending more than one year, and are classified as operating leases. Rent expense for regional field offices was $26,793,726 in 2005. Future minimum rent payments for regional field offices total $47,953,158.

The Company also leases one computer server in Johnston, and the software and operating system for a new IBM mainframe computer in Johnston. These leases are more than one year in duration, and are classified as operating leases. Rent expense for computer equipment was $2,107,168 in 2005. Future minimum rent payments for computer equipment totals $4,225,113.

The Company also leases autos, generally for three year terms, and are classified as operating leases. Rent expense for autos was $7,102,775 in 2005. Future minimum rent payments for autos totaling $8,882,412.

Note 16 –Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

A. Financial Instruments with off-balance sheet risk –Not applicable

B. Financial Instruments with concentrations of credit risk –Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 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

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of $50,387,000 and $94,666,000 at December 31, 2005 and 2004, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102 percent of the fair value of the securities, plus interest. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company.

C. Wash Sales –Not applicable

Note 18 –Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans - Not applicable

Note 19 –Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

As understood by the definition of "Managing General Agent" contained in Appendix A-225 of the NAIC Accounting Practices and Procedures Manual, Factory Mutual Insurance Company has no managing general agents.

Note 20 –September 11 Events

The following companies, members of the FM Global Group (NAIC # 0065), had exposure to the events of September 11, 2001: Factory Mutual Insurance Company (NAIC # 21482), Affiliated FM Insurance Company (NAIC #10014), and Appalachian Insurance Company (NAIC # 10316). The group incurred property losses totaling $1,037,000,000 on a gross basis and $404,000,000 on a net basis.

See Footnote No. 26 Inter-company Pooling Arrangements for the method of allocating the net loss exposures.

Note 21 –Other items

A. Extraordinary items –Not applicable

B. Troubled Debt Restructuring for Debtors –Not applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in foreign exchange adjustment" line on page 4, line 24. This has the effect of converting total surplus to U.S. Dollars.

D. Uncollectible Premiums Receivable –Not applicable

E. Business Interruption Insurance Recoveries –Not applicable

F. Additional disclosures for retirement plans, and other defined benefit plans –Refer to note no. 12

Note 22 –Events Subsequent

There were no events occurring subsequent to December 31, 2005 meriting disclosure.

Note 23 –Reinsurance

A. Unsecured Reinsurance Recoverable –

NAIC CODE	FEDERAL ID	COMPANY	UNSECURED AMOUNT
00000	AA-9995032	Mutual Marine Office	$303,203,000

B. Reinsurance Recoverable in Dispute –Not applicable

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Reserve Premium (1)	Equity Commission (2)	Reserve Premium (3)	Equity Commission (4)	Reserve Premium (5)	Equity Commission (6)
I. Affiliates	$149,612,841	$ -	$ 1,799,957	$ 557,987	$ 147,812,884	$(557,987)
II. All Other	$ 79,598,226	$ 2,373,527	$ 231,382,846	$ 71,728,682	$(151,784,620)	$(69,355,155)
III. TOTAL	$ 229,211,067	$ 2,373,527	$ 233,182,803	$ 72,286,669	$ (3,971,736)	$(69,913,142)
IV. Direct Unearned Premium Reserve $ 1,112,420,016						

Description	REINSURANCE			Net
	Direct	Assumed	Ceded	
	(1)	(2)	(3)	(4)
(i) Contingent Commission	-0-	-0-	-0-	-0-
(ii) Sliding Scale Adjustment	-0-	-0-	-0-	-0-
(iii) Other Profit Commission Arrangements	-0-	-0-	-0-	-0-
(iv) TOTAL	-0-	-0-	-0-	-0-

NOTES TO FINANCIAL STATEMENTS

Note 23 –Reinsurance - (con't)

D. Uncollectible Reinsurance –

Statement of Income Account	Amount
Losses Incurred	$ (856,584)
Loss adjustment expenses incurred	1,154
Premiums Earned	-
Other	-
Total	$ (855,431)

Reinsurer	Amount
Agency Managers	$ (1,646,709)
Bryanston Insurance Company, Ltd.	13,513
El Paso Insurance Company, Ltd.	164
English & American Insurance Company, Ltd.	4,001
Folksam International Insurance Company	5,378
Highlands Insurance Company	566
Kingscroft Insurance Company Ltd.	407
Mutual Reinsurance Company,Ltd.	254
Pine Top Insurance Co Ltd. (UK)	66,117
Reliance Insurance Company	403
Reliance National Insurance Company	415,011
Scan Reinsurance Company	72,614
Sovereign Insurance Company Ltd.	5,869
Sovereign Marine & General Insurance Company	140,623
US International Reinsurance Co	65,413
Walbrook Insurance Company, Ltd.	945
Total	$ (855,431)

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance With the companies listed below, amounts which are reflected as:

(1)	Losses Incurred	$ 276,304
(2)	Loss adjustment expenses incurred	-
(3)	Premiums earned	-
(4)	Other	-

Company	Amount (Gain/Loss)
New Reinsurance	$ 15,734
Suncorp Metway Ins Ltd.	260,570
	$ 276,304

F. Retroactive Reinsurance –Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

Note 24 –Retrospectively Rated Contracts and Contracts Subject to Re-determination –Not applicable

Note 25 –Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $189,850,000. The 2001 savings of $117,032,000 was primarily due to the Company's decrease of IBNR as a result of the settlement of the World Trade Center losses.

Note 26 –Inter-company Pooling Arrangements

Factory Mutual Insurance Company, NAIC Code 21482, Affiliated FM Insurance Company, NAIC Code 10014, and Appalachian Insurance Company, NAIC Code 10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 7 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company.

The percentages represent the policyholder's surplus of each company to the combined policyholder's surplus for the three companies.

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

The pooling results are reported in reinsurance lines 30-32 on the Underwriting and Investment Exhibit pages 6 –11 and on Schedule P.

The Combined Annual Statement eliminates the results of all inter-company activity.

Note 27 –Structured Settlements –Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 28 - Health Care Receivables - Not applicable

Note 29 - Participating Policies - Not applicable

Note 30 - Premium Deficiency Reserves - Not applicable

Note 31 –High Deductibles –Not applicable

Note 32 –Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjusting Expenses –Not applicable

Note 33 –Asbestos and Environmental Reserves

Yes, the Company has potential exposure to claims involving asbestos, environmental impairment liability, and other type of continuous causations claims. The Company's management has indicated that case-basis loss and allocated loss adjustment expense reserves for such claims are established as claims are reported. Additional reserves for such claims are established by the Company's management to include potential for future development of those claims and the reporting of latent claims. The reserves for those types of claims are included in the foregoing loss and loss adjustment expense reserves and subject to considerable certainty, due to the potential severity of the claims and the uncertain legal climate.

Direct - Asbestos	2001	2002	2003	2004	2005
Beginning reserves:	$37,667,000	$63,892,000	$71,712,000	$89,483,000	$155,183,000
Incurred losses & loss Adjustment expense:	32,185,000	9,096,000	23,525,000	69,205,000	4,579,000
Calendar year payments for losses & loss adjustment expense:	5,960,000	1,276,000	5,754,000	3,505,000	23,710,000
Ending Reserves:	$63,892,000	$71,712,000	$89,483,000	$155,183,000	$136,052,000

Assumed Reinsurance - Asbestos	2001	2002	2003	2004	2005
Beginning reserves:	$269,929,000	$247,926,000	$373,223,000	$327,438,000	$352,760,000
Incurred losses & loss Adjustment expense:	9,174,000	165,529,000	(15,317,000)	59,687,000	949,000
Calendar year payments for losses & loss adjustment expense:	31,177,000	40,232,000	30,468,000	34,365,000	29,241,000
Ending Reserves:	$247,926,000	$373,223,000	$327,438,000	$352,760,000	$324,468,000

Net of Ceded Reinsurance –Asbestos	2001	2002	2003	2004	2005
Beginning reserves:	$176,373,000	$173,174,000	$244,020,000	$209,903,000	$234,182,000
Incurred losses & loss Adjustment expense:	3,967,000	76,012,000	(21,820,000)	43,222,000	-
Calendar year payments for losses & loss adjustment expense:	7,166,000	5,166,000	12,297,000	18,943,000	12,345,000
Ending Reserves:	$173,174,000	$244,020,000	$209,903,000	$234,182,000	$221,837,000

Direct - Environmental	2001	2002	2003	2004	2005
Beginning reserves:	$13,121,000	$27,017,000	$35,321,000	$41,338,000	$84,485,000
Incurred losses & loss Adjustment expense:	16,372,000	8,933,000	8,850,000	44,873,000	2,255,000
Calendar year payments for losses & loss adjustment expense:	2,476,000	629,000	2,833,000	1,726,000	11,679,000
Ending Reserves:	$27,017,000	$35,321,000	$41,338,000	$ 84,485,000	$75,061,000

Assumed Reinsurance - Environmental	2001	2002	2003	2004	2005
Beginning reserves:	$142,841,000	$136,573,000	$182,601,000	$126,152,000	$119,740,000
Incurred losses & loss Adjustment expense:	(267,000)	57,607,000	(45,103,000)	4,021,000	465,000
Calendar year payments for losses & loss adjustment expense:	6,001,000	11,579,000	11,346,000	10,433,000	8,261,000
Ending Reserves:	$136,573,000	$182,601,000	$126,152,000	$119,740,000	$111,944,000

Net of Ceded Reinsurance - Environmental	2001	2002	2003	2004	2005
Beginning reserves:	$107,452,000	$105,473,000	$131,283,000	$98,686,000	$108,549,000
Incurred losses & loss Adjustment expense:	2,308,000	29,875,000	(20,807,000)	16,957,000	-
Calendar year payments for losses & loss adjustment expense:	4,287,000	4,065,000	11,790,000	7,094,000	3,771,000
Ending Reserves:	$105,473,000	$131,283,000	$98,686,000	$108,549,000	$104,778,000

Included in reserves above, the Company holds IBNR and/or bulk reserves. It held such reserves in the amount of $70,530,000 (Asbestos) and $38,912,000 (Environmental) on a direct basis, $124,924,000 (Asbestos) and $60,384,000 (Environmental) on an assumed basis and $87,174,000 (Asbestos) and $52,823,000 (Environmental) on a net basis at December 31, 2005.

Included in the reserves above, the Company holds future allocated loss adjustment expense reserves. It held such reserves in $3,908,000 (Asbestos) and $2,156,000 (Environmental) on a direct basis, $30,612,000 (Asbestos) and $9,266,000 (Environmental) on an assumed basis and $34,388,000 (Asbestos) and $11,379,000 (Environmental) on a net basis at December 31, 2005.

Note 34 –Subscriber Savings Accounts –Not Applicable

Note 35 –Multiple Peril Crop Insurance –Not Applicable

NOTES TO FINANCIAL STATEMENTS

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	20,113,352	0.3	20,113,352	0.3
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	125,002,870	1.7	125,002,870	1.7
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	64,473	0.0	64,473	0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations	605,628,400	8.4	605,628,400	8.4
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		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	9,294,365	0.1	9,294,365	0.1
1.512 Issued or guaranteed by FNMA and FHLMC	524,971,772	7.2	524,971,772	7.2
1.513 All other	74,166,981	1.0	74,166,981	1.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.0		0.0
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	406,385,798	5.6	406,385,798	5.6
2.2 Unaffiliated foreign securities	227,444,128	3.1	227,444,128	3.1
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds	411,294,383	5.7	411,294,383	5.7
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated	3,111,269,862	42.9	3,111,269,862	42.9
3.4 Other equity securities:				
3.41 Affiliated	1,052,672,101	14.5	1,052,672,101	14.5
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans	5,001	0.0	5,001	0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company	2,705,082	0.0	2,705,082	0.0
5.2 Property held for production of income (including $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.....0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities	2,959,659	0.0	2,959,659	0.0
8. Cash, cash equivalents and short-term investments	583,784,108	8.1	583,784,108	8.1
9. Other invested assets	92,007,855	1.3	92,007,855	1.3
10. Total invested assets	7,249,770,190	100.0	7,249,770,190	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? Rhode Island

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: N/A

If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2000

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). 02/21/2003

3.4 By what department or departments? Rhode Island

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

6.2 If yes, give full information:

N/A

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. .....%

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?

Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116-5072

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?

John Dawson, Senior Consulting Actuary, Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116-5072

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 involved .....

11.13 Total book/adjusted carrying value .....

11.2 If yes, provide explanation.

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers $.....0
- 16.12 To stockholders not officers $.....0
- 16.13 Trustees, supreme or grand (Fraternal only) $.....0

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers $.....0
- 16.22 To stockholders not officers $.....0
- 16.23 Trustees, supreme or grand (Fraternal only) $.....0

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others $.....0
- 17.22 Borrowed from others $.....0
- 17.23 Leased from others $.....0
- 17.24 Other $.....0

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

18.2 If answer is yes:
- 18.21 Amount paid as losses or risk adjustment $.....0
- 18.22 Amount paid as expenses $.....0
- 18.23 Other amounts paid $.....0

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $.....0

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes [ ] No [X]

20.2 If no, give full and complete information relating thereto.
JP Morgan Worldwide Securities Services holds custody of the securities.

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [X] No [ ]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Loaned to others $.....50,386,575
- 21.22 Subject to repurchase agreements $.....0
- 21.23 Subject to reverse repurchase agreements $.....0
- 21.24 Subject to dollar repurchase agreements $.....0
- 21.25 Subject to reverse dollar repurchase agreements $.....0
- 21.26 Pledged as collateral $.....0
- 21.27 Placed under option agreements $.....0
- 21.28 Letter stock or securities restricted as to sale $.....0
- 21.29 Other $.....0

21.3 For category (21.28) provide the following:

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

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

22.2 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.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year: .....

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Worldwide Securities Services	1 Chase Manhatten Plaza New York, NY
Royal Trust/RBC	200 Bay street, Toronto, Ontario

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
JP Morgan Worldwide Securities Serv	Provident Investment Counsel	Pasadena, CA
JP Morgan Worldwide Securities Serv	Sanford C. Bernstein & Co., LLP	White Plains, NY
JP Morgan Worldwide Securities Serv	Standish Mellon	Boston, MA
JP Morgan Worldwide Securities Serv	CSFB	New York, NY
JP Morgan Worldwide Securities Serv	Morgan Stanley	Philadelphia, PA
Royal Trust/RBC	Jones Heward Investment Counsel	Toronto, ON

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
58552D 75 4	THE BOSTON CO INTL CORE EQUITY	62,259,123
58552D 76 2	THE BOSTON CO INTL SMALL CAP	101,692,249
58552D 77 0	THE BOSTON CO SMALL CAP	14,963,446
61744J 30 9	MORGAN STANLEY SM CO GROWTH	38,188,850
61744J 40 8	MORGAN STANLEY INTL EQUITY	56,675,360
61744J 82 0	MORGAN STANLEY INSTIT FD	27,137,070
61744J 83 8	MORGAN STANLEY INTL SMALL CAP	54,495,585
084811	ALLIANCE/BERNSTEIN INTL VALUE	28,950,000
464287 23 4	ISHARES MSCI EMERGING MKTS	26,475,000
58552D 72 1	MELLON-NEWTON INTL EQUITY	24,925,000
25.2999. TOTAL		435,761,683

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

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation
THE BOSTON CO INTL CORE EQUITY	BP PLC	1,288,764	12/31/2005
THE BOSTON CO INTL CORE EQUITY	ING GROEP	1,201,601	12/31/2005
THE BOSTON CO INTL CORE EQUITY	SOCIETE GENERALE GRP	1,176,697	12/31/2005
THE BOSTON CO INTL CORE EQUITY	VODAPHONE GRP PLC	1,101,986	12/31/2005
THE BOSTON CO INTL CORE EQUITY	CREDIT SUISSE GRP	1,064,631	12/31/2005
THE BOSTON CO INTL SMALL CAP	TRICAN WELL SVC LTD	1,464,368	12/31/2005
THE BOSTON CO INTL SMALL CAP	MITSUBISHI GAS CHEMICAL	1,067,769	12/31/2005
THE BOSTON CO INTL SMALL CAP	KEIHIN	1,047,430	12/31/2005
THE BOSTON CO INTL SMALL CAP	NIPPON SHOKUBAI	996,584	12/31/2005
THE BOSTON CO INTL SMALL CAP	ELEKTA	996,584	12/31/2005
THE BOSTON CO SMALL CAP	COVANCE	267,846	12/31/2005
THE BOSTON CO SMALL CAP	CRESCENT RE EQUITIES	257,371	12/31/2005
THE BOSTON CO SMALL CAP	PENN VIRGINIA	233,430	12/31/2005
THE BOSTON CO SMALL CAP	LIONS GATE ENTERTAINMENT	216,970	12/31/2005
THE BOSTON CO SMALL CAP	FMC TECHNOLOGIES	204,999	12/31/2005
MORGAN STANLEY SM CO GROWTH	LANDSTAR SYSTEMS INC	1,233,500	12/31/2005
MORGAN STANLEY SM CO GROWTH	RANGE RESOURCES CORP	1,218,224	12/31/2005
MORGAN STANLEY SM CO GROWTH	STRAYER EDUCATION INC	1,069,288	12/31/2005
MORGAN STANLEY SM CO GROWTH	DADE BEARING HLDGS INC	1,057,831	12/31/2005
MORGAN STANLEY SM CO GROWTH	TECHNE CORP	1,027,280	12/31/2005
MORGAN STANLEY INTL EQUITY	NESTLE, SA	2,323,690	12/31/2005
MORGAN STANLEY INTL EQUITY	FRANCE TELECOM SA	2,289,685	12/31/2005
MORGAN STANLEY INTL EQUITY	BP PLC	2,045,980	12/31/2005
MORGAN STANLEY INTL EQUITY	TOTAL SA	1,807,944	12/31/2005
MORGAN STANLEY INTL EQUITY	UNILEVER NV	1,734,266	12/31/2005
MORGAN STANLEY INSTIT FD	LUKOIL	1,199,458	12/31/2005
MORGAN STANLEY INSTIT FD	PETROLEO BRAZILEIRO SA	1,177,749	12/31/2005
MORGAN STANLEY INSTIT FD	WAL-MART DE MEXICO SA DE CV	846,677	12/31/2005
MORGAN STANLEY INSTIT FD	AMERICA MOVIL SA DE SV	776,406	12/31/2005
MORGAN STANLEY INSTIT FD	SAMSUNG ELECTRONICS CO LTD	735,415	12/31/2005
MORGAN STANLEY INTL SMALL CAP	SUMITOMO OSAKA CEMENT CO LTD	1,433,234	12/31/2005
MORGAN STANLEY INTL SMALL CAP	ARIAKE JAPAN CO LTD	1,324,243	12/31/2005
MORGAN STANLEY INTL SMALL CAP	SCIBSTED ASA	1,215,252	12/31/2005
MORGAN STANLEY INTL SMALL CAP	CARLSBERG A/S	1,128,059	12/31/2005
MORGAN STANLEY INTL SMALL CAP	KERRY GRP PLC	1,111,710	12/31/2005
ALLIANCE/BERNSTEIN INTL VALUE	ING GROEP NV	924,953	12/31/2005
ALLIANCE/BERNSTEIN INTL VALUE	RENAULT SA	841,866	12/31/2005
ALLIANCE/BERNSTEIN INTL VALUE	ARCELOR	796,704	12/31/2005
ALLIANCE/BERNSTEIN INTL VALUE	SANOFI-AVENTIS	772,386	12/31/2005
ALLIANCE/BERNSTEIN INTL VALUE	SUMITOMO MITSUBISHI FINANCE LTD	736,778	12/31/2005
ISHARES MSCI EMERGING MKTS	SAMSUNG ELECTRONICS CO LTD	1,808,243	12/31/2005
ISHARES MSCI EMERGING MKTS	TAIWAN SEMICONDUCTORS LTD	1,015,316	12/31/2005
ISHARES MSCI EMERGING MKTS	KOOKMIN BANK	922,919	12/31/2005
ISHARES MSCI EMERGING MKTS	LUKOIL	632,753	12/31/2005
ISHARES MSCI EMERGING MKTS	POSCO	623,222	12/31/2005
MELLON-NEWTON INTL EQUITY	data unavailable until 1/31/2006 - new issue	-	12/31/2005
MELLON-NEWTON INTL EQUITY	data unavailable until 1/31/2006 - new issue	-	12/31/2005
MELLON-NEWTON INTL EQUITY	data unavailable until 1/31/2006 - new issue	-	12/31/2005
MELLON-NEWTON INTL EQUITY	data unavailable until 1/31/2006 - new issue	-	12/31/2005
MELLON-NEWTON INTL EQUITY	data unavailable until 1/31/2006 - new issue	-	12/31/2005

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	2,306,838,217	2,315,216,631	8,378,414
26.2 Preferred stocks			0
26.3 Totals	2,306,838,217	2,315,216,631	8,378,414

26.4 Describe the sources or methods utilized in determining the fair values:
The fair value prices are obtained from the NAIC/SVO.

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

OTHER

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $.....72,968

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

1 Name	2 Amount Paid
American Association of Insuranec	20,899
Insurance Services Office	17,387

29.1 Amount of payments for legal expenses, if any? $.....3,157,046

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

1 Name	2 Amount Paid
Robins Kaplan Miller & Ciresi, LLP	1,155,878

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $.....0

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

1 Name	2 Amount Paid

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. .....
1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....
1.31 Reason for excluding:

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

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator		
2.2 Premium Denominator	2,236,887,916	2,147,726,287
2.3 Premium Ratio (2.1/2.2)	0.0	0.0
2.4 Reserve Numerator		
2.5 Reserve Denominator	3,089,657,732	2,800,436,758
2.6 Reserve Ratio (2.4/2.5)	0.0	0.0

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

4. For Mutual Reporting Entities and Reciprocal Exchange only:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]
4.2 Does the reporting entity issue non-assessable policies? Yes [X] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? .....%
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?
The Company does not issue worker's compensation contracts.

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 proprietary models that are developed to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.
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?
In addition to controlling the Company's exposures by loss prevention engineering, deductibles and limits of liability, we purchase risk and catastrophe reinsurance.
6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]
7.2 If yes, indicate the number of reinsurance contracts containing such provisions. .....
7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]
8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]
8.2 If yes, give full information:

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accounting retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates? Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [X]

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $.....0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $.....0

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: $.....0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From .....%

12.42 To .....%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of credit .....

12.62 Collateral and other funds .....

13.1 What amount of installment notes is owned and now held by the reporting entity? $.....0

13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [ ] No [ ]

13.3 If yes, what amount? .....

14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.....120,750,000

14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

14.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount. 0

15.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]

15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]

15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? Yes [ ] No [ ]

15.5 If the answer to 15.4 is no, please explain:

16.1 Has the reporting entity guaranteed any financial premium accounts? Yes [ ] No [X]

16.2 If yes, give full information:

17.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

1	2	3	4	5

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home					
17.12 Products					
17.13 Automobile					
17.14 Other*					

* Disclose type of coverage: .....

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [X] No [ ]

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$.....18,000,000
18.12 Unfunded portion of Interrogatory 18.11	$.....0
18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11	$.....0
18.14 Case reserves portion of Interrogatory 18.11	$.....0
18.15 Incurred but not reported portion of Interrogatory 18.11	$.....0
18.16 Unearned premium portion of Interrogatory 18.11	$.....0
18.17 Contingent commission portion of Interrogatory 18.11	$.....0

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

18.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$.....0
18.19 Unfunded portion of Interrogatory 18.18	$.....0
18.2.. Paid losses and loss adjustment expenses portion of Interrogatory 18.18	$.....0
18.21 Case reserves portion of Interrogatory 18.18	$.....0
18.22 Incurred but not reported portion of Interrogatory 18.18	$.....0
18.23 Unearned premium portion of Interrogatory 18.18	$.....0
18.24 Contingent commission portion of Interrogatory 18.18	$.....0

FIVE-YEAR HISTORICAL DATA

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

		1 2005	2 2004	3 2003	4 2002	5 2001
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,845	(1,781)	19,597	15,817	11,789
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,406,912,148	2,164,785,886	2,552,129,409	2,380,967,930	1,285,933,549
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	488,237,466	446,215,311	494,488,075	444,761,234	246,280,617
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)			(61,522)	524,532	1,876,857
5.	Non-proportional reinsurance lines (Lines 30, 31 & 32)	50,308,127	209,535,467	177,868,791	117,838,610	67,343,685
6.	Total (Line 34)	2,945,461,586	2,820,534,883	3,224,444,350	2,944,108,123	1,601,446,497
	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)	3,845	(1,781)	(10,479)	22,409	3,401
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,852,891,458	1,546,771,391	1,925,367,585	1,620,649,489	825,642,530
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	413,264,896	371,301,597	414,886,140	346,972,700	192,510,396
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)			(574,345)	(1,100,092)	(741,826)
11.	Non-proportional reinsurance lines (Lines 30, 31 & 32)	(935,662)	163,136,508	177,868,495	117,837,330	67,328,564
12.	Total (Line 34)	2,265,224,537	2,081,207,715	2,517,537,396	2,084,381,836	1,084,743,065
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	509,322,879	559,708,666	785,305,136	396,103,428	(427,595,475)
14.	Net investment gain (loss) (Line 11)	203,351,639	187,830,496	135,631,247	(19,334,628)	246,214,767
15.	Total other income (Line 15)	972,407	(4,117,460)	5,268,676	1,376,816	(6,415,756)
16.	Dividends to policyholders (Line 17)					
17.	Federal and foreign income taxes incurred (Line 19)	187,854,041	241,942,233	292,805,571	164,468,226	(24,860,131)
18.	Net income (Line 20)	525,792,884	501,479,469	633,399,488	213,677,390	(162,936,333)
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	7,979,279,857	6,974,548,101	6,203,725,205	5,031,115,455	4,247,831,015
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	365,087,045	287,147,993	399,081,892	315,569,122	245,237,814
	20.2 Deferred and not yet due (Line 13.2)					
	20.3 Accrued retrospective premiums (Line 13.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	3,775,060,680	3,441,757,376	3,370,430,566	3,098,085,594	2,466,147,647
22.	Losses (Page 3, Lines 1 & 2)	1,846,248,671	1,599,162,079	1,529,404,980	1,233,828,272	1,112,660,132
23.	Loss adjustment expenses (Page 3, Line 3)	135,189,899	121,392,138	108,578,547	93,220,614	98,806,405
24.	Unearned premiums (Page 3, Line 9)	1,108,219,162	1,079,882,541	1,146,401,112	1,050,868,120	689,160,696
25.	Capital paid up (Page 3, Lines 28 & 29)					
26.	Surplus as regards policyholders (Page 3, Line 35)	4,204,219,177	3,532,790,725	2,833,294,640	1,933,029,861	1,781,683,368
	Risk-Based Capital Analysis					
27.	Total adjusted capital	4,204,219,177	3,532,790,725	2,833,294,640	1,933,029,861	1,781,683,368
28.	Authorized control level risk-based capital	591,553,266	517,250,967	480,710,086	424,635,381	358,855,821
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29.	Bonds (Line 1)	27.5	28.5	33.6	36.4	30.5
30.	Stocks (Lines 2.1 & 2.2)	63.1	61.2	50.0	42.2	55.0
31.	Mortgage loans on real estate (Lines 3.1 & 3.2)	0.0				0.0
32.	Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.1	0.1	0.1
33.	Cash, cash equivalents and short-term investments (Line 5)	8.1	8.7	14.1	20.0	10.4
34.	Contract loans (Line 6)				XXX	XXX
35.	Other invested assets (Line 7)	1.3	1.3	1.0	1.2	2.3
36.	Receivable for securities (Line 8)	0.0	0.2	1.2	0.1	1.6
37.	Aggregate write-ins for invested assets (Line 9)					0.1
38.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	99.9	100.0
	Investments in Parent, Subsidiaries and Affiliates					
39.	Affiliated bonds (Sch. D, Summary, Line 25, Col. 1)					
40.	Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41.	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	1,052,672,101	916,519,874	574,500,000	463,831,917	307,259,055
42.	Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43.	Affiliated mortgage loans on real estate					
44.	All other affiliated					
45.	Total of above lines 39 to 44	1,052,672,101	916,519,874	574,500,000	463,831,917	307,259,055
46.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	25.0	25.9	20.3	24.0	17.2

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2005	2 2004	3 2003	4 2002	5 2001
	Capital and Surplus Accounts (Page 4)					
47.	Net unrealized capital gains (losses) (Line 24)	168,421,735	188,029,041	366,821,463	(87,733,093)	(233,291,212)
48.	Dividends to stockholders (Line 35)					
49.	Change in surplus as regards policyholders for the year (Line 38)	671,428,452	699,496,085	900,264,779	151,346,494	(732,116,695)
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	12,797,770	5,304,749	17,480,292	30,800,463	43,811,147
51.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	846,619,504	840,219,782	1,121,031,167	904,354,260	788,511,834
52.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	211,610,599	157,087,034	154,585,307	117,743,410	124,733,642
53.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	(148,847)	1,277,519	806,963	(104,423)	6,088,263
54.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	70,875,247	117,836,495	175,359,355	155,217,076	100,650,438
55.	Total (Line 34)	1,141,754,273	1,121,725,579	1,469,263,084	1,208,010,786	1,063,795,324
	Net Losses Paid (Page 9, Part 2, Col. 4)					
56.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,524,611	2,601,222	10,852,360	4,758,079	5,034,094
57.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	715,644,378	598,278,979	453,085,671	467,634,530	537,341,306
58.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	135,047,414	124,426,026	124,825,117	99,399,306	85,737,809
59.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	(148,847)	1,275,411	795,750	(60,940)	4,662,456
60.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	24,389,425	80,036,564	153,656,822	136,005,199	71,339,109
61.	Total (Line 34)	879,456,981	806,618,202	743,215,720	707,736,174	704,114,774
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63.	Losses incurred (Line 2)	50.0	43.6	41.0	49.4	102.5
64.	Loss expenses incurred (Line 3)	3.4	4.8	3.3	3.3	8.8
65.	Other underwriting expenses incurred (Line 4)	23.9	25.5	23.3	24.3	40.4
66.	Net underwriting gain (loss) (Line 8)	22.8	26.1	32.4	23.0	(51.7)
	Other Percentages					
67.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	23.5	26.5	22.2	20.0	31.4
68.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	53.4	48.5	44.3	52.7	111.3
69.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0)	53.9	58.9	88.9	107.8	60.9
	One Year Loss Development (000 omitted)					
70.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(189,850)	98,765	94,986	207,823	(71,670)
71.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100)	(5.4)	3.5	4.9	11.7	(2.9)
	Two Year Loss Development (000 omitted)					
72.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(59,276)	255,479	334,111	37,749	(82,843)
73.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	(2.1)	13.2	18.8	1.6	(3.3)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	29,407,717	29,686,661	29,623,343	29,107,815
Governments	2. Canada	133,654,853	139,947,087	134,985,642	123,538,000
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	163,062,570	169,633,748	164,608,985	152,645,815
	5. United States	64,473	69,553	63,352	65,000
States, Territories and Possessions	6. Canada	74,298,208	76,928,678	75,001,132	73,096,000
(Direct and guaranteed)	7. Other Countries				
	8. Totals	74,362,681	76,998,231	75,064,484	73,161,000
Political Subdivisions of States,	9. United States	51,058	53,440	51,090	50,000
Territories and Possessions	10. Canada	2,917,073	2,981,891	2,917,073	2,925,000
(Direct and guaranteed)	11. Other Countries				
	12. Totals	2,968,131	3,035,331	2,968,163	2,975,000
Special Revenue and Special Assessment	13. United States	1,144,169,884	1,132,819,095	1,153,151,088	1,103,589,788
Obligations and all Non-guaranteed Obligations	14. Canada	3,257,561	3,242,106	3,257,561	3,257,678
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	1,147,427,445	1,136,061,201	1,156,408,649	1,106,847,466
	17. United States	5,850,738	6,196,740	5,552,640	6,000,000
Public Utilities	18. Canada	3,880,662	3,881,045	3,881,045	3,500,000
(Unaffiliated)	19. Other Countries				
	20. Totals	9,731,400	10,077,785	9,433,685	9,500,000
Industrial and Miscellaneous and	21. United States	452,216,859	460,305,877	454,011,270	444,726,924
Credit Tenant Loans	22. Canada	143,303,056	145,338,380	144,936,523	138,792,184
(Unaffiliated)	23. Other Countries				
	24. Totals	595,519,915	605,644,257	598,947,793	583,519,108
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	1,993,072,142	2,001,450,553	2,007,431,759	1,928,648,389
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States	1,098,000	1,098,000	211,000	
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	1,098,000	1,098,000	211,000	
	45. United States	205,452,692	205,452,692	141,764,802	
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	205,452,692	205,452,692	141,764,802	
	49. United States	3,093,165,761	3,093,165,761	2,045,523,150	
Industrial and Miscellaneous	50. Canada	147,080,765	147,080,765	88,973,887	
(Unaffiliated)	51. Other Countries	75,767,027	75,767,027	60,933,572	
	52. Totals	3,316,013,553	3,316,013,553	2,195,430,609	
Parent, Subsidiaries and Affiliates	53. Totals	1,052,672,101	1,052,672,101	706,639,777	
	54. **Total Common Stocks**	4,575,236,346	4,575,236,346	3,044,046,188	
	55. **Total Stocks**	4,575,236,346	4,575,236,346	3,044,046,188	
	56. **Total Bonds and Stocks**	6,568,308,488	6,576,686,899	5,051,477,947	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		5,691,346,176
2. Cost of bonds and stocks acquired, Column 7, Part 3		2,260,715,895
3. Accrual of discount		1,947,440
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1	(1,783,451)	
4.2 Columns 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2	264,358,535	
4.4 Columns 11 - 13, Part 4	(75,918,625)	186,656,459
5. Total gain (loss), Column 19, Part 4		124,722,559
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		1,683,880,868
7. Amortization of premium		13,199,173
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		6,568,308,488
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		6,568,308,488
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current year		6,568,308,488

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								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported-Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	102,853	75,798	6,435	7,551	(4)		15,339	25,936	XXX
2. 1996	1,474,633	466,320	1,008,313	775,244	196,985	46,086	5,226	19,334	65	43,596	638,388	XXX
3. 1997	1,330,925	397,742	933,183	750,189	231,707	38,895	3,574	21,121	161	27,634	574,763	XXX
4. 1998	1,215,851	353,573	862,278	957,663	225,923	14,249	2,489	43,694	2,159	28,748	785,035	XXX
5. 1999	1,101,931	349,283	752,648	1,236,721	542,244	22,805	4,358	43,567	3,676	35,678	752,814	XXX
6. 2000	1,161,983	385,620	776,363	627,790	163,310	12,929	2,748	24,464	3,034	13,836	496,092	XXX
7. 2001	1,291,816	465,078	826,738	2,242,444	1,236,741	20,975	4,644	67,075	8,909	8,945	1,080,201	XXX
8. 2002	2,465,270	742,594	1,722,675	642,680	74,470	5,293	148	41,567	3,368	2,831	611,554	XXX
9. 2003	3,175,165	753,161	2,422,004	919,778	163,912	4,578	134	54,117	3,618	650	810,810	XXX
10. 2004	2,903,811	756,085	2,147,726	725,044	129,217	6,180	1,768	62,906	3,550	434	659,596	XXX
11. 2005	2,919,635	682,747	2,236,888	383,914	71,505	3,314	519	31,360	2,280	(302)	344,283	XXX
12. Totals	XXX	XXX	XXX	9,364,320	3,111,810	181,739	33,158	409,200	30,818	177,390	6,779,473	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	430,601	220,557	535,612	272,834	22,263	13,489	19,503		48,219			549,319	XXX
2. 1996	8				7							15	XXX
3. 1997	(1,980)	7			0						2,322	(1,986)	XXX
4. 1998	(3,173)	5	1,079		0						3,602	(2,098)	XXX
5. 1999	(1,175)	1,440	1,763		0						4,319	(852)	XXX
6. 2000	(3,036)	556	1,763		3						5,287	(1,825)	XXX
7. 2001	13,658	8,608	2,053		752						8,707	7,856	XXX
8. 2002	5,254	274	9,223		375	75			820	176	8,036	15,147	XXX
9. 2003	53,770	7,745	18,459		1,792	357			3,887	834	16,942	68,972	XXX
10. 2004	222,183	38,048	58,311		5,278	1,112			12,098	2,595	16,785	256,115	XXX
11. 2005	1,276,049	561,432	281,474		13,642	1,991			31,824	4,645	34,898	1,034,920	XXX
12. Totals	1,992,160	838,671	909,737	272,834	44,113	17,025	19,503	0	96,848	8,250	100,899	1,925,581	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	472,822	76,496
2. 1996	840,678	202,275	638,403	57.0	43.4	63.3			86.00	8	7
3. 1997	808,226	235,448	572,778	60.7	59.2	61.4			86.00	(1,986)	0
4. 1998	1,013,512	230,576	782,937	83.4	65.2	90.8			86.00	(2,099)	0
5. 1999	1,303,681	551,718	751,963	118.3	158.0	99.9			86.00	(852)	0
6. 2000	663,914	169,647	494,267	57.1	44.0	63.7			86.00	(1,828)	3
7. 2001	2,346,958	1,258,901	1,088,057	181.7	270.7	131.6			86.00	7,104	752
8. 2002	705,213	78,513	626,700	28.6	10.6	36.4			86.00	14,203	944
9. 2003	1,056,381	176,599	879,782	33.3	23.4	36.3			86.00	64,484	4,488
10. 2004	1,092,001	176,290	915,711	37.6	23.3	42.6			86.00	242,446	13,669
11. 2005	2,021,575	642,372	1,379,203	69.2	94.1	61.7			86.00	996,090	38,830
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,790,392	135,190

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 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 One Year	12 Two Year
1. Prior	41,452	2,974,281	2,972,603	3,004,304	2,978,461	2,973,355	3,070,331	3,153,692	3,262,683	3,250,908	(11,775)	97,216
2. 1996	212,926	607,755	602,529	623,219	626,334	625,215	625,398	620,170	619,365	619,134	(231)	(1,036)
3. 1997	XXX	548,324	534,579	549,230	565,897	560,936	555,721	555,560	545,129	551,818	6,689	(3,742)
4. 1998	XXX	XXX	717,432	720,340	740,461	733,637	735,765	733,172	741,668	741,402	(266)	8,230
5. 1999	XXX	XXX	XXX	775,571	729,872	695,422	708,869	719,699	709,743	712,071	2,328	(7,628)
6. 2000	XXX	XXX	XXX	XXX	492,549	473,457	475,441	502,271	473,517	472,837	(680)	(29,434)
7. 2001	XXX	XXX	XXX	XXX	XXX	897,553	995,866	1,009,122	1,146,923	1,029,890	(117,032)	20,768
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	675,719	644,413	599,562	587,857	(11,705)	(56,556)
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	913,324	851,598	826,229	(25,369)	(87,095)
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	878,661	846,852	(31,809)	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,322,944	XXX	XXX
										12. Totals	(189,850)	(59,276)

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 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	2,486,527	2,515,361	2,548,459	2,577,407	2,628,296	2,656,347	2,680,531	2,723,868	2,749,808	XXX	XXX
2. 1996	84,280	536,587	599,940	612,497	621,399	623,352	623,614	619,666	618,769	619,119	XXX	XXX
3. 1997	XXX	262,950	489,778	534,993	553,757	556,064	552,242	552,321	548,824	553,804	XXX	XXX
4. 1998	XXX	XXX	279,900	595,481	705,513	720,910	727,107	728,398	743,438	743,500	XXX	XXX
5. 1999	XXX	XXX	XXX	293,409	607,547	678,853	702,668	711,067	711,694	712,923	XXX	XXX
6. 2000	XXX	XXX	XXX	XXX	154,729	369,809	444,896	469,201	477,324	474,662	XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX	348,766	661,885	816,717	922,384	1,022,034	XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	278,774	476,325	548,673	573,355	XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	349,929	658,411	760,310	XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	281,589	600,240	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	315,203	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 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior	20,383	38,801	23,624	221,412	171,753	164,132	193,458	242,374	330,499	282,281
2. 1996	22,250	16,992	3,654	3,448	1,004	814	143	234	370	
3. 1997	XXX	32,620	9,871	5,035	2,156	380	227	248	207	
4. 1998	XXX	XXX	19,538	14,263	5,255	769	1,356	1,160	1,072	1,079
5. 1999	XXX	XXX	XXX	26,118	25,260	3,004	2,226	2,028	1,802	1,763
6. 2000	XXX	XXX	XXX	XXX	36,724	11,949	3,011	2,326	1,822	1,763
7. 2001	XXX	XXX	XXX	XXX	XXX	58,313	113,675	101,176	149,741	2,053
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	86,534	52,754	11,989	9,223
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	125,618	46,185	18,459
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	167,226	58,311
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	281,474

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 2 Direct Premiums Written	3 Direct Premiums Earned	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)
1. Alabama AL	YES	33,209,700	33,820,513		8,027,653	10,418,185	9,900,527		
2. Alaska AK	YES	9,069,231	9,475,806		723,883	1,162,925	1,496,799		
3. Arizona AZ	YES	24,736,189	21,009,442		70,400,635	28,356,689	3,966,727		
4. Arkansas AR	YES	26,708,364	25,616,798		592,898	4,250,191	4,222,015		
5. California CA	YES	218,436,802	210,312,327		9,719,167	52,257,040	113,830,970		
6. Colorado CO	YES	30,443,857	32,424,481		7,044,829	(1,269,435)	5,121,595		
7. Connecticut CT	YES	37,457,657	41,218,484		18,295,696	23,323,277	54,065,538		
8. Delaware DE	YES	4,006,785	3,482,301		4,889,726	2,617,040	382,030		
9. District of Columbia DC	YES	12,875,209	12,776,565		723,144	9,401,394	21,993,904		
10. Florida FL	YES	84,311,790	83,652,666		58,534,371	56,485,314	70,893,368		
11. Georgia GA	YES	57,193,561	59,128,075		47,674,849	72,621,809	69,132,082		
12. Hawaii HI	YES	3,138,605	2,770,984			190,798	190,798		
13. Idaho ID	YES	9,630,247	9,759,161		330,029	2,871,227	3,704,133		
14. Illinois IL	YES	77,826,137	78,800,893		13,342,466	5,175,649	61,141,392		
15. Indiana IN	YES	36,852,459	37,448,864		6,283,140	16,178,527	20,928,252		
16. Iowa IA	YES	22,461,954	22,137,576		1,548,966	(1,474,726)	229,696		
17. Kansas KS	YES	14,751,944	12,791,615		2,984,400	11,441,172	9,198,405		
18. Kentucky KY	YES	41,857,449	39,800,354		72,267,399	69,184,772	12,122,952		
19. Louisiana LA	YES	31,584,904	25,954,024		105,933,296	465,231,688	565,136,762		
20. Maine ME	YES	7,175,669	10,120,939		1,527,353	10,257,426	9,444,131		
21. Maryland MD	YES	25,683,877	26,486,324		1,735,088	5,287,041	7,227,969		
22. Massachusetts MA	YES	65,621,374	60,379,118		31,094,208	80,320,353	66,317,639		
23. Michigan MI	YES	51,386,077	51,701,441		5,066,939	2,670,362	8,200,392		
24. Minnesota MN	YES	33,296,600	31,795,249		7,938,817	3,166,079	22,983,283		
25. Mississippi MS	YES	13,623,081	14,527,701		21,334,643	209,246,980	188,415,546		
26. Missouri MO	YES	52,842,686	50,177,759		3,212,766	5,870,208	11,275,744		
27. Montana MT	YES	4,415,848	4,549,241			446,896	446,896		
28. Nebraska NE	YES	7,904,796	7,641,672		1,758,973	1,708,651	1,583,620		
29. Nevada NV	YES	23,229,148	20,110,104		2,204,799	16,459,457	16,953,525		
30. New Hampshire NH	YES	7,224,569	6,827,867		(6,445)	(1,736,614)	6,273,115		
31. New Jersey NJ	YES	37,044,503	40,774,796		6,623,997	10,590,281	25,846,490		
32. New Mexico NM	YES	4,861,655	7,872,002		5,904,658	9,745,137	14,185,452		
33. New York NY	YES	73,528,530	87,456,660		29,028,420	(161,891,538)	51,558,554		
34. North Carolina NC	YES	57,841,732	55,142,640		17,037,196	(3,307,014)	4,332,498		
35. North Dakota ND	YES	9,612,916	10,179,996		9,995,533	25,773,497	16,657,524		
36. Ohio OH	YES	68,183,654	69,421,155		7,134,494	12,341,710	28,986,427		
37. Oklahoma OK	YES	16,277,081	16,615,842		14,936,792	13,766,773	3,168,748		
38. Oregon OR	YES	31,378,588	31,245,465		5,918,593	3,394,525	788,656		
39. Pennsylvania PA	YES	93,875,426	93,699,281		28,551,921	58,653,315	94,258,388		
40. Rhode Island RI	YES	9,962,480	11,027,722		1,417,373	2,968,578	6,647,240		
41. South Carolina SC	YES	36,773,098	34,801,339		83,330,716	137,858,764	55,385,337		
42. South Dakota SD	YES	3,811,261	3,790,528		455,588	(104,629)			
43. Tennessee TN	YES	63,692,235	60,419,672		3,244,597	12,893,294	19,947,687		
44. Texas TX	YES	123,007,697	116,604,898		29,593,953	118,228,659	140,641,919		
45. Utah UT	YES	15,433,556	13,990,661		55,112	11,642,889	11,587,779		
46. Vermont VT	YES	3,636,546	3,583,731		84,723	201,384	165,525		
47. Virginia VA	YES	48,071,791	48,117,627		3,585,539	13,237,546	17,849,420		
48. Washington WA	YES	63,498,834	56,478,114		4,710,193	3,908,876	14,351,710		
49. West Virginia WV	YES	9,500,407	7,162,876		4,402,793	4,415,423	768,888		
50. Wisconsin WI	YES	45,441,466	45,136,983		2,119,296	8,239,786	15,122,568		
51. Wyoming WY	YES	4,525,525	4,512,332			(873,094)	2,124,797		
52. American Samoa AS	NO								
53. Guam GU	NO	215,043	228,633						
54. Puerto Rico PR	YES	20,515,516	16,938,519		2,279,604	2,032,105	204,641		
55. US Virgin Islands VI	YES	102,415	115,443						
56. Canada CN	YES	318,474,799	313,377,297		117,448,860	156,077,296	153,164,320		
57. Aggregate Other Alien OT	XXX	53,654,017	54,812,461	0	16,696,562	11,500,951	8,743,047	0	0
58. Totals	(a) 53	2,281,877,340	2,250,205,017	0	899,740,201	1,613,414,889	2,053,267,420	0	0
DETAILS OF WRITE-INS									
5701. Algeria	XXX	9,635	10,460						
5702. Angola	XXX	3,318	12,077						
5703. Argentina	XXX	155,823	176,380		170,672	(179,328)			
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	53,485,241	54,613,544	0	16,525,890	11,680,279	8,743,047	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	53,654,017	54,812,461	0	16,696,562	11,500,951	8,743,047	0	0

Explanation of Basis of Allocation of Premiums by States, etc.
All premiums are allocated to the location of the property insured.

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

SCHEDULE T - PART 2

INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

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

NONE

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

PART 1 - ORGANIZATIONAL CHART

NAIC Code	State or Country of Domicile	Affiliated Insurers	Federal Employer's Identification Number	Percent Ownership Common Stock	Percent Ownership Preferred Stock	Owned by
21482	RI	Factory Mutual Insurance Company	05-0316605	0%	0%	Mutual Company
10014	RI	Affiliated FM Insurance Company	05-0254496	100%	65.50%	FMIC Holdings, Inc.
10014	RI	Affiliated FM Insurance Company	05-0254496	0%	34.50%	Appalachian Insurance Company
10316	RI	Appalachian Insurance Company	05-0284861	100%	0%	FMIC Holdings, Inc.
None	England	FM Insurance Company Ltd.	AA-1120610	100%	0%	Factory Mutual Insurance Company
None	Bermuda	Risk Engineering Insurance Co., Ltd.	98-0131767	100%	0%	FMIC Holdings, Inc.

NAIC Code	State or Country of Domicile	Non-insurer Affiliates	Federal Employer's Identification Number	Percent Ownership Common Stock	Percent Ownership Preferred Stock	Owned by
N/A	RI	FMIC Holdings, Inc.	05-6009095	100%	0%	Factory Mutual Insurance Company
N/A	RI	Corporate Insurance Services, Inc.	05-0453751	100%	0%	FMIC Holdings, Inc.
N/A	RI	FM Global Technologies, LLC	05-0520189	100%	0%	Factory Mutual Insurance Company
N/A	MA	Factory Mutual Engineering Corp.	04-6114856	100%	0%	Factory Mutual Insurance Company
N/A	MA	FMIC Real Estate Holdings, Inc.	04-3516894	100%	0%	Factory Mutual Insurance Company
N/A	GA	TSB Loss Control Consultants, Inc.	58-2190659	100%	0%	Factory Mutual Insurance Company

Note> All parents, subsidiaries, and affiliates per the December Schedule D, Part 2, Section 2 are included above.