

*Louisiana Insurance Guaranty Association*

**2005**  
**Annual Report**

*March 30, 2006*

# Table of Contents

<u>Subject</u>	<u>Page</u>
Letter to Commissioner.....	1
Audit Report.....	7
General Counsel's Report.....	17
2005 Claims Activity.....	22
2005 Return Premium Activity.....	26
Report on All Time Payments by Insolvency.....	27

# Our Mission

To pay covered claims of insolvent property and casualty insurance companies in a prompt, courteous and caring manner at a fair and equitable cost, and also aid the Insurance Department in the detection and prevention of insurer insolvencies.

# Board of Directors

## 2005

**Ms. Ann Metrailer**  
*Chairperson*

Louisiana Farm Bureau Mutual Insurance  
National Association of Independent Insurers

**Mr. W. Jay Luneau**  
*Secretary*

Appointee of the Speaker of the House

**Mr. Terrence Hardin**  
*Treasurer*

State Farm Mutual Automobile Insurance Co.  
National Association of Mutual Insurance Cos.

**Mr. James Davison**

Appointee of the Commissioner of Insurance  
as a Consumer Representative

**Mr. J.E. Brignac, Jr.**

Appointee of the President of the Senate

**Mr. Michael T. Gray**

The Gray Insurance Company

**Mr. Barry Mitchell**

Appointee of the Commissioner of Insurance  
as a Consumer Representative

**Mr. Stephen C. Schrempp**

National Automotive Insurance Company  
Louisiana Fire and Casualty Insurance Cos.

**Mr. Aubrey Temple**

Louisiana Workers' Compensation Corporation



# Executive Staff

**DESIREE WORSLEY**

*Director of Operations & Logistics*

**NORMAN REESE**

*Acting Director of Claims & Litigation*

**Effective 10/10/05**

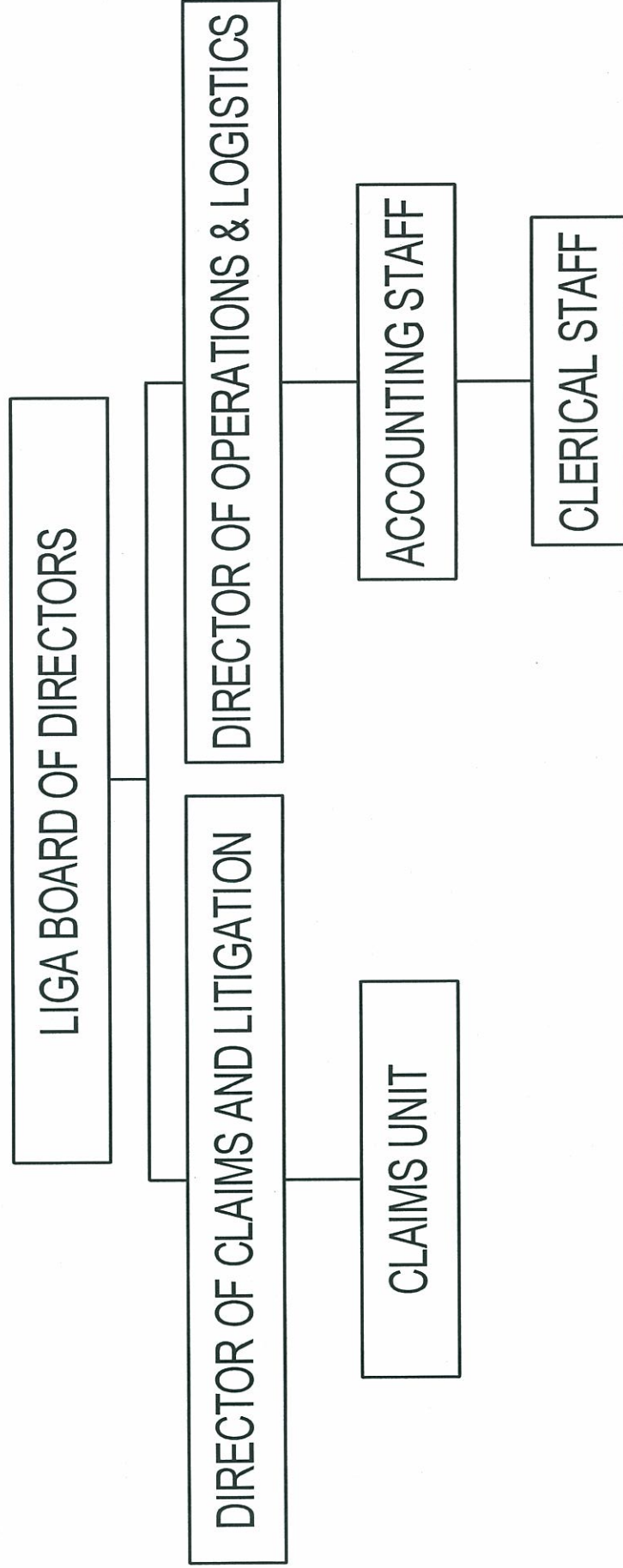
**KENNETH H. SCHNAUDER**

*Director of Claims & Litigation*

**Effective 11/12/03-10/7/05**

# ORGANIZATIONAL CHART

AS OF  
MARCH 30, 2006



March 30, 2006

Hon. James J. Donelon, Commissioner  
Department of Insurance  
State of Louisiana  
P.O. Box 94214  
Baton Rouge, Louisiana  
70804-9214

***RE: 2005 Annual Financial Report of LIGA***

Dear Commissioner:

Pursuant to *La. R.S. 22:1388*, we are pleased to submit to you LIGA's 2005 Annual Financial Report.

2005 was another highly productive year for LIGA, as a continued decrease in insolvencies/new claims created the window of opportunity for LIGA to reach a number of goals:

***settle a record number of worker compensation claims;  
reduce a large number of environmental reserves;  
initiate claims payment procedures for re-located hurricane evacuees;  
collect early access distributions from insolvent estates;  
implement downsizing of staff and further streamline operations;  
operate without the need of a 1% assessment of the member insurer companies;  
undergo an independent operational audit by the Louisiana Department of Insurance;  
complete an independent, comprehensive claims audit per our Policies & Procedures;  
initiate a new more efficient and UDS compliant claims handling software program  
synonymous with 23 other guaranty funds as recommended by the NCIGF;  
implement our Standards of Conduct and Employee Handbook;  
streamline our attorney litigation procedures, grading and qualifications; and  
complete our headquarters renovation.***

LIGA received two new insolvencies in 2005 (South Carolina Insurance Company of South Carolina and Realm Insurance Company of New York). We anticipate a minimum of two insolvencies in 2006 which have been pending since 2005, but it remains extremely difficult to predict any number of insolvencies that may occur in light of the major disaster that affected our area.

Recoveries from liquidators reached \$20,668,866.75 collected in 2005. Unfortunately, the Statutory Liquidator deemed it necessary and prudent to request the return of excess Early Access Distributions in accordance with the terms and conditions



of the Rockwood Insurance Company Refunding Agreement LIGA entered into on September 25, 1995. The refund in distribution amount was \$2,606,041.00.

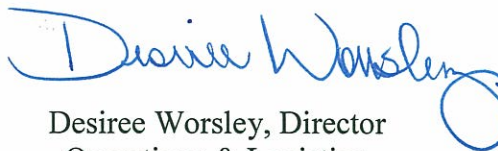
Total expenditures decreased from \$35,914,929. in 2004 to \$26,838,371. in 2005. The number of claims pending at year-end fell from 3,767 in 2004 to 3,040 in 2005.

LIGA's reserves remained in excess of \$1,000,000,000. during 2005, and will expectantly maintain the same throughout this year. Our non-environmental reserves are currently \$97,869,115., while the environmental reserve posting is \$981,618,148. for a total of \$1.07 billion.

Forecasting future insolvencies, their volume, and the ever-growing environmental litigation files remain our biggest challenges at LIGA in the coming year. LIGA remains committed to operating at its' peak of efficiency through the use of temporary employees and TPA's, enabling us to downsize when the opportunity presents itself for further savings. Our new facility eliminates escalating rental payments and will meet LIGA's needs for decades to come. Finally, it is our committed goal to operate LIGA with minimal or no assessment of our member insurers whenever possible. We believe we have initiated the progressive reform and operational strategy that will enable LIGA to meet these ideals in the years ahead.

LIGA would like to express its appreciation to the Department and the Legislature for their continued support of our reform movement. Enclosed herein is our 2005 Report on Insolvent Companies, 2005 Company Claims Activity, 2005 Report of LIGA's General Counsel, and our Annual Financial Audit for 2005 prepared by Postlethwaite & Netterville.

Respectfully submitted,



Desiree Worsley, Director  
Operations & Logistics

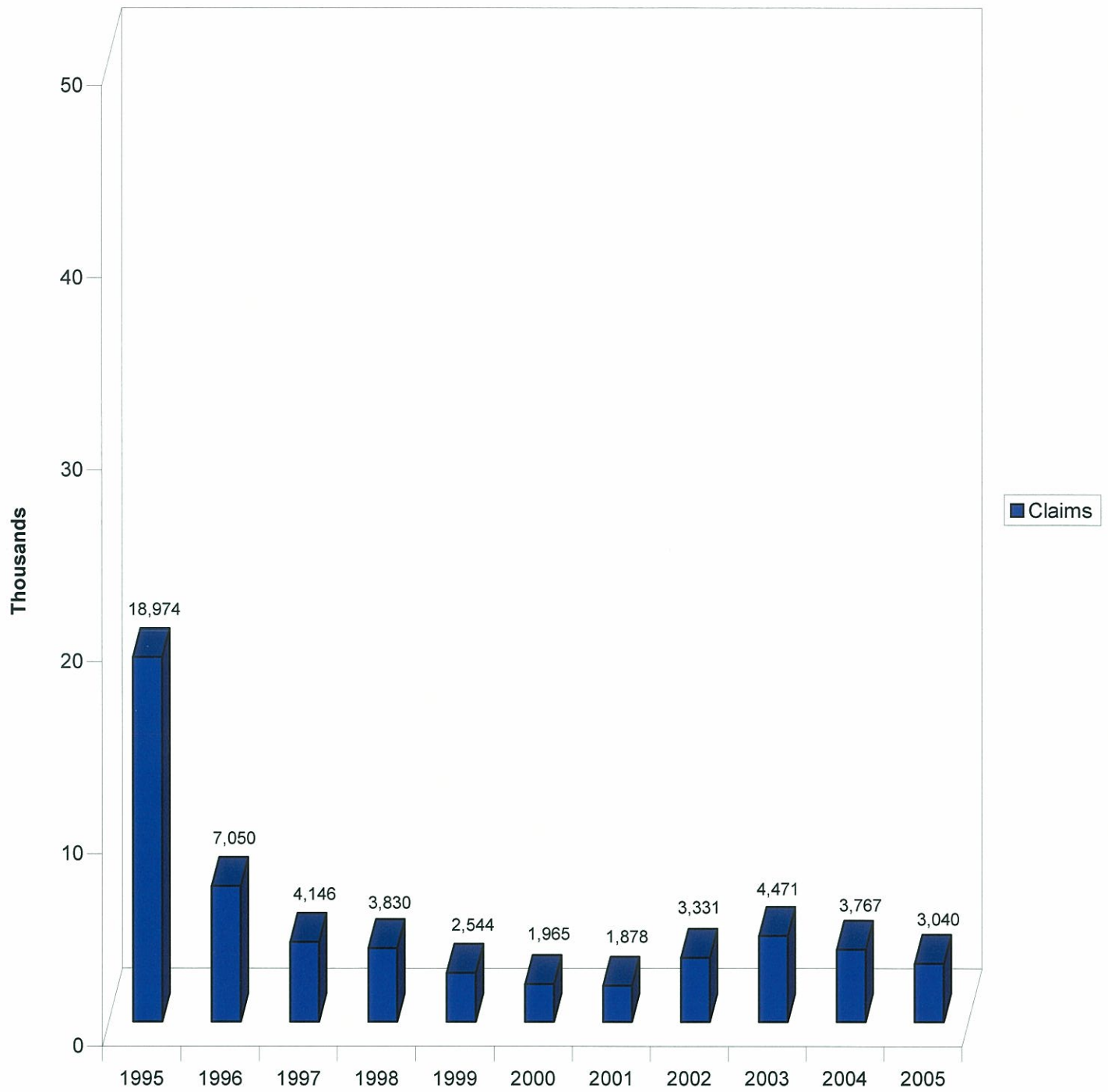
*Receipt acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 2006  
by \_\_\_\_\_ of the Louisiana Department of Insurance*

cc: Board of Directors, LIGA  
Chairman Carter, House Insurance Committee  
Chairman Cain, Senate Insurance Committee  
General Counsel, LIGA

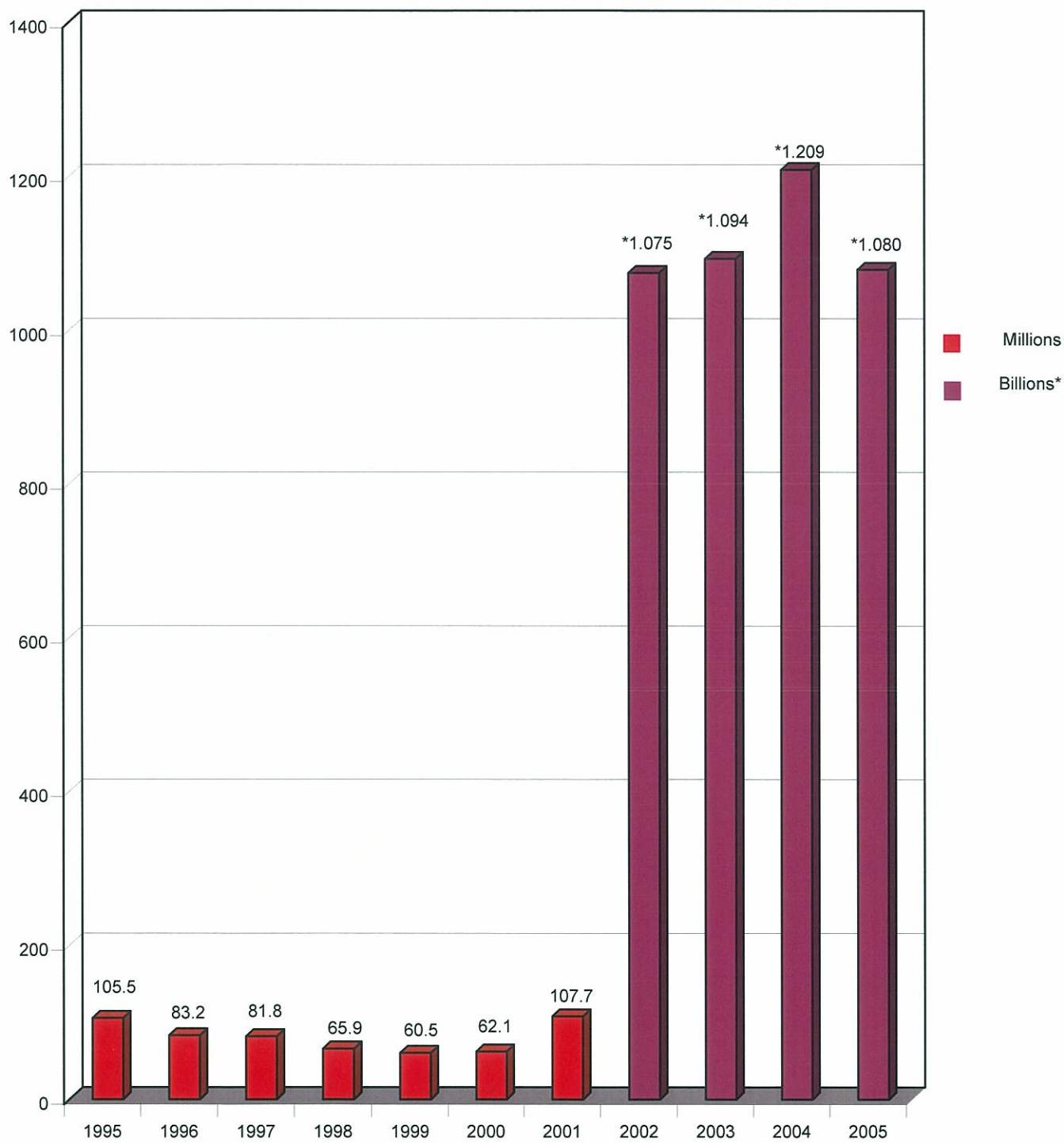
DW/lb



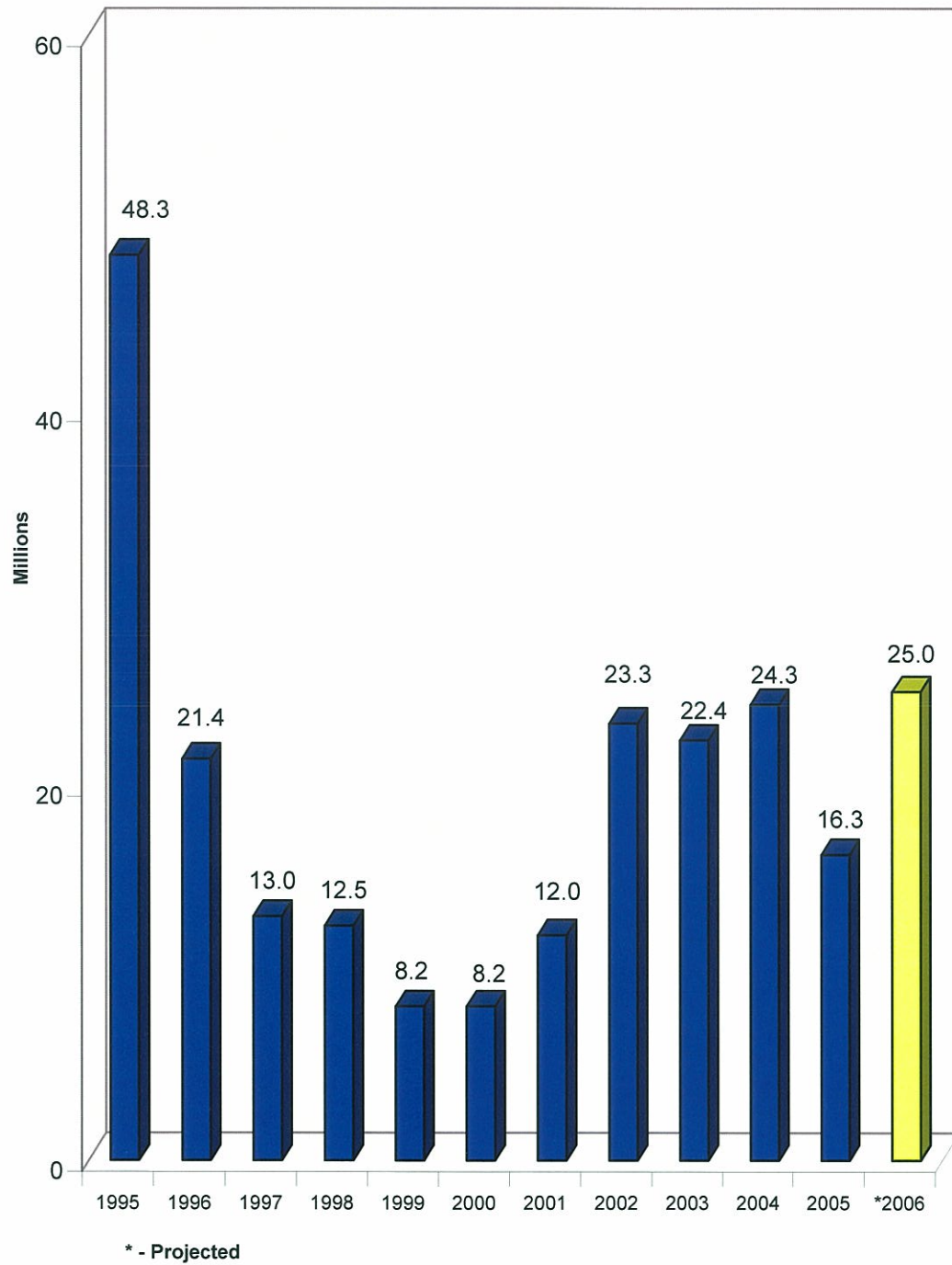
## CLAIMS PENDING PER YEAR



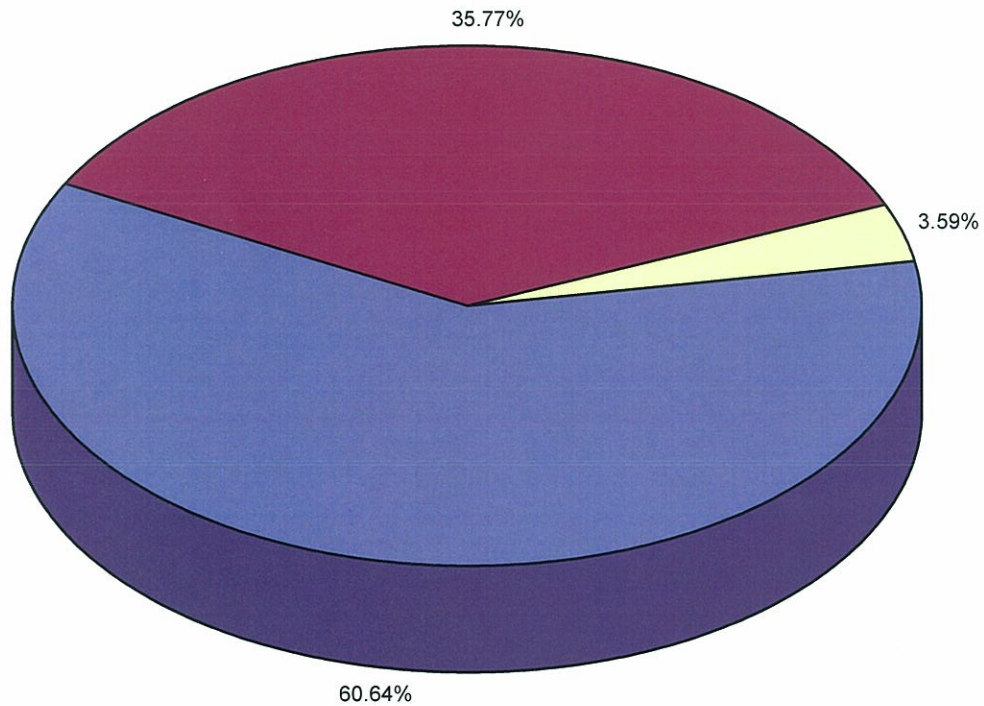
## Reserves Per Year



## LOSSES PAID PER YEAR



## 2005 Total Expenditures - \$26,838,371



- Claims Paid - \$16,276,053.
- Allocated Expenses (Claims Handling) - \$9,599,320.
- Unallocated Expenses (Administrative) - \$962,998.



LOUISIANA INSURANCE GUARANTY ASSOCIATION

FINANCIAL STATEMENTS  
(Cash Basis)

DECEMBER 31, 2005 AND 2004



## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

### Independent Auditors' Report

Members and Directors  
Louisiana Insurance Guaranty Association  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position arising from cash transactions of Louisiana Insurance Guaranty Association as of December 31, 2005 and 2004, and the related statements of activities for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Insurance Guaranty Association as of December 31, 2005 and 2004 and its changes in net assets during the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2006 on our consideration of Louisiana Insurance Guaranty Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Since these financial statements are prepared on a cash basis, no liability is recorded for future payments for return of unearned premiums or claims. However, as discussed in Note 7 to the financial statements, the Association regularly estimates liabilities for such losses. These estimated losses have not been audited by us and accordingly we express no opinion or any other form of assurance on them.

Baton Rouge, Louisiana  
February 24, 2006

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**ARISING FROM CASH TRANSACTIONS**  
**DECEMBER 31, 2005 AND 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>
Cash	\$ 1,585	\$ 4,947,165
Investments	<u>244,912,924</u>	<u>228,191,642</u>
	<u>\$ 244,914,509</u>	<u>\$ 233,138,807</u>

**LIABILITIES AND NET ASSETS**

Outstanding checks in excess of bank balances	\$ 858,180	\$ 1,698,647
Net assets	<u>244,056,329</u>	<u>231,440,160</u>
	<u>\$ 244,914,509</u>	<u>\$ 233,138,807</u>

The accompanying notes are an integral part of these statements.

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b><u>RECEIPTS</u></b>		
Assessments	\$ 10,327,986	\$ 93,608,731
Distributions from liquidators	20,668,867	37,665,888
Interest income	10,404,861	6,425,474
Net loss on disposition of investments	(1,975,812)	(532,880)
Restitutions	24,455	12,560
Other income	4,183	34,773
	<u>39,454,540</u>	<u>137,214,546</u>
<b><u>DISBURSEMENTS</u></b>		
Claims paid	16,259,937	24,101,632
Unearned premiums paid	16,116	372,848
Legal fees and expenses	5,078,292	7,762,728
Claims handling costs	1,914,987	2,621,720
Return of early access distribution from liquidator	2,606,041	-
Professional and bank fees	365,730	345,294
Staff salaries, taxes, and benefits	225,982	341,306
Travel, meetings, and seminars	20,020	27,663
Building and renovations	37,861	102,458
Administrative expenses	313,405	239,279
	<u>26,838,371</u>	<u>35,914,928</u>
<b><u>EXCESS OF RECEIPTS OVER DISBURSEMENTS</u></b>	12,616,169	101,299,618
Net assets - beginning of the year	<u>231,440,160</u>	<u>130,140,542</u>
Net assets - end of the year	<u>\$ 244,056,329</u>	<u>\$ 231,440,160</u>

The accompanying notes are an integral part of these statements.



**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. Significant Accounting Policies**

**Organization**

The Louisiana Insurance Guaranty Association (the Association) is an organization created by the Louisiana Insurance Guaranty Act to pay for the claims against insolvent member insurance companies. Funds are provided for the payment of the claims by the assessment of the remaining member insurance companies. All admitted insurance companies doing business in Louisiana are required to be members of the Association (excluding the following lines of business: life, health and accident, title, disability, mortgage guaranty, and ocean marine insurance as well as all types of reinsurance).

The Association's day-to-day operations and management are performed by the Association's staff under the direction of the Board of Directors. The Association also contracts with outside staffing services, claims service providers, and other professionals to carry out these functions.

**Accounting Method**

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, revenue and related assets are recognized when received, and expenses and related liabilities are recognized when paid. Accordingly, no liabilities are recorded for future payments for unearned premiums, loss claims or related expenses. As discussed in Note 7, the Association regularly estimates amounts for such liabilities.

**Equipment and Facilities**

The Association recognizes equipment and facilities as cash disbursements when incurred. These items are not capitalized and depreciated under the Association's cash basis of accounting.

**Income Taxes**

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6); therefore, no provision for income taxes has been made.

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. Investments**

The Association's investments are recorded at cost and consisted of the following at December 31, 2005 and 2004:

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
U.S. Government securities under agreement to sell	\$ 1,439,606	\$ 1,439,606	\$ 3,429,309	\$ 3,429,309
Money market accounts invested in U.S. Treasury obligations	638,234	638,234	5,643,219	5,643,219
U.S. Treasury notes and bonds	139,630,449	133,958,960	116,351,669	114,317,413
U.S. Government Agency obligations	<u>103,204,635</u>	<u>99,644,494</u>	<u>102,767,445</u>	<u>100,092,401</u>
	<u>\$244,912,924</u>	<u>\$235,681,294</u>	<u>\$228,191,642</u>	<u>\$ 223,482,342</u>

The Association's policy is to purchase securities issued by the U.S. Treasury and obligations issued or guaranteed by the U.S. Government and its Agencies. The estimated fair value of these securities is based on quoted market prices. The Association enters into short-term repurchase agreements with Louisiana financial institutions whereby the Association purchases U.S. Government securities with an agreement to resell the securities to the financial institution at cost. The Association also deposits funds in money market accounts invested in U.S. Treasury obligations.

The Association purchases securities at premiums or discounts from the contractual maturity amount of the security. Due to the use of the cash basis of accounting, these premiums and discounts are not amortized over the holding period of the security. Instead, these differences are reported as gains or losses upon maturity or sale of the respective security. Accordingly, interest income reflects the contractual interest payments received under the investment securities.

**3. Restricted Net Assets**

Net assets represent funds collected from member insurance companies, distributions from liquidators, interest income, and other receipts in excess of funds disbursed to pay claims and expenses of the Association. All assets are considered restricted under the Act creating the Association. Excess funds are to be used for the payment of claims, return of unearned premiums and reimbursement of expenses incurred for the insolvent member insurance companies (See Note 7).



**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. Assessments**

Louisiana Revised Statute 22:1382 gives the Association the authority to assess member insurance companies the amount necessary to pay the obligations and expenses of the Association. Beginning January 1, 2003, and thereafter, the assessment to member insurance companies is not to exceed an amount equal to one percent (1%) of net direct written premiums during the preceding calendar year, unless changed by the Louisiana Legislature.

The Association has determined that six member companies qualify for earned credits of up to 80% of their annual assessments. Member companies can also qualify for assessment reductions by investing in qualifying Louisiana securities.

**5. Early Access Distributions by Liquidators**

The Association files claims against the estates of insolvent insurers in an effort to recover a portion of the policyholders' claims paid and related expenses from the assets of the insolvent insurers. During the years ended December 31, 2005 and 2004, the Association received \$20,668,867 and \$37,665,888, respectively, of such distributions which are reflected as receipts in these financial statements. During the year ended December 31, 2005, the Association also returned \$2,606,041 of early access distributions previously received from liquidators under the terms of those agreements. No estimate is available of future potential distributions from liquidations due to the uncertainty and difficulty in accurately estimating these amounts.

**6. Building**

On December 3, 2002, the Association purchased land and a building in Baton Rouge, Louisiana to be used as a new headquarters site. The building underwent renovations and was occupied and placed into service during 2003. The cost of the building and related improvements were reflected as building expenditures during 2003 as a result of the building being put into use.

**7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited)**

The funds of the Association are used to pay insurance claims of insolvent member insurance companies (See Note 3). These claims are pursuant to the Louisiana Insurance Guaranty Law, La. R.S. 22:1375-1394. As of December 31, 2005, the Association had 3,040 open claims files outstanding, a substantial portion of which are involved in litigation. The Association is also in the process of identifying and quantifying recent insolvencies for which estimated claims liability information is considered uncertain and or incomplete. Additionally, other member insurance companies may be declared insolvent subsequent to the date of these financial statements.

Due to the uncertainty involved in accepting and administering insolvent companies, as well as the difficulty in determining reliable estimates, the Association maintains its financial records on a cash basis. However, the Association regularly attempts to estimate the amount of claims and claims administration expenses related to insolvent member insurance companies. This "reserve setting" practice is a common function of managing and administering those losses.

**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

7. **Estimate of Future Return of Unearned Premiums and Claims Payments** (Not Audited) (continued)

Provided below is an unaudited condensed balance sheet of the Association at December 31, 2005, on a modified accrual basis which recognizes management's estimate of claims and related liabilities. This information is intended to reflect only certain estimated assets and liabilities of the Association and is not intended to represent the financial position of the Association in accordance with accounting principles generally accepted in the United States of America. These estimates are expected to vary as additional information becomes available.

The condensed unaudited balance sheet does not provide for accruals of amounts due from liquidators of insolvent insurance companies, billed but uncollected member assessments due, capitalization of property and equipment, adjustments of investments to estimated fair value, and accruals of operating costs owed at year end not included in the reserves for claims administration expenses.

As described in Note 4, the Association has been granted the authority to assess member insurers at a rate of one percent (1%) beginning January 1, 2003, which, if assessed, is expected to produce approximately \$60 million annually. Additionally, La. R.S. 22:1382 provides that if the maximum assessment and other assets available to the Association are insufficient to make all necessary payments, the Association may borrow additional funds or payments can be reduced on a prorated basis and unpaid balances are to be paid as funds become available.

**ASSETS**

	December 31, 2005
	<u>Unaudited</u>
Cash	\$ 1,585
Investments, at cost	<u>244,912,924</u>
Total assets	<u>\$ 244,914,509</u>

**LIABILITIES AND NET ASSETS**

Outstanding checks in excess of bank balances	\$ 858,180	
Estimated claims and claims administration expenses payable	<u>1,079,487,262</u>	(1)
Total liabilities	1,080,345,442	
Net assets (deficit)	( 835,430,933)	(2)
Total liabilities and net assets	<u>\$ 244,914,509</u>	

(1) Represents management's estimate of claims and claims administration expense reserves related to open claim files at December 31, 2005.



**LOUISIANA INSURANCE GUARANTY ASSOCIATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

7. **Estimate of Future Return of Unearned Premiums and Claims Payments** (Not Audited) (continued)

The Association has been notified of claims, as well as threatened claims, by certain large insureds of insolvent insurance companies relating to the use and production of asbestos, silica, tobacco, and environmentally hazardous materials. The Association continues to evaluate the merits of these claims, the appropriateness of coverage under the Act, and the amount of potential liability to the Association.

Management includes in the reserve for claims and claims administration expense amounts estimated as the Association's liability for these claims based on present statutes and based on the best information available at this time. However, there are numerous and significant uncertainties regarding the amount of ultimate liability the Association may be responsible for under these claims and when amounts ultimately determined as owed by the Association become due and payable. As facts and circumstances develop, management intends to revise its estimates of these claims liabilities. Revisions in these estimates could result in significant increases or decreases in these estimates.

- (2) Due to the uncertainty of the timing and amount of claims to be paid by the Association, it is unknown whether the Association can meet its claims obligations as they become due. As described in Note 4, the Association has the statutory authority to assess up to 1% of member insureds' net direct written premiums annually if necessary to pay its obligations. The Association financial resources also include receipt of investment earnings and the continued receipt of proceeds from liquidators of insolvent insurance companies.



**Postlethwaite & Netterville**

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**Report on Compliance and Other Matters on Internal Control over Financial Reporting**  
**Based on an Audit of Financial Statements Performed in**  
**Accordance with Government Auditing Standards**

Members and Directors  
Louisiana Insurance Guaranty Association  
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Insurance Guaranty Association as of and for the year ended December 31, 2005, and have issued our report there on dated February 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Louisiana Insurance Guaranty Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Louisiana Insurance Guaranty Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management of the Louisiana Insurance Guaranty Association, the Commissioner of Insurance, State of Louisiana, and the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
February 24, 2006





Allen & Gooch  
A Law Corporation

February 27, 2006

**REPORT OF GENERAL COUNSEL  
Year Ending December 31, 2005**

I. 2005 Legislation.

The 2005 Legislative Session was a fiscal session in accordance with the Louisiana Constitution of 1974, as amended. "General" sessions are held in even numbered years, and "Fiscal" sessions are held in odd numbered years. In 2005, there was no legislation passed which affected LIGA law.

However, as a result of Hurricanes Katrina and Rita, in the First Extraordinary Legislative Session 2005, House Bill No. 90 was passed, which was designed to relate to the effect of the obligations during certain emergencies and disasters; to provide relative to suspension of prescriptive and peremptive periods, and other legal deadlines; to provide relative to the ratification of Executive Orders KBB2005-32, 48, and 67; to provide for retroactive applications; and to provide for related matters. Pursuant to House Bill No. 90, all prescription and peremptive periods were suspended from August 26, 2005 through January 3, 2006. Accordingly, any and all claims that would have either prescribed or have been preempted between the period of August 26, 2005 through January 3, 2006 would have lapsed on January 4, 2006.

II. Significant Jurisprudence.

In 2005, many matters which LIGA was monitoring have now been decided and concluded. There are still several matters still pending albeit at the appellate court level, which may have a significant impact on the application of LIGA law.

a. Matters which have been monitored over the past several years and concluded in 2005.

*Louisiana Insurance Guaranty Association v. Johnson Controls World Services, Inc.*, Docket No. 591-340, Division D, 24th Judicial District Court, Jefferson Parish, Louisiana In connection with this matter, judgment was rendered in favor of LIGA and against Johnson Controls World Services, Inc. in the principal sum of \$22,830.51. In 2005, LIGA received payment from Johnson Controls, which payment was submitted to LIGA and negotiated. Thereafter, the judgment was canceled. LIGA has collected on the judgment, and accordingly this matter has been concluded in favor of LIGA.

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Lafayette LA 70501-6711  
P O Box 3768  
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Phone 337.291.1000  
Fax 337.291.1200

Offices in

Lafayette LA  
New Orleans LA

*LIGA/Computer Sciences Corporation.* This dispute arose out of the purchase of the Riskmaster Software by LIGA. A mediation was held in December 2005 between LIGA and Computer Sciences Corporation. At the mediation, Computer Sciences Corporation maintained that its claim against LIGA exceeded \$300,000. As a result of the mediation, and negotiations which followed, LIGA was able to settle this matter for considerably less. The terms of the settlement are subject to a confidentiality agreement. A Mutual Receipt and Release Agreement was entered into between LIGA and Computer Sciences Corporation. This dispute has now been concluded.

b. Recent rulings.

*Lillian Russell et al v. New Prime, Inc. d/b/a Prime Inc., et al*, Docket No. 206,617, 9th Judicial District Court, Rapides Parish, Louisiana. In connection with this matter, a motion for summary judgment was filed by LIGA and the insured, New Prime, on the issue of whether the RLI policy provided first dollar coverage for claims made by the plaintiffs. The trial court ruled in favor of LIGA and New Prime, and adopted the reasoning of the *Freeman v. Philan* matter which was decided by the Second Circuit Court of Appeal in February 2004. Plaintiffs have filed a writ to the Louisiana Third Circuit Court of Appeal where the matter is now pending.

*Richie, Richie & Oberle v. Louisiana Insurance Guaranty Association.*, Docket #: 2006-C-183; Louisiana Supreme Court. In connection with this matter, the Louisiana Insurance Guaranty Association was successful at the trial court level in securing a dismissal of the claims filed against it by Richie, Richie & Oberle. An appeal was filed by Richie, Richie & Oberle with the First Circuit Court of Appeal. Oral arguments were held on November 4, 2005. On December 22, 2005, the First Circuit Court of Appeal rendered a ruling affirming the trial court's ruling, dismissing all claims filed by Richie, Richie & Oberle against the Louisiana Insurance Guaranty Association. Richie, Richie & Oberle have now sought a Writ of Certiorari to the Louisiana Supreme Court. LIGA has filed an opposition to this writ. No ruling has been made by the Louisiana Supreme Court as of this time.

III. New and Anticipated Insolvencies; Estate Closures and Distributions of Assets from the Estate of Liquidated Insurers

a. New and Anticipated Insolvencies.

In 2005, one (1) domestic insolvency, Cascade Insurance Company, was closed on 07/18/05 by the Office of Receivership. LIGA received \$18,062,825.75 in distribution from insolvent estate during the year.



Realm Insurance Company, a New York insurer, was declared insolvent on June 10, 2005. This insolvency generated 1 claim for LIGA, which is a workers compensation claim. As of the end of the year, there was 1 pending Realm Insurance Company claim. Outstanding reserves for the Realm Insurance Company claim is \$116,008.00 as of 2005 year end.

South Carolina Insurance Company, a South Carolina insurer, was declared insolvent on March 21, 2005. This insolvency generated 1 claim for LIGA, which is a workers compensation claim. As of the end of the year, there is 1 pending South Carolina Insurance Company claim. Outstanding reserves for the South Carolina Insurance Company claim is \$70,000.00 as of 2005 year end.

b. Estate closures.

In the calendar year 2005, LIGA was successful in closing its last Champion Insurance file. Champion Insurance files have been at LIGA for 16 years at a cost to LIGA of \$126 million.

c. Distribution of assets from estates of liquidated insurers.

In the calendar year 2005, the litigation involving Employers National Insurance Company has been resolved, which resulted in an additional \$1.2 million being distributed to LIGA from this estate.

IV. Plan of Operations Revisions.

In the calendar year 2005, the Plan of Operation was amended pursuant to a meeting of the Board of Directors held on March 24, 2005 to amend the job description of the Director of Claims and Litigation to include the practice of setting reserves. This amendment to the Plan of Operation was approved by the Commissioner of Insurance.

As a result of the December 2005 meeting of the Board of Directors, there were three motions passed affecting the Plan of Operation. A summary of the motions which were passed during the December 2005 Board of Directors meeting is as follows:

- a. LIGA shall utilize the cash basis of accounting but may amortize the cost of any long term physical assets over the expected useful life of those assets;
- b. Committee chairpersons and committee members are to be designated by the chairman of the Board of Directors annually within forty-five (45) days of the date of the annual meeting. The designations will be submitted for the approval by the majority of the Board of Directors at their next regular board meeting. If the majority of the Board of Directors rejects any designation, the chairman shall re-designate the committee chairperson or committee member for approval by the Board

of Directors within thirty (30) days. The Board further confirms that the current standing committee shall serve until ratified by the Board of Directors.

- c. Unassigned proxies received by the Association for member insurers shall be distributed equally among the member insurer representative board members present at the annual meeting for voting on the election of board members or other matters requiring the vote of a member insurer.

The foregoing proposed amendments to the Plan were submitted to the Commissioner of Insurance as required by LSA-R.S. 22:1383. The Commissioner has neither accepted or rejected the proposed amendments to the Plan in writing.

#### V. Significant Board Actions.

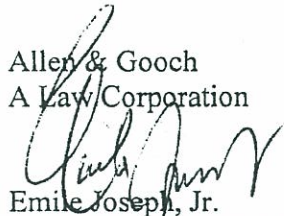
The Board of Directors met four times during 2005 to conduct the regular business of LIGA. There was one special Board of Directors meeting in 2005. The following Board actions were of significance:

- a. The Board established more stringent requirements in dealing with restitution orders and negotiations for reduction of the amounts due and owing.
- b. The Board, in accordance with the Plan of Operation, contracted the services of Tillinghast Towers Perrin to conduct a claims audit, which audit was submitted to the Board in December 2005.
- c. The Board received the results of the financial audit performed by Postlethwaite & Netterville to assist in the assessment and evaluation of its operations and fiscal position, and legal fees paid for the defense of its environmental claims.
- d. In July 2005, the Commissioner of Insurance approved the re-election of Aubrey Temple of the Louisiana Workers' Compensation Corporation to the Board of Directors of LIGA; acknowledged the ending of Margaret Edwards' term as a member of the Board of Directors on June 30, 2005, and appointed Barry Mitchell and Southern General Agency, Inc. as the consumer representatives to fill the post vacated by Ms. Edwards.
- e. At the June 16, 2005 meeting of the Board of Directors, the election of officers was held. Ann Mettrailer was elected Chairperson, Terrence Hardin was elected Treasurer, and Jay Luneau was elected Secretary.

VI. Assessments.

The Board voted not to assess Member Insurers one (1%) percent of net direct written premiums at its August 4, 2005 Special meeting.

Allen & Gooch  
A Law Corporation



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LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2005

COMPANY NAME	CLOSED IN 2005	PENDING 12/31/05	DISTRIBUTION REFUNDS IN 2005	LOSSES PAID IN 2005	CLAIMS EXPENSES PAID IN 2005	OUTSTANDING RESERVES
A.N.A.	0	0	0	249	31	0
ACCELERATION NATIONAL	0	2	0	19,900	4,878	6,176
ALLIANCE CASUALTY	2	1	0	10,221	661	120,803
AMERICAN DRUGGIST	0	1	0	22,570	1,504	137,544
AMERICAN EAGLE	1	1	0	0	7,341	121,442
AMERICAN FIDELITY	0	1	0	0	20	66,724
AMERICAN LLOYDS	1	0	0	990	1,674	0
AMERICAN MUTUAL BOSTON	3	7	0	106,702	19,672	1,464,357
AMERICAN MUTUAL LIABILITY	166	1,302	0	1,021,517	1,283,806	248,194,763
AMERICAN SURETY & FIDELITY	0	1	0	0	279	12,101
ANDREW JACKSON	0	0	0	0	0	0
ANGLO AMERICAN	1	11	0	202,988	11,415	2,448,367
ARIST NAT'L/CERTIFIED	0	2	0	3,500	3,906	8,238
CALIFORNIA COMPENSATION	1	4	0	74,319	17,811	216,609
CAR (AUTOMOTIVE CASUALTY)	3	5	0	3,900	19,356	38,883
CARRIERS	1	0	0	7,389	166	0
CASCADE	0	1	0	0	2,093	4,331
CASUALTY RECIPROCAL	15	42	0	1,018,317	234,601	12,234,706
CHAMPION	1	0	0	0	161	0
COLONIAL LLOYDS	0	3	0	0	2,149	17,026

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2005

COMPANY NAME	CLOSED IN 2005	PENDING 12/31/05	DISTRIBUTION REFUNDS IN 2005	LOSSES PAID IN 2005	CLAIMS EXPENSES PAID IN 2005	OUTSTANDING RESERVES
COMCO	0	0	0	0	172	0
COMMERCIAL CASUALTY	17	36	0	120,307	248,586	1,123,380
COMMERCIAL COMPENSATION	6	13	0	433,872	99,740	1,257,615
CREDIT GENERAL	18	47	0	1,007,061	238,649	6,560,323
EARLY AMERICAN	0	0	0	0	88	0
EMPLOYERS CASUALTY	2	15	0	5,592	15,239	611,303
EMPLOYERS NATIONAL	31	85	0	509,156	329,517	9,551,305
EXCALIBUR	0	0	0	0	0	0
FIDELITY FIRE & CASUALTY	0	2	0	0	4,918	7,414
FIRST SOUTHERN	1	0	0	1,542	1,538	0
FREMONT INSURANCE CO.	2	2	0	106,641	13,356	65,209
GENERAL	4	4	0	633	1,935	7,177
GULF COAST CASUALTY	1	0	0	0	616	0
HAMILTON INSURANCE CO.	0	1	0	4,550	2,879	5,450
HOME INSURANCE CO.	65	116	0	352,253	73,304	38,045,786
IDEAL MUTUAL	1	2	0	38,640	36,255	1,025,245
INSURANCE CORP. OF AMERICA	2	11	0	0	120,987	904,867
INTEGRITY	0	1	0	0	3	49,223
LARAMIE	0	1	0	0	6,096	94,919

LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2005

COMPANY NAME	CLOSED IN 2005	PENDING 12/31/05	DISTRIBUTION REFUNDS IN 2005	LOSSES PAID IN 2005	CLAIMS EXPENSES PAID IN 2005	OUTSTANDING RESERVES
LEGION INSURANCE CO.	59	106	0	1,765,812	561,130	6,948,867
LIBERTY LLOYDS	5	2	0	779	4,673	17,938
LLOYDS ASSURANCE	0	2	0	0	5,125	9,428
LUTHERAN BENEVOLENT	0	1	0	0	2,761	8,938
MAGNOLIA FIRE & CASUALTY	0	1	0	0	907	10,587
MERIT	2	1	0	2,000	2,360	5,708
MIDLAND	1	18	0	130,016	33,999	2,059,401
MILLERS INSURANCE CO.	5	6	0	49,712	20,253	225,169
MISSION	7	9	0	11,541	1,062	439,526
MISSION NATIONAL	0	2	0	0	1,714	177,050
NATIONAL ALLIED	0	1	0	27,096	819	119,053
NEW ENGLAND INTERNATIONAL	0	0	0	0	12	0
NORTH AMERICAN INDEMNITY	0	0	0	0	0	0
OLD HICKORY	0	3	0	29,888	5,417	315,198
PACIFIC MARINE	0	3	0	38,712	2,140	879,923
PATTERSON INSURANCE CO.	296	246	0	1,069,732	1,092,254	2,418,667
PELICAN STATE MUTUAL	3	3	0	0	10,271	146,346
PETROSURANCE	1	6	0	116,717	32,782	1,747,202
PHICO	4	9	0	52,450	107,754	267,662



LOUISIANA INSURANCE GUARANTY ASSOCIATION  
COMPANY CLAIMS ACTIVITY  
FOR YEAR ENDING 2005

COMPANY NAME	CLOSED IN 2005	PENDING 12/31/05	DISTRIBUTION REFUNDS IN 2005	LOSSES PAID IN 2005	CLAIMS EXPENSES PAID IN 2005	OUTSTANDING RESERVES
PINNACLE	0	3	0	127,200	9,222	189,873
PRESIDENTIAL FIRE & CASUALTY	2	6	0	22,225	13,233	1,406,755
PROTECTIVE CASUALTY	2	0	0	3,139	2,190	0
REALM INSURANCE CO.	0	1	0	5,392	2,100	116,008
RECIPROCAL OF AMERICA	7	14	0	6,647	67,132	639,846
RELIANCE NATIONAL	209	764	0	6,192,721	2,098,145	721,132,543
ROCKWOOD	7	41	2,606,041	804,620	99,840	8,876,717
SAVANT	3	7	0	25,733	13,560	235,011
SOUTH CAROLINA INSURANCE CO.	0	1	0	0	2,256	70,000
SOUTHERN AMERICAN	5	10	0	0	60,764	2,713,466
SUNBELT SOUTHERN LLOYDS	0	0	0	0	0	0
TRANSIT	68	8	0	207,756	24,928	1,658,715
U.S. CAPITAL	1	1	0	0	15,796	154,519
UNITED AGENTS	30	32	0	406,877	205,075	1,568,396
UNITED COMMUNITY	5	8	0	6,900	35,846	152,969
UNITED SOUTHERN ASSURANCE	3	2	0	0	23,599	52,896
UNIVERSAL SECURITY	0	0	0	0	0	0
VILLANOVA INSURANCE CO.	1	2	0	80,714	6,095	173,795
INACTIVE COMPANY TOTALS	2	1	0	1,563	55	147,805
TOTALS	1,073	3,040	2,606,041	16,258,754	7,370,666	1,079,487,263

**LOUISIANA INSURANCE GUARANTY ASSOCIATION  
RETURN PREMIUMS PROCESSED  
2005**

<u>COMPANY</u>	<u># OF POLICIES</u>	<u>PAYMENTS</u>
PATTERSON	6	\$ 1,286.65
PHICO	14	\$ 14,829.00
<hr/>		
TOTALS	20	\$ 16,115.65

**LOUISIANA INSURANCE GUARANTY ASSOCIATION  
REPORT ON INSOLVENT COMPANIES  
MONIES PAID FROM  
DATE OF INSOLVENCY TO 12/31/2005**

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
A.N.A LA 5/17/1993	10,519,099.81	2,573,103.09	1,546,450.81	\$14,638,653.71
ACCELERATION NATIONAL OH 2/28/2001	108,241.80	66,767.60	0.00	\$175,009.40
ALLIANCE LA 6/19/1992	5,354,870.56	1,249,616.23	612,959.46	\$7,217,446.25
* ALLIED FIDELITY IN 7/15/1986	1,151,896.75	684,836.19	14,865.30	\$1,851,598.24
* AMBASSADOR VT 3/10/1987	0.00	4,474.11	0.00	\$4,474.11
AMERICAN DRUGGIST OH 4/30/1986	1,665,611.21	520,944.27	0.00	\$2,186,555.48
AMERICAN EAGLE TX 12/22/1997	915,130.02	511,674.93	0.00	\$1,426,804.95
* AMERICAN EXCEL TX 5/31/1988	62,754.68	30,734.41	0.00	\$93,489.09
AMERICAN FIDELITY NY 3/14/1986	328,458.62	262,122.02	189,538.09	\$780,118.73
* AMERICAN GUARANTY LA 2/26/1988	30,335.99	21,939.89	73,358.82	\$125,634.70
AMERICAN LLOYDS LA 6/21/1989	9,418,787.50	1,957,641.09	658,423.33	\$12,034,851.92
AMERICAN MUTUAL BOSTON MA 3/9/1989	6,582,853.11	843,745.81	0.00	\$7,426,598.92
AMERICAN MUTUAL LIABILITY MA 3/9/1989	8,059,104.91	11,572,358.83	0.00	\$19,631,463.74
* AMERICAN RESERVE RI 6/12/1979	0.00	8,672.73	0.00	\$8,672.73
AMERICAN SURETY & FIDELITY LA 7/8/1992	8,573,147.25	2,524,482.85	996,485.67	\$12,094,115.77
* AMERICAN UNIVERSAL IL 1/8/1991	335,335.00	22,368.85	0.00	\$357,703.85
ANDREW JACKSON MS 4/4/1992	3,696,783.16	1,310,264.59	1,308,505.76	\$6,315,553.51
* ANDREW JACKSON PROPERTY MS 4/4/1992	52,248.80	3,290.90	20,877.85	\$76,417.55



<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
ANGLO AMERICAN LA 3/20/1989	21,853,799.34	3,864,013.20	1,008,465.48	\$26,726,278.02
ARIST LA 5/4/1992	10,824,159.09	2,396,411.50	438,254.04	\$13,658,824.63
* ASPEN CO 9/6/1984	792,587.37	268,847.18	111.10	\$1,061,545.65
* BONNEVILLE OF OREGON OR 10/22/1993	450,638.63	159,163.80	0.00	\$609,802.43
* CADILLAC MI 1/2/1990	956,259.45	116,084.73	61,087.16	\$1,133,431.34
CALIFORNIA COMPENSATION CA 9/26/2001	766,478.94	311,715.24	11,580.00	\$1,089,774.18
CAR (AUTOMOTIVE CASUALTY) LA 1/20/1993	30,252,233.10	11,976,807.83	372,114.92	\$42,601,155.85
CARRIERS IA 1/16/1986	1,271,512.16	269,012.67	0.00	\$1,540,524.83
CASCADE LA 8/12/1993	2,562,426.11	562,623.00	3,149.16	\$3,128,198.27
CASUALTY RECIPROCAL MO 8/18/2004	1,693,151.70	314,233.37	0.00	\$2,007,385.07
CHAMPION LA 6/5/1989	90,335,586.58	30,435,377.94	5,281,404.54	\$126,052,369.06
* CITIZENS NY 6/14/1971	0.00	24,975.51	0.00	\$24,975.51
COLONIAL LLOYDS LA 3/27/1992	22,400,437.32	5,958,796.63	5,869,054.50	\$34,228,288.45
COMCO TX 1/13/1992	2,319,545.42	1,105,906.12	120,636.04	\$3,546,087.58
COMMERCIAL CASUALTY GA 4/2/2004	140,943.48	339,062.05	0.00	\$480,005.53
COMMERCIAL COMPENSATION CA 9/26/2001	3,725,956.27	1,123,596.56	148,830.00	\$4,998,382.83
* COMMERCIAL STANDARD TX 10/4/1985	23,249.13	3,863.14	793.36	\$27,905.63
* COMMODORE TX 12/20/1990	16,566.66	1,298.27	0.00	\$17,864.93
* COMMONWEALTH GENERAL MO 9/1/1995	11,500.00	2,751.79	0.00	\$14,251.79
* CONSOLIDATED UNDERWRITERS MO 3/24/1978	0.00	800.48	0.00	\$800.48
* COTTON BELT TN 7/9/1982	0.00	820.00	0.00	\$820.00

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
CREDIT GENERAL OH 1/5/2001	11,704,051.00	3,201,777.74	327,406.94	\$15,233,235.68
* DIXIE LLOYDS LA 12/20/1990	9,202,792.23	4,115,686.36	2,103,022.53	\$15,421,501.12
* DOMINION NY 8/19/1986	0.00	1,932.62	0.00	\$1,932.62
EARLY AMERICAN AL 2/1/1985	3,542,520.19	1,216,289.05	460,371.68	\$5,219,180.92
* EASTERN INDEMNITY MD 1/11/1985	2,050,786.19	255,293.23	0.00	\$2,306,079.42
EMPLOYERS CASUALTY TX 2/11/1994	581,990.32	399,080.18	0.00	\$981,070.50
EMPLOYERS NATIONAL TX 2/11/1994	9,791,111.33	3,081,594.84	7,638.00	\$12,880,344.17
* ENTERPRISE CA 2/24/1987	116,628.80	52,462.58	0.00	\$169,091.38
EXCALIBUR TX 9/5/1984	658,030.74	244,240.25	0.00	\$902,270.99
FIDELITY FIRE & CASUALTY LA 9/4/1991	11,498,100.16	4,899,055.75	685,708.48	\$17,082,864.39
FIRST SOUTHERN FL 10/31/1992	1,659,631.00	298,669.82	299,295.45	\$2,257,596.27
FREMONT INSURANCE CO. CA 7/2/2003	256,026.09	42,484.11	0.00	\$298,510.20
GENERAL	(110,983.57)	2,415,374.54	5,300.68	\$2,309,691.65
* GLACIER GENERAL ASSURANCE MN 11/12/1985	0.00	784.25	0.00	\$784.25
* GREAT GLOBAL AZ 4/27/1987	224,848.26	109,147.30	12,286.04	\$346,281.60
* GREAT PLAINS NE 3/4/1992	0.00	429.58	0.00	\$429.58
* GULF AMERICAN FL 3/3/1984	54,042.46	12,151.02	0.00	\$66,193.48
GULF COAST CASUALTY LA 4/2/1993	3,618,606.60	774,082.80	646,645.01	\$5,039,334.41
HAMILTON INSURANCE CO. PA 8/3/2000	4,550.00	3,209.61	0.00	\$7,759.61
* HERITAGE IL 2/26/1986	276,838.34	41,196.52	0.00	\$318,034.86
* HOLLAND-AMERICA MO 3/6/1987	0.00	1,288.98	0.00	\$1,288.98

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
HOME INSURANCE CO. NH 6/13/2003	714,178.73	237,255.07	0.00	\$951,433.80
* HOME OWNERS IL 4/8/1979	34,836.44	26,039.29	0.00	\$60,875.73
* HORIZON NY 1/11/1985	228,917.73	46,132.60	1,367.25	\$276,417.58
IDEAL MUTUAL NY 2/7/1985	8,792,857.69	2,401,017.11	5,380.60	\$11,199,255.40
* IMPERIAL CA 1/10/1978	133,091.51	47,699.87	0.00	\$180,791.38
* IMPERIAL LLOYDS LA 7/8/1991	1,806,692.05	719,220.67	0.00	\$2,525,912.72
* INDUSTRIAL FIRE & CASUALTY IL 3/6/1991	0.00	264.58	0.00	\$264.58
INSURANCE CORP. OF AMERICA TX 4/28/1997	3,754,233.62	4,187,019.64	414,669.43	\$8,355,922.69
INTEGRITY NJ 3/24/1987	2,984,050.26	929,923.14	2,648.55	\$3,916,621.95
* INTERCONTINENTAL IL 1/12/1990	0.00	758.25	142.00	\$900.25
* INTERNATIONAL SERVICE TX 7/30/1991	25,000.00	357.64	0.00	\$25,357.64
* INTERSTATE NJ 10/1/1975	0.00	1,481.96	0.00	\$1,481.96
LARAMIE WY 2/14/1990	6,404,833.33	2,394,094.30	1,302,478.13	\$10,101,405.76
LEGION INSURANCE CO. PA 7/28/2003	5,000,763.30	1,599,448.08	108.00	\$6,600,319.38
LIBERTY LLOYDS LA 5/17/1993	43,001,834.59	11,989,615.40	192,199.20	\$55,183,649.19
LLOYDS ASSURANCE LA 6/21/1994	4,396,534.65	1,513,944.43	91,863.34	\$6,002,342.42
* LLOYDS OF LOUISIANA LA 3/6/1986	4,009,454.37	1,130,316.21	1,596,984.03	\$6,736,754.61
LUTHERAN BENEVOLENT MO 12/2/1996	1,037,103.96	244,310.83	103,318.88	\$1,384,733.67
* M.C.A. OK 10/23/1992	0.00	3,915.54	0.00	\$3,915.54
MAGNOLIA FIRE & CASUALTY LA 5/14/1993	751,512.78	180,335.71	79,219.50	\$1,011,067.99
* MANCHESTER OH 2/13/1976	1,647,092.78	385,961.89	132,507.56	\$2,165,562.23



<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* MARKET IL 12/16/1980	0.00	41.25	0.00	\$41.25
* MARYLAND INDEMNITY MD 11/10/1977	36,714.22	45,576.17	0.00	\$82,290.39
* MEDALLION MO 9/12/1975	205,134.51	126,821.40	493,223.25	\$825,179.16
* MENTOR	0.00	1,112.50	0.00	\$1,112.50
MERIT CASUALTY CO. IL 4/1/1997	659,633.89	174,382.45	0.00	\$834,016.34
* MID-AMERICAN CASUALTY LA 11/7/1990	280,140.00	85,311.90	271,502.07	\$636,953.97
MIDLAND NY 4/3/1986	10,956,636.86	2,699,268.50	16,652.59	\$13,672,557.95
MILLERS INSURANCE CO. TX 3/24/2003	220,412.63	86,915.30	0.00	\$307,327.93
MISSION CA 2/24/1987	1,833,983.24	614,635.64	0.00	\$2,448,618.88
* MISSION AMERICA CA 2/24/1987	0.00	2,760.92	0.00	\$2,760.92
MISSION NATIONAL CA 2/24/1987	831,992.73	611,074.76	0.00	\$1,443,067.49
* MISSION REINSURANCE CORP. CA 2/24/1987	115,000.00	1,964.45	0.00	\$116,964.45
* MUTUAL FIRE, MARINE & INLAND PA 12/8/1986	0.00	707.42	0.00	\$707.42
NATIONAL ALLIED TX 10/31/1986	1,406,062.75	218,016.19	0.00	\$1,624,078.94
NEW ENGLAND LA 9/22/1989	6,918,893.50	1,614,474.24	400,134.03	\$8,933,501.77
NORTH AMERICAN INDEMNITY LA 5/26/1992	2,567,683.75	549,211.23	296,837.86	\$3,413,732.84
* NORTH-WEST OR 12/4/1984	0.00	3,958.97	0.00	\$3,958.97
* NORTHEASTERN FIRE PA 6/1/1984	0.00	105.00	0.00	\$105.00
* OHIO GENERAL OH 3/28/1990	185,374.74	56,061.74	24,688.00	\$266,124.48
OLD HICKORY LA 10/31/1991	10,835,808.71	4,129,134.58	1,999,616.42	\$16,964,559.71
* OPTIMUM IL 5/5/1986	0.00	2,120.41	0.00	\$2,120.41

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* PACIFIC AMERICAN DE 1/23/1985	234,705.95	52,183.07	0.00	\$286,889.02
PACIFIC MARINE WA 6/7/1989	2,696,519.29	286,303.33	0.00	\$2,982,822.62
PATTERSON INSURANCE CO. LA 3/17/2003	6,060,675.87	4,528,186.31	774,577.77	\$11,363,439.95
* PAXTON PA 6/26/1989	12,000.00	16,757.82	0.00	\$28,757.82
PELICAN STATE MUTUAL LA 2/26/1993	18,569,391.75	5,235,431.19	326,833.33	\$24,131,656.27
PETROSURANCE OK 3/14/2002	629,942.46	138,021.54	0.00	\$767,964.00
PHICO PA 2/1/2002	543,751.91	646,389.10	14,829.00	\$1,204,970.01
PINNACLE INS. CO. GA 9/20/1999	571,068.50	236,855.50	0.00	\$807,924.00
* PREMIER ALLIANCE CA 8/2/1994	199,218.00	132,983.22	0.00	\$332,201.22
PRESIDENTIAL FIRE & CASUALTY LA 11/13/1991	12,554,089.83	2,735,097.85	598,435.42	\$15,887,623.10
* PROFESSIONAL NY 4/12/1974	67,589.75	90,023.05	0.00	\$157,612.80
* PROPRIETORS OH 8/5/1981	144,658.25	40,673.03	7,648.00	\$192,979.28
PROTECTIVE CASUALTY MO 5/24/1991	5,265,558.30	1,272,342.98	632,627.81	\$7,170,529.09
REALM INSURANCE CO. NY 6/10/2005	5,392.33	2,100.08	0.00	\$7,492.41
RECIPROCAL OF AMERICA VA 6/20/2003	582,459.58	320,182.48	0.00	\$902,642.06
* REGAL	0.00	15,618.90	0.00	\$15,618.90
* RELIABLE OH 1/29/1988	112,140.01	23,087.38	0.00	\$135,227.39
* RELIANCE	5,000.00	0.00	0.00	\$5,000.00
RELIANCE NATIONAL PA 10/3/2001	39,644,305.55	15,356,719.89	0.00	\$55,001,025.44
* RESERVE IL 5/7/1979	985,483.29	209,197.16	302,030.80	\$1,496,711.25
ROCKWOOD PA 8/26/1991	24,863,393.79	3,934,739.83	23,089.95	\$28,821,223.57
* S & H CA 4/16/1985	0.00	32.50	0.00	\$32.50

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
SAVANT LA 11/7/2001	948,566.43	235,876.43	0.00	\$1,184,442.86
* SECURITY CASUALTY IL 12/4/1981	9,651.11	27,178.79	0.00	\$36,829.90
SOUTH CAROLINA INSURANCE CO. SC 3/21/2005	0.00	2,256.35	0.00	\$2,256.35
* SOUTH CENTRAL LA 1/5/1989	1,496,640.55	356,707.26	387,532.96	\$2,240,880.77
SOUTHERN AMERICAN UT 3/20/1992	811,116.50	707,264.31	0.00	\$1,518,380.81
* SOVEREIGN FIRE & CASUALTY LA 5/29/1991	7,825,397.25	2,913,123.82	3,382,524.64	\$14,121,045.71
* ST. LOUIS FIRE & MARINE	1,500.00	652.30	0.00	\$2,152.30
* STANDARD FIRE AL 3/5/1985	0.00	13,737.86	0.00	\$13,737.86
* SUMMIT NY 5/28/1975	527,145.12	98,467.34	0.00	\$625,612.46
SUNBELT SOUTHERN LA 12/2/1988	290,415.70	291,635.73	0.00	\$582,051.43
* TEXAS FIRE & CASUALTY TX 11/25/1986	0.00	2,950.08	0.00	\$2,950.08
TRANSIT CASUALTY CA 12/3/1985	29,110,302.68	8,697,928.81	18,868.39	\$37,827,099.88
U.S. CAPITAL NY 11/20/1997	1,959,627.30	1,460,634.89	0.00	\$3,420,262.19
* U.S. INDEMNITY LA 10/13/1989	2,192,153.64	428,503.71	38,849.76	\$2,659,507.11
* UNION INDEMNITY NY 6/16/1985	683,366.39	209,907.69	5,553.00	\$898,827.08
UNITED AGENTS LA 3/3/2002	4,272,587.81	1,715,630.80	172,648.69	\$6,160,867.30
* UNITED BONDING IN 2/18/1971	62,054.83	39,152.58	0.00	\$101,207.41
UNITED COMMUNITY NY 11/10/1995	5,768,314.07	2,427,056.27	166,571.56	\$8,361,941.90
* UNITED SAVINGS LIFE	0.00	273.75	0.00	\$273.75
UNITED SOUTHERN ASSURANCE FL 9/18/1997	1,260,705.58	526,967.45	0.00	\$1,787,673.03
UNIVERSAL SECURITY TN 10/13/1991	1,145,779.85	280,761.14	8,772.65	\$1,435,313.64
VILLANOVA INSURANCE CO. PA 7/28/2003	90,302.88	9,901.29	0.00	\$100,204.17



<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* WESTERN EMPLOYERS CA 4/19/1991	10,583.52	33,142.56	0.00	\$43,726.08
* WESTERN PREFERRED CASUALTY CO 4/16/1986	0.00	0.00	0.00	\$0.00
* YORKTOWN IL 2/7/1989	174,800.00	7,457.76	0.00	\$182,257.76
TOTALS	\$596,546,075.00	\$199,394,292.94	\$37,571,554.62	\$833,511,922.56

\* - INACTIVE INSOLVENCY