

APPLICATION
State Board of Administration of Florida
Insurance Capital Build-Up Program

Cypress Property & Casualty Insurance Company
June 29, 2006

APPLICATION

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

IMPORTANT NOTES:

1. *INCOMPLETE APPLICATIONS WILL BE RETURNED TO THE APPLICANT, UNREVIEWED.*
2. *THE FIRST TIME A WORD APPEARS IN THIS APPLICATION THAT HAS A SPECIAL DEFINITION, IT WILL BE SO INDICATED WITH AN ASTERISK (*). THE DEFINITION IS CONTAINED IN RULE 19ER06-3, F.A.C., WHICH IS AVAILABLE ON THE BOARD'S WEBSITE, WWW.SBAFLA.COM, UNDER "INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM" THEN "RULE 19ER06-3".*

Part I: Basic Information

CONTACT INFORMATION:

Application Date: June 29, 2006

Insurer's* Name ("Applicant"*): Cypress Property & Casualty Insurance Company NAIC #: 10953

Group Name, if applicable: _____ Group NAIC #: _____

Address of Administrative Office: 13901 Sutton Park Drive South, Ste 310, Jacksonville, FL 32224

Contact Name and Title: Glenn S. Lawson

Telephone Number: (904) 371-2516 Fax Number: (904) 371-2316

Email Address: glawson@cypresspropertyinsurance.com

SURPLUS NOTE* REQUESTED:

Principal Amount of Surplus Note Requested: \$20,500,000.00

Date funds are desired: 12/1/2006

Amount of New Capital* contributed: \$20,500,000.00

Anticipated date New Capital infused: 11/15/2006

Will the New Capital be encumbered? No If yes, describe: _____

Source of New Capital: Cypress Insurance Group shareholders

Address for the source of New Capital: 13901 Sutton Park Dr. S. Ste 310, Jacksonville, FL 32224

Contact Name for the source of New Capital: Glenn Lawson

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INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM (“PROGRAM”)
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Telephone Number for the source of New Capital: _____

Fax Number for the source of New Capital: _____

Email Address for the Contact for the source of New Capital: _____

Name of depository for New Capital: _____

Address of depository for New Capital: _____

Contact Name for the depository and Title: _____

Telephone Number for the depository: _____

Fax Number for the depository: _____

Email Address for the Contact at the depository: _____

FINANCIAL INFORMATION:

Current Surplus* amount as of latest month end: _____

Surplus as of most recently filed financial statement with the Office*: _____

Annualized Net Written Premium* as of latest month end: _____

Annualized Net Written Premium as of most recently filed financial statement with the Office:

Current ratio of Net Written Premium to Surplus as of latest month end: _____

Date Applicant estimates reaching the Minimum Writing Ratio*, if not already obtained: _____

Part II:

BUSINESS PLAN: Provide an executive summary of the Applicant’s business plan including the number of new policies the Applicant intends to write as a result of this Program and time frames for writing such policies. Also, indicate the target area of the state where the Applicant plans to write new policies. Discuss in a separate paragraph the prospects for the long term repayment of the Surplus Note indicating any circumstance which might prohibit or interfere with full repayment.

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

REINSURANCE PROGRAM: Provide a descriptive summary and a chart of your reinsurance program for the 2006 hurricane season showing the results pre and post infusion of New Capital. Indicate the Insurer's 100-year probable maximum loss (PML) associated with the various model(s) used to determine the 100-year PML. Identify the model(s) and version number(s) used to determine the PML(s).

Part III: Interrogatories

Responses provided to the interrogatories may be added to the Surplus Note under the section entitled "Supplemental Agreements."

1. Will the New Capital contribution be in excess of the Minimum Contribution?
2. Have profits been retained to grow Surplus over the last five years? If yes, how much has been retained or contributed to Surplus each year?
3. Will profits be retained to grow Surplus should the Applicant be granted the Surplus Note proceeds associated with this Program?
4. Does the Applicant have a related company or other person or entity that is willing to guarantee the Applicant's Surplus Note under this Program? If yes, provide details.
5. Although not required, is the Applicant willing to commit collateral for the purpose of securing the state's interest in the proceeds of the Surplus Note?
6. Although not required, is the Applicant willing to deposit 10% or more of the proceeds derived from the Surplus Note in an account managed by the state?
7. Although not required, is the Applicant willing to prepay interest and principal for one year in advance?
8. Are there any commitments that the Applicant is willing to make as a condition of issuing the Surplus Note that would lessen the risk of default?
9. Has the Applicant fully placed its 2006 hurricane season reinsurance program?
10. If the 2006 hurricane season reinsurance program has been fully placed, can the Insurer withstand a 1 in 100-year event?
11. What is the Applicant's current writing ratio?
12. What was the Applicant's writing ratio for the last five years?
13. Is the Applicant willing to commit to a writing ratio in excess of the minimum for the duration of the Surplus Note? If so, note any adverse impact upon policyholder security.
14. Does the Applicant have a rating from a rating agency? If so, indicate the agency and the rating, how long the rating has been in effect, and whether or not the Applicant has ever been downgraded by a rating agency and the circumstances.
15. Is the Applicant currently being investigated by any federal or state regulatory authority?
16. Is the Applicant under any type of regulatory control or order?

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

Part IV: Documents which must be provided with this Application

1. A detailed business plan, which includes:
 - a. A written description of the Applicant's current level of policy coverage for residential property in Florida covering the peril of wind.
 - b. Pro forma statements which outline the policy writings for the next three years and that distinguish between wind and ex-wind policy writings.
 - c. If the Applicant's ratio of Net Written Premium to Surplus does not equal or exceed 2:1, include a written strategy for increasing the ratio within sixty days of receiving the proceeds derived from the Surplus Note.
 - d. A description of the Applicant's strategy to maintain or increase the Minimum Writing Ratio within 60 days of receiving the proceeds derived from the Surplus Note and to maintain such ratio for the duration of the Surplus Note.
2. A copy of the Applicant's most recent audited financial statement and copies of the audited financial statements for the prior two years.
3. A copy of the Applicant's most recent annual statement of the National Association of Insurance Commissioners required to be filed by authorized insurers pursuant to Section 624.424, F.S.
4. A resolution from the Applicant's governing board which contains the following:
 - a. A statement clearly authorizing the Applicant to participate in the Program;
 - b. A statement that the Applicant's governing board has reviewed the Surplus Note, Form SBA 15-2, which is available on the Board's website, www.sbafla.com, under "Insurance Capital Build-Up Incentive Program" then "Surplus Note," and that the Applicant is able to comply and intends to comply with the requirements of the Surplus Note including the requirement that the New Capital be unencumbered;
 - c. A statement that the Applicant, if selected, intends to meet all the requirements of the Program including but not limited to meeting the Surplus and writing ratios.
5. Provide a list of all officers and board members.
6. Provide biographical information on the executive officers (e.g., CEO, CFO, COO).
7. A signed copy of the attestation in Part IX of this application.
8. If any items listed in this Application are not provided, please identify the item and provide an explanation as to why it was not provided.

Part V: False or Misleading Statements

Any application or any documents provided with the application which contain false or misleading statements, will, if discovered prior to the execution of a Surplus Note, cause the application to be rejected, and if discovered after the execution of a Surplus Note, will cause the Surplus Note to be in default.

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

Part VI: Limitations

The Insurer is limited in how funds from the Surplus Note can be used. Funds received from this Surplus Note cannot be invested in any items not authorized under Part II of Section 625, F.S. The Board reserves the right to confirm the use of the funds at any time during the duration of the Surplus Note.

Part VII: Selection Period

The Applicant and its agents, officers, principals, and employees will not engage in any written or verbal communication regarding its application or its participation in this Program during the "selection period" (defined below) with the Office or the Board or any employee thereof, whether or not such individual or employee is assisting in the evaluation of applications. Any unauthorized contact may disqualify the Applicant from further consideration. Normal business communications not related to the processing of the Surplus Note are allowed.

The Applicant will not engage in any lobbying efforts or other attempts to influence the Office, the Board, or any financial or insurance consultant employed by the Board in an effort to influence the Board's decision with respect to executing the Surplus Note with a particular Insurer or Insurers under the Program. Any and all such efforts made by the Applicant or its agents, officers, principals, employees, or lobbyists will be disclosed to the Executive Director of the Board within five calendar days of its becoming known.

The "Selection Period" for this application begins on the date the application is submitted and continues until the Applicant is notified that it was or was not selected to participate in the Program.

Part VIII: Delivery Address; Number of Copies; Format; Costs

The Board shall not be liable or responsible for any costs incurred by any Applicant filing this application.

Submit ten (10) bound copies of the application and all accompanying documentation, an unbound original document, and an electronic copy of the responses on a CD in PDF format. All materials shall be in the order set forth in the application, identified, and divided by part. Responses to each part should be kept together and include a divider page between each part.

The application, along with all the required documentation shall be sent to the Board at the following address:

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

State Board of Administration of Florida
c/o The Florida Hurricane Catastrophe Fund
P.O. Box 13300
Tallahassee, FL 32317-3300

Part IX: Attestation

To be eligible and to be considered for participation in the Program, Applicants must meet each of the statutory requirements listed below. To certify that the Applicant meets each requirement, check each of the boxes which follow the list of requirements.

The Surplus Note amount sought by the Applicant, or if the Applicant is part of a group, the amount sought by all group members when added together, does not exceed \$50 million.

1. An Applicant filing an application prior to July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed equals the amount of the approved Surplus Note. The New Capital contributed must be in the form of Cash* or Cash Equivalents* as defined in Rule 19ER06-3, F.A.C.
2. An Applicant filing applications after July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed is twice the amount of the approved Surplus Note. The New Capital must be in the form of Cash or Cash Equivalents.
3. Applicant's Surplus, New Capital contributions, and the Surplus Note must total at least \$50 million.

Applicant must be willing to commit to meeting a Minimum Writing Ratio of Net Written Premium to Surplus of 2:1 for the 20-year term of the Surplus Note.

- ☒ Affirms Applicant meets minimum qualifications.
- ☒ Affirms Surplus Note, Form SBA 15-2, has been reviewed and terms and conditions contained therein can be met by Applicant.
- ☒ Acknowledges and accepts all terms and conditions of Surplus Note.


We are each, respectively, executive officers of the Insurer making this application, acting within our authority in making the declarations listed in this application.

BY: 

TYPED NAME: Gary R. Harger

TITLE: President & Treasurer

DATE: June 28, 2006

BY: 

TYPED NAME: Douglas G. Merriman

TITLE: Chief Operating Officer

DATE: June 28, 2006

PART II:

**BUSINESS PLAN
&
REINSURANCE PROGRAM**

Part II: Business Plan and Reinsurance Program

BUSINESS PLAN: Provide an executive summary of the Applicant's business plan including the number of new policies the Applicant intends to write as a result of this Program and time frames for writing such policies. Also, indicate the target area of the state where the Applicant plans to write new policies. Discuss in a separate paragraph the prospects for the long term repayment of the Surplus Note indicating any circumstance which might prohibit or interfere with full repayment.

Business Plan Summary

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net Written Premiums	27,753,125	100,040,270	115,290,058	124,835,841
Ending Surplus	50,300,000	47,242,520	51,615,592	55,874,159
Net Premium Written to Surplus Ratio	0.55	2.12	2.23	2.23
Inforce Policy Count at Year End	65,618	103,400	117,025	129,150

The Company writes HO-3 and HO-6 policies with wind throughout the state of Florida. The plan is to write 45,000 new policies in the first year following the new capital infusion. As was done to build its current portfolio, new policies will be added using the Company's Portfolio Optimization Template that was developed in consultation with experts/actuaries at Willis Re to grow premium and manage PML; i.e., produce a greater change in premium versus a change in PML. This software allows us to build the portfolio on a policy-by-policy basis. The template uses a ground-up rate development approach reflecting actual ISO non-modeled loss costs by territory combined with the modeled hurricane loss costs by zip code from the AIR CLASIC/2 model, loaded for expected expenses. These results are compared with the actual premiums being charged and four metrics are calculated: profit/1000 of premium, hurricane losses/1000 of premium, profit/1000 of aggregate exposure, and hurricane losses/1000 of aggregate exposure. The four metrics are policy level proxies for profitability, PML-to-premium ratio, portfolio risk and PML-to-aggregate exposure ratio. The build-up of catastrophe exposure will be aggressively managed on a county by county basis using this software tool together with monthly exposure reports by county by policy form.

As will be shown in the next paragraph, catastrophe reinsurance is purchased to at least the 100-year event as well as to protect for multiple events. If needed, and with the approval of the Office of Insurance Regulation, the Company will use its Protected Cell Captive to fill any holes in its catastrophe reinsurance program where voluntary market capacity is unavailable. Consequently, the Company expects to be able to provide full repayment without interference as a result of the comprehensive protection provided by its catastrophe program combined with conservative underwriting and investment practices.

REINSURANCE PROGRAM: Provide a descriptive summary and a chart of your reinsurance program for the 2006 hurricane season showing the results pre and post infusion of New Capital.

Indicate the Insurer's 100-year probable maximum loss (PML) associated with the various model(s) used to determine the 100-year PML. Identify the model(s) and version number(s) used to determine the PML(s).

A chart of our current 2006/2007 reinsurance program is provided showing that coverage is placed to the 110-year return time based on the AIR CLASIC/2 v 7.0.407 model and that there is no duplication with the FHCF (See Exhibits 1 & 2). Our plan calls for the infusion of New Capital beginning with the end of the 2006 hurricane season (December 2006) as we are unable to buy additional catastrophe protection for the 2006 season. The reinsurance market is such that no more capacity is available in 2006, and we have petitioned the OIR for approval to use our Protected Cell Captive to provide a \$12.5 million layer of protection underneath the FHCF.

EXHIBIT 1

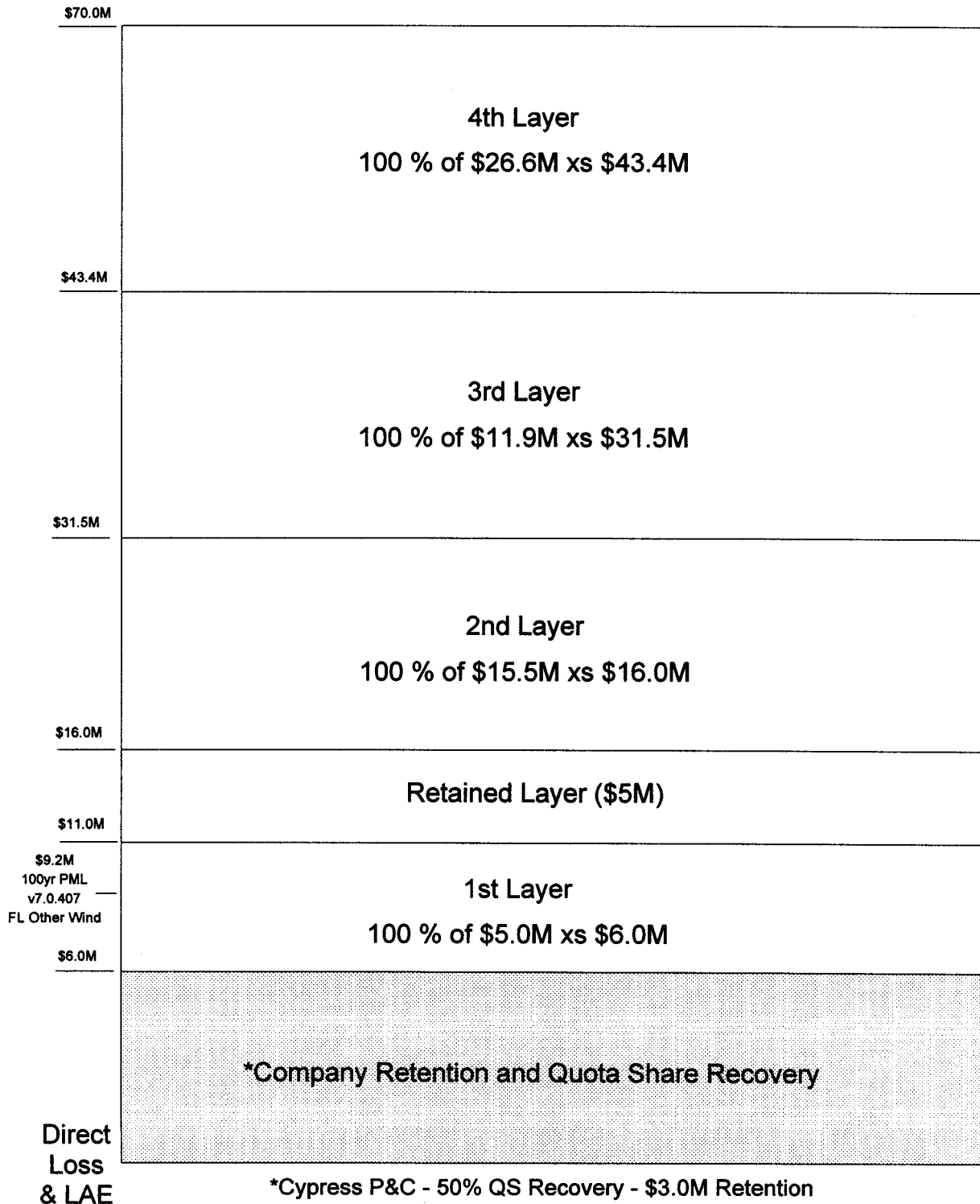
Structure Covering Florida Hurricanes

\$153.1M				\$70.0M
\$146.2M 100yr PML — AIR CLASIC/2 v7.0.407 FL Only \$126.5M	<p align="center">3rd Layer - 100% of \$26.6M xs \$43.4M corresponds to 100% of \$26.6M xs \$126.5M (FL Hurricane)</p>			\$43.4M
\$31.5M	<p align="center">2nd Layer 100% of \$11.9M xs \$31.5M corresponds to 12.5% of \$94.9M xs \$31.5M (Hurricane)</p>	<p align="center">*Main FL Hurricane Cat Fund Layer 90% of \$92.3M xs \$29.21M (subject losses only)</p> <p align="center">*Covers Hurricane Losses Only assuming LAE/Losses = 8.0% this layer corresponds to 87.5% of \$94.9M xs of \$31.5M (Loss & LAE combined)</p>		
\$25.2M	<p align="center">1st Layer - 100% of \$15.5M xs \$16.0M (20% Placed)</p>	80% Retained (subject to QS)		
\$16.0M \$12.7M		<p align="center">PCC Layer - 80% of \$12.5M xs \$12.7M</p>		
\$2.7M	<p align="center">FHCF Limited Apportionment Co. Layer 100% of \$10.0M xs \$2.7M (Loss & LAE Combined)</p>			
	<p align="center">**Company Retention and Quota Share Recovery</p>			
Direct Loss & LAE	**Cypress P&C - \$3.0M QS Recovery - \$5.4M Retention			Loss & LAE Net of Main FHCF

EXHIBIT 2

**Cypress Property & Casualty Insurance Co.
Catastrophe Reinsurance Program Diagram
June 1, 2006 to May 31, 2007**

**Structure Covering Florida Events
Except Hurricanes**



PART III:
INTERROGATORIES

Part III: Interrogatories

Responses provided to the interrogatories may be added to the Surplus Note under the section entitled "Supplemental Agreements."

1. Will the New Capital contribution be in excess of the Minimum Contribution?

No.

2. Have profits been retained to grow Surplus over the last five years?

Yes.

If yes, how much has been retained or contributed to Surplus each year?

Surplus Contribution over last 5 years (source: Annual Statements)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Total</u>
Net Earnings						
Contribution	484,379	1,786,648	282,982	-	-	2,554,009
Capital						
Contribution	-	-	-	10,597,228	1,762,630	12,359,858

3. Will profits be retained to grow Surplus should the Applicant be granted the Surplus Note proceeds associated with this Program?

The Company will retain profits to the extent needed to grow the business and does not contemplate removing profits from the business in the near term.

4. Does the Applicant have a related company or other person or entity that is willing to guarantee the Applicant's Surplus Note under this Program?

No.

If yes, provide details.

5. Although not required, is the Applicant willing to commit collateral for the purpose of securing the state's interest in the proceeds of the Surplus Note?

No, the assets of the insurance company are sufficient collateral to guarantee the Surplus Note.

6. **Although not required, is the Applicant willing to deposit 10% or more of the proceeds derived from the Surplus Note in an account managed by the state?**

The Company would be willing to deposit some portion of the proceeds in an account managed by the state if the investment returns were satisfactory.

7. **Although not required, is the Applicant willing to prepay interest and principal for one year in advance?**

The Company would be willing to consider prepaying interest and principal in advance if doing so would not be detrimental to new business growth and maintaining a 2:1 Net Written Premium to Surplus Ratio.

8. **Are there any commitments that the Applicant is willing to make as a condition of issuing the Surplus Note that would lessen the risk of default?**

No.

9. **Has the Applicant fully placed its 2006 hurricane season reinsurance program?**

Yes. Please see Part II. Reinsurance Program.

10. **If the 2006 hurricane season reinsurance program has been fully placed, can the Insurer withstand a 1 in 100-year event?**

Yes. Please see Part II. Reinsurance Program.

11. **What is the Applicant's current writing ratio?**

As of May 31, 2006, the current writing ratio is 2.7:1.

12. **What was the Applicant's writing ratio for the last five years?**

Net Premiums Written to Policyholders' Surplus

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
2.4:1	3.5:1	1.8:1	2.5:1	1.0:1

13. **Is the Applicant willing to commit to a writing ratio in excess of the minimum for the duration of the Surplus Note?**

Yes. Please refer to Part IV: #1.c.

If so, note any adverse impact upon policyholder security.

14. Does the Applicant have a rating from a rating agency?

If so, indicate the agency and the rating, how long the rating has been in effect, and whether or not the Applicant has ever been downgraded by a rating agency and the circumstances.

The Company's rating with Demotech was suspended late 2005, but the Company is engaged in talks with Demotech to reinstate the rating. It is anticipated that the rating will be re-established by the end of the year.

15. Is the Applicant currently being investigated by any federal or state regulatory authority?

No.

16. Is the Applicant under any type of regulatory control or order?

No.

PART IV:

**Documents which must be provided
with this Application**

Business Plan

Part IV: Documents which must be provided with this Application

1. A detailed business plan, which includes:

a. A written description of the Applicant's current level of policy coverage for residential property in Florida covering the peril of wind.

An exhibit of our Florida residential property exposure by county by policy form is provided which shows that our current in-force policy count is 66,553. All of these policies provide wind coverage since we do not write ex-wind policies. (See Exhibit 3)

b. Pro forma statements which outline the policy writings for the next three years and that distinguish between wind and ex-wind policy writings.

As mentioned above, we do not write ex-wind policies. Pro forma statements are attached which show our expected policy writings for the next three years in Florida. (See Exhibit 4)

c. If the Applicant's ratio of Net Written Premium to Surplus does not equal or exceed 2:1, include a written strategy for increasing the ratio within sixty days of receiving the proceeds derived from the Surplus Note.

We were fortunate to renew our Quota Share Treaty (50%) in January for calendar year 2006, but currently the marketplace is such that quota shares are not being renewed and are just not available for Florida residential property business. Within 60 days following the receipt of proceeds from the Surplus Note, our Quota Share Treaty will not be renewed and premium writings will be increased due to the infusion of new capital. This strategy should allow us to equal or exceed a 2:1 Net Written Premium to Surplus ratio (on an annualized basis) within the required time frame.

d. A description of the Applicant's strategy to maintain or increase the Minimum Writing Ratio within 60 days of receiving the proceeds derived from the Surplus Note and to maintain such ratio for the duration of the Surplus Note.

Maintaining the Minimum Writing Ratio for the duration of the Surplus Note will be accomplished by expanding our current distribution channels. In addition to independent agents, the Company intends to grow its partnerships with large captive sales forces of national insurance companies who have ceased writing for concentration reasons but desire to continue to offer a complete suite of products to their customers. Since Cypress focuses only on Homeowners business in Florida, we offer an attractive solution to the large national carriers since we do not compete for their homeowners, automobile or life business in other states. We currently have relationships with the captive agents of Allstate, Nationwide and Florida Farm Bureau.

EXHIBIT 3

EXHIBIT 4

Business Plan

Cypress Property & Casualty Insurance Company
STATUTORY - 2006-2009 Pro Forma

PREMIUMS:	2006	2007	2008	2009
Direct Written Premiums	82,421,882	140,408,444	163,161,350	183,638,965
Reinsurance Premiums Ceded				
XOL - CAT	(25,493,753)	(38,964,090)	(46,239,678)	(56,966,734)
XOL - Reinstatement Premium	-	-	-	-
XOL - Per Risk	(710,939)	(1,404,084)	(1,631,613)	(1,836,390)
Quota Share	(28,464,065)	-	-	-
Net Premiums Written	27,753,125	100,040,270	115,290,058	124,835,841
Change in Unearned Premium	(12,436,744)	(33,409,331)	(13,109,233)	(11,798,310)
Change in Ceded UPR - Per Risk	435,864	860,818	1,000,312	1,125,856
Change in Ceded UPR - Quota Share	6,218,372	-	-	-
NET PREMIUMS EARNED	21,970,617	67,491,757	103,181,137	114,163,388
LOSSES:				
Gross Loss & LAE	19,889,932	26,749,778	42,014,593	48,115,383
Catastrophe Loss & LAE, 1 net retention	21,462,207	5,000,000	10,000,000	10,000,000
Quota Share & Cat Recovery	(30,222,069)	-	-	-
TOTAL LOSSES	11,130,070	31,749,778	52,014,593	58,115,383
ACQUISITION COSTS:				
Commissions	15,660,158	26,677,604	31,000,656	34,891,403
Commissions - Ceded	(12,525,114)	-	-	-
Inspections	73,247	225,000	225,000	225,000
Premium Taxes	1,353,751	2,106,127	2,447,420	2,754,584
Policy Administration Fees	2,985,648	5,086,151	5,910,352	6,652,132
TOTAL ACQUISITION COSTS	7,547,690	34,094,882	39,583,428	44,523,120
OTHER UNDERWRITING:				
General & Administrative Expense	3,389,955	3,796,750	4,252,360	4,762,643
TOTAL OTHER UNDERWRITING	3,389,955	3,796,750	4,252,360	4,762,643
NET UNDERWRITING INCOME (LOSS)	(97,098)	(2,149,653)	7,330,757	6,762,242
NET INVESTMENT INCOME:	1,186,821	2,200,000	2,420,000	2,662,000
OTHER INCOME/EXPENSES:				
Surplus Note Interest	0	1,310,000	1,310,000	1,310,000
NET INCOME BEFORE TAXES:	1,089,723	(1,259,653)	8,440,757	8,114,242
STATE INCOME TAX:	59,935	(69,281)	464,242	446,283
FEDERAL INCOME TAX:	350,128	1,867,108	3,603,443	3,409,391
NET INCOME	679,660	(3,057,480)	4,373,072	4,258,567
Loss Ratio	50.7%	47.0%	50.4%	50.9%
Expense Ratio	39.4%	37.9%	38.0%	39.5%
Combined Ratio	90.1%	84.9%	88.4%	90.4%
Beginning Surplus	9,300,000	50,300,000	47,242,520	51,615,592
Surplus additions / (reductions)	41,000,000	(3,057,480)	4,373,072	4,258,567
Ending Surplus	50,300,000	47,242,520	51,615,592	55,874,159
Net Premium Written to Surplus Ratio	0.55	2.12	2.23	2.23
Inforce Policy Count at Year End	65,618	103,400	117,025	129,150

NOTE: 2007 results are adversely impacted by two things:

- (1) Termination of the Quota Share Treaty causing a take-back of the surplus aid, and
- (2) Growth in premium writings

Audited Financial Statements

Audited Financial Statements

Year 2005

Cypress Property & Casualty Insurance Company

**Statutory Financial Statements
and Supplemental Schedules
December 31, 2005 and 2004**

Cypress Property & Casualty Insurance Company

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December 31, 2005 and 2004

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Report of Independent Certified Public Accountants

To the Board of Directors and Shareholder of
Cypress Property & Casualty Insurance Company

We have audited the accompanying statutory statements of admitted assets, liabilities, capital and surplus of Cypress Property and Casualty Insurance Company (the “Company”) as of December 31, 2005 and 2004, and the related statutory statements of operations and changes in capital and surplus and of cash flows for the years then ended. These financial statements are the responsibility of the Company'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. Those standards require that we plan and perform the audit 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 more fully in Note 1 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation (“OIR”), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

Our audits were conducted for the purpose of forming an opinion on the basic statutory basis financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories of the Company as of December 31, 2005 and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic statutory basis financial statements taken as a whole.



This report is intended solely for the information and use of the board of directors and the management of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Price Waterhouse Coopers LLP

April 25, 2006

Cypress Property & Casualty Insurance Company
Statutory Statements of Admitted Assets,
Liabilities, Capital and Surplus
December 31, 2005 and 2004

	2005	2004
Admitted Assets		
Investments at amortized cost	\$ 12,629,348	\$ 20,824,842
Cash and short-term investments	16,706,122	29,895,481
Premiums receivable	2,468,808	2,407,981
Reinsurance recoverable on paid losses	6,665,788	2,365,270
Investment income due and accrued	88,997	155,469
Federal income tax recoverable	1,571,396	6,965,367
Net deferred tax asset	711,873	2,097,522
Other admitted assets	323,552	50,090
Total admitted assets	<u>\$ 41,165,884</u>	<u>\$ 64,762,022</u>
Liabilities, Capital and Surplus		
Reserves for losses and loss adjustment expenses, net of reinsurance	\$ 5,550,968	\$ 7,438,272
Accounts payable and accrued expenses	1,089,774	929,841
Unearned premiums, net of ceded premiums (\$17,525,566 and \$13,113,303 at December 31, 2005 and 2004)	17,525,566	19,669,955
Ceded reinsurance premiums payable	2,517,114	9,686,225
Funds held by Company under reinsurance treaties	3,255,410	19,308,701
Payables to parent and affiliates, net	442,129	280,851
Policy refunds and advance premiums	2,634,929	3,100,429
Total liabilities	<u>33,015,890</u>	<u>60,414,274</u>
Commitments and contingencies (Notes 9, 10 and 11)		
Capital and Surplus		
Common stock, par value \$1 per share: 7,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Surplus notes (Note 6)	5,000,000	5,000,000
Paid-in-surplus	16,659,857	14,897,228
Unassigned deficit	(14,209,863)	(16,249,480)
Total capital and surplus	<u>8,149,994</u>	<u>4,347,748</u>
Total liabilities, capital and surplus	<u>\$ 41,165,884</u>	<u>\$ 64,762,022</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Operations and Changes in Capital and Surplus
Years Ended December 31, 2005 and 2004

	2005	2004
Premium income		
Net premiums earned	<u>\$ 24,500,021</u>	<u>\$ 23,175,313</u>
Deductions for underwriting		
Losses and loss adjustment expenses, net	24,269,628	37,959,321
Other underwriting expenses	11,052,433	17,084,616
Ceding commission income	<u>(12,879,485)</u>	<u>(2,423,278)</u>
Total deductions for underwriting	<u>22,442,576</u>	<u>52,620,659</u>
Net underwriting income (loss)	2,057,445	(29,445,346)
Investment and other income		
Net investment income	1,004,827	1,053,528
Miscellaneous income	<u>3,482</u>	<u>-</u>
Income (loss) from operations before federal income taxes	3,065,754	(28,391,818)
Federal income tax benefit	<u>(437,133)</u>	<u>(8,040,367)</u>
Net income (loss)	3,502,887	(20,351,451)
Change in net deferred tax assets	(1,588,448)	1,701,414
Change in non-admitted assets	125,178	(997,745)
Change in surplus notes	-	2,000,000
Change in paid in and contributed surplus	<u>1,762,629</u>	<u>8,597,228</u>
Change in surplus	3,802,246	(9,050,554)
Capital and surplus		
Beginning of period	<u>4,347,748</u>	<u>13,398,302</u>
End of period	<u>\$ 8,149,994</u>	<u>\$ 4,347,748</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Cash Flows
Years Ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Premiums collected net of reinsurance	\$ 4,001,582	\$47,018,365
Losses and loss adjustment expenses paid net of reinsurance	(26,959,760)	(33,754,814)
Underwriting expenses paid	(6,812,854)	(11,074,428)
Net investment income	1,121,428	1,342,803
Miscellaneous income	3,482	-
Federal income taxes recovered	6,001,677	886,809
Net cash (used in) provided by operating activities	(22,644,445)	4,418,735
Cash flows from investing activities		
Proceeds from investments matured or repaid	9,804,709	15,743,060
Costs of investments acquired	(1,652,114)	(10,572,291)
Net cash provided by investing activities	8,152,595	5,170,769
Cash flow from financing activities and miscellaneous sources		
Surplus notes	-	2,000,000
Capital and surplus paid in	1,762,629	8,597,228
Other cash applied	(460,138)	(243,945)
Net cash provided by financing activities and miscellaneous sources	1,302,491	10,353,283
Net (decrease) increase in cash and short-term investments	(13,189,359)	19,942,787
Cash and short-term investments		
Beginning of year	29,895,481	9,952,694
End of year	<u>\$ 16,706,122</u>	<u>\$ 29,895,481</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

1. Summary of Significant Accounting Policies and Basis of Presentation

Organization

Cypress Property & Casualty Insurance Company (the “Company”) is a property and casualty insurance company domiciled in the State of Florida and is a wholly-owned subsidiary of Cypress Holdings, Inc. (“CH”). The ultimate controlling party of the Company is Cypress Holdings II, Inc. (“Parent”), the majority shareholder of CH. The Company writes homeowners, dwelling fire and related coverages through a managing general agency (“MGA”), Cypress Insurance Services, LLC (“CIS”), a sister company that provides marketing services exclusively for the Company and, through another sister company, Service First Insurance Group LLC (“SFIG”), an insurance agency that brokers insurance products for the Company and other unaffiliated carriers.

Basis of Presentation

The accompanying statutory financial statements have been prepared in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (“NAIC”) and the Florida Department of Financial Services, Office of Insurance Regulation (“OIR”). Effective January 1, 2001, the State of Florida required that insurance companies domiciled in the state of Florida prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual – version effective January 1, 2001*, subject to any deviations prescribed or permitted by the State of Florida insurance commissioner. “Prescribed” statutory accounting practices include state laws, regulations and general administrative rules, as well as a variety of publications of the NAIC. “Permitted” statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state and may differ from company to company. The Company does not have any permitted statutory practices.

These *prescribed* statutory accounting practices (“SAP”) vary from accounting principles generally accepted in the United States of America (“GAAP”). The more significant variances from GAAP are as follows:

- Costs of acquiring business, principally commissions and premium taxes, are expensed as incurred. Under GAAP, such costs are deferred and amortized over the period during which the related premiums are earned.
- Reinsurance receivables or payables (including amounts related to reserves for losses and loss adjustment expenses, claims incurred but not reported and liabilities for future policy benefits) and unearned premiums are reported net for statutory purposes and are presented gross under GAAP.
- Under GAAP, the criteria for recognition of deferred tax assets is based on a more likely than not recoverability analysis, while under Statement of Statutory Accounting Principles (“SSAP”) No. 10, *Income Taxes*, portions of the deferred tax asset are classified as non-admitted (Note 10).
- Investments in bonds are recorded principally at amortized cost under SAP and are presented at fair value under GAAP.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

- Certain assets designated as “non-admitted assets” are charged against unassigned surplus under SAP rather than being recognized in the statements of admitted assets, liabilities and capital and surplus.
- Comprehensive income in accordance with SFAS No. 130, *Comprehensive Income*, is not presented under SAP.
- Under GAAP, the statements of cash flows include as cash equivalents all highly liquid investments with an original maturity of three months or less at the time of purchase and reconcile to cash and cash equivalents. Under SAP, the statements of cash flows reconcile to cash and short-term investments whose maturities at the time of acquisition are one year or less.

Investments

Bonds are valued in accordance with methods prescribed by the NAIC and are stated at amortized cost (Note 3). Bonds are amortized using the effective interest method to the date of maturity, unless there is a “likely to be exercised” call provision in the bond. Related investment income is accrued as earned.

Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

If the decline in the fair value of an investment is considered to be other-than-temporary, the cost shall be written down to fair value as a new cost basis. The amount of a write-down shall be accounted for as a realized loss in current operations. The Company believes any declines in the market values of its investments at December 31, 2005 and 2004 is temporary based on the short duration of the loss and management’s intent to hold the investments to maturity.

Cash and Short-Term Investments

Cash and short-term investments are defined as cash on hand and liquid short term investments with an original maturity when acquired of one year or less. Cash and short-term investments are stated in accordance with the requirements of the NAIC and short-term investments are carried at amortized cost which approximates fair value (Note 2).

Premiums Receivable

Premiums receivable consists of premium balances due from insureds. Any receivable amounts older than 90 days are treated as non-admitted assets. At December 31, 2005 and 2004, approximately \$5,000 and \$77,000, respectively, in receivables were in excess of 90 days outstanding.

Reinsurance Recoverable on Paid Losses

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk. Amounts due at year-end represent loss and loss adjustment expenses incurred and paid by the Company that are recoverable under reinsurance agreements.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

Reserves for Losses and Loss Adjustment Expenses

Reserves for losses and loss adjustment expenses are estimates of reported losses and loss expenses, and estimates of incurred but not reported losses and loss adjustment expenses based on actuarial calculations. The reserves are reduced for amounts ceded under reinsurance agreements. Management believes that the reserves for losses and loss adjustment expenses are adequate to cover the ultimate cost of claims incurred prior to December 31, 2005; however, these estimates may be more or less than the amount ultimately paid when claims are settled. Changes in reserve estimates are reflected in current operations.

Ceded Reinsurance Premiums Payable

The Company reinsures its non-catastrophic underwriting risk under quota share reinsurance agreements (Note 5). Under these agreements, premiums are settled with the reinsurers two months in arrears. The ceded reinsurance payable balance at December 31, 2005 and 2004 consists of ceded premium payable under the quota share agreement for the months of November and December, net of the ceding commission receivable as provided for under the agreement, as well as premiums payable under catastrophic reinsurance agreements.

Funds Held by Company Under Reinsurance Treaties

Funds held by the Company under reinsurance treaties represent advances received under catastrophe reinsurance agreements with the Florida Hurricane Catastrophe Fund ("FHCF") and several AM Best A-rated reinsurers (Note 5). During 2004 and 2005, the Company's policyholders sustained damages to their property as the result of a series of hurricanes in the State of Florida. To meet the demand of policyholder claims from the hurricanes, the catastrophe reinsurers advanced funds to the Company.

Deferred Ceding Commissions

As a component of the quota share reinsurance agreement (Note 5), the deferred quota share ceding commission reserve account included in ceded reinsurance premiums payable, represents the deferral of the recognition of the difference between the provisional based ceding commission rate and the experience based commission rate until the experience based rate becomes effective. During 2005 and 2004, the Company recognized reduced ceding commission income of approximately \$1,338,000 and \$4,023,000, respectively, related to the 2005 and 2004 years resulting from the use of the experience based rates, which became effective on January 1, 2006 and January 1, 2005 for the 2006 and 2005 years, respectively.

Premiums

Premiums are recognized as income ratably over the terms of the related policies. Premiums are reported net of amounts for reinsurance.

Guaranty funds Assessments

Under Florida law, the Company is subject to state guaranty fund assessments, the purpose of which is to collect money from solvent insurance companies to cover certain losses resulting from the insolvency or rehabilitation of other insurance companies. The company's policy is to recognize its obligation for guaranty fund assessments when it becomes aware an insolvency has occurred for which the Company will be assessed.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

Non-Admitted Assets

Certain assets of the Company, such as furniture and equipment, are designated as non-admitted assets. These assets are excluded from the balance sheets and the changes are charged or credited directly to unassigned surplus. The non-admitted assets of the Company at December 31, 2005 and 2004 were approximately \$1,106,000 and \$1,231,000, respectively.

Income Taxes

The Company accounts for income taxes in accordance with SSAP No. 10, *Income Taxes*. The Company is taxed at regular corporate rates after adjusting income reported for financial statement purposes in accordance with Internal Revenue Service rules and regulations for property and casualty insurance companies.

Use of Estimates

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of admitted assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in 2004 have been reclassified to conform with the 2005 financial statement presentation.

2. Cash and Short-Term Investments

Cash and short-term investments at December 31 consist of:

	2005	2004
Cash in banks	\$ 11,089,022	\$ 9,174,794
Money market accounts	453,102	20,068,601
Certificates of deposit	300,000	300,000
Money market mutual funds	15,863	2,271
Government agency discount notes	4,848,135	349,815
	<u>\$ 16,706,122</u>	<u>\$ 29,895,481</u>

Certificates of deposit with an admitted value of \$300,000 were on deposit with the OIR as required by Florida Statutes at December 31, 2005 and 2004.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

3. Investments

The Company's investments at amortized cost consist of bonds, mortgage backed and other asset-backed securities and are all rated Class 2 or better per the NAIC's Quality Rating. The amortized cost and estimated fair value of investments, excluding short-term investments, at December 31, 2005 and 2004 were as follows:

	2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Fair Value
Other government	\$ 1,000,000	\$ -	\$ (31,670)	\$ 968,330
Public utilities	988,854	12,670	-	1,001,524
Industrial and miscellaneous	3,807,834	21,356	(38,164)	3,791,026
Mortgage backed and other asset-backed securities	6,832,660	7,712	(142,034)	6,698,338
	<u>\$12,629,348</u>	<u>\$ 41,738</u>	<u>\$ (211,868)</u>	<u>\$12,459,218</u>

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Fair Value
Other government	\$ 6,557,519	\$ 7,105	\$ (30,605)	\$ 6,534,019
Public utilities	1,296,262	55,374	-	1,351,636
Industrial and miscellaneous	1,571,222	37,629	(12,165)	1,596,686
Mortgage backed and other asset-backed securities	11,399,839	109,743	(20,370)	11,489,212
	<u>\$20,824,842</u>	<u>\$ 209,851</u>	<u>\$ (63,140)</u>	<u>\$20,971,553</u>

Gross gains of \$36,000 and \$109,000 and gross losses of \$21,000 and \$26,000 were realized for the years ended December 31, 2005 and 2004, respectively, and are included within net investment income on the statutory statements of operations and changes in capital and surplus. Gross investment income of approximately \$1,210,000 and \$1,495,000 in 2005 and 2004, respectively, consisted primarily of interest from fixed maturities and interest from cash on deposit. Investment expenses in 2005 and 2004 were approximately \$142,000 and \$158,000, respectively. Amortization expense for the year was \$63,000 and \$284,000 for 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Company held investments with gross unrealized losses of \$71,000 and \$63,000, respectively, and related fair values of \$4,685,000 and \$8,834,000, respectively, for a period of less than 12 months. At December 31, 2005 and 2004, the Company held investments with gross unrealized losses of \$141,000 and \$0, respectively, and related fair values of \$4,873,000 and \$0, respectively, for a period of greater than 12 months. These losses are considered temporary due to the short duration, low magnitude of the losses and management's intent to hold until maturity.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

The cost and fair value of investments at December 31, 2005 by contractual maturity are shown below.

	Amortized Cost	NAIC Fair Value
Due in one year or less	\$ 199,190	\$ 201,103
Due after one year and through five years	4,478,588	4,420,350
Due after five years and through ten years	608,717	615,286
Due after ten years	510,193	524,141
Mortgage-backed and other asset-backed securities	6,832,660	6,698,338
	<u>\$ 12,629,348</u>	<u>\$ 12,459,218</u>

4. Capital and Surplus and Other Regulatory Requirements

The Company is required to be in compliance with various financial criteria as outlined under applicable Florida State Insurance law. At December 31, 2005, the Company was in compliance with all such requirements.

The maximum amount of dividends which can be paid by state of Florida insurance companies without prior approval of the OIR is subject to restrictions relating to statutory surplus. For the years ended December 31, 2005 and 2004, no dividend payments were made to shareholders.

The NAIC has promulgated Risk-Based Capital ("RBC") requirements for property and casualty insurance companies to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks, such as asset quality, asset and liability matching, loss reserve adequacy and other business factors. The RBC information is used by state insurance regulators as an early warning tool to identify, for the purpose of initiating regulatory action, insurance companies that potentially are inadequately capitalized. In addition, the formula defines new minimum capital standards that will supplement the current system of fixed minimum capital and surplus requirements on a state-by-state basis. Regulatory compliance is determined by a ratio (the "Ratio") of the enterprises' regulatory total adjusted capital, as defined by the NAIC, to its authorized control level RBC, as defined by the NAIC. Generally, a Ratio in excess of 200% of authorized control level RBC (the "company action level") requires no corrective actions by the Company or regulators. A Ratio below 70% of the authorized control level (the "mandatory control level") provides that the OIR can take over the operations of the insurer.

As of December 31, 2005, the Company's RBC level was in excess of the Company Action Level.

5. Reinsurance

The Company maintains reinsurance programs that include quota share and catastrophe reinsurance provided by the Florida Hurricane Catastrophe Fund ("FHCF") and other reinsurers. Management has estimated its current reinsurance program to be sufficient to protect the Company to at least the 200-year probable maximum loss ("PML") as determined by a catastrophe model approved by the OIR. Effective December 31, 2002, the Company entered into a 40% quota share contract. The Company earns a ceding commission on quota share premiums that is variable depending on sustained losses.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

During 2004, approximately one-quarter of the Company's policyholders sustained damages to their property as the result of an unprecedented series of hurricanes in the State of Florida. The hurricanes had a severe negative effect on the Company's 2004 operating results and were directly responsible for the increases in excess reinsurance premiums and reserves for loss and loss adjustment expenses for the year ended December 31, 2004. The Company incurred approximately \$15,874,000 and \$16,696,000 of excess reinsurance premiums during 2005 and 2004, respectively. Of this amount, \$0 and approximately \$6,691,000 is included in ceding commissions earned on the statutory statements of operations and changes in capital and surplus during 2005 and 2004, respectively.

The liabilities for unearned premiums and reserves for losses and loss adjustment expenses are presented after deduction for amounts ceded to reinsurers. Unearned premiums were reported net of reinsurance ceded of approximately \$17,526,000 and \$13,113,000 at December 31, 2005 and 2004, respectively. Reserves for losses and loss adjustment expenses were reported net of reinsurance ceded of \$61,358,000 and \$58,982,000 at December 31, 2005 and 2004, respectively.

Effective January 1, 2005, the 40% quota share reinsurance agreement in place was cancelled on a cut-off basis. The Company is responsible for all unpaid loss and loss adjustment expenses at December 31, 2004, as well as the development on existing claims. The Company recorded unearned premiums and ceding commission expense of approximately \$13,113,000 and \$7,212,000, respectively.

Effective January 1, 2005, the Company entered into a new 50% quota-share agreement. As a result, the Company recorded approximately \$8,196,000 in ceding commission income. Additionally, the Company recorded \$16,392,000 in unearned quota share premium. The Company earns a ceding commission on quota share premiums that is variable depending on sustained losses. The recognition of the difference between the provisional based ceding commission rate and the experience based commission rate is deferred until the experienced based rate becomes effective.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

The effect of reinsurance on premiums written, amounts earned and losses incurred is as follows:

	2005	2004
Premiums written and ceded		
Direct	\$ 64,639,580	\$ 59,713,297
Ceded excess	(15,873,796)	(10,004,760)
Ceded quota share	(26,410,669)	(23,885,319)
Premiums written, net of reinsurance	<u>\$ 22,355,115</u>	<u>\$ 25,823,218</u>
Premiums earned		
Direct	\$ 62,372,222	\$ 56,278,400
Ceded	(37,872,201)	(33,103,087)
Premiums earned, net of reinsurance	<u>\$ 24,500,021</u>	<u>\$ 23,175,313</u>
Losses and loss adjustment expenses incurred		
Direct	\$ 138,403,809	\$ 234,420,145
Assumed	19,958	9,215
Ceded	(114,154,139)	(196,470,039)
Losses and loss adjustment expenses incurred, net of reinsurance	<u>\$ 24,269,628</u>	<u>\$ 37,959,321</u>

Reinsurers which have unsecured aggregate recoverable for losses paid and unpaid, including incurred but not reported losses and loss adjustment expenses ceded, ceded unearned premiums, and reinsurance payable balances, that exceed 3% of the Company's capital and surplus at December 31, 2005 and 2004 are approximately as follows:

	Aggregate Recoverable	
	2005	2004
Ace Tempest Reinsurance, Ltd.	\$ -	\$ 1,268,000
Alea London, Ltd.	-	674,000
Arch Reinsurance Company	-	11,483,000
Arch Reinsurance Ltd.	-	478,000
Ascot Insurance Service Limited	1,063,000	-
Florida Hurricane Catastrophe Fund	34,956,000	26,989,000
Folksamerica Reinsurance Company	1,313,000	-
Lloyds Syndicate Number 1414	243,000	1,512,000
Lloyds Syndicate Number 190	981,000	334,000
Lloyds Syndicate Number 2001	3,446,000	2,503,000
Lloyds Syndicate Number 2010	1,464,000	621,000
Lloyds Syndicate Number 2791	882,000	921,000
Lloyds Syndicate Number 2987	-	842,000
Lloyds Syndicate Number 566	778,000	282,000
Lloyds Syndicate Number 780	1,520,000	507,000
Montpelier Reinsurance, Ltd.	-	360,000
XL Re Ltd.	-	758,000
	<u>\$46,646,000</u>	<u>\$49,532,000</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

The Company remains liable with respect to reinsured losses and loss adjustment expenses in the event of the failure of any of the reinsurers to meet their obligations under the existing agreements.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance to minimize exposure to significant losses from reinsurance insolvency. At December 31, 2005, the Company does not believe there is a risk of loss resulting from a concentration of risk in its reinsurance program. At December 31, 2005 and 2004, most of the Company's reinsurers were rated A and A- by AM Best. The Company held letters of credit for all reinsurers below the A- AM Best rating.

Funds held by company under reinsurance treaties represent advances received under catastrophe reinsurance agreements with the FHCF and several AM Best A- rated reinsurers. To meet the demand of policyholder claims from the hurricanes, the catastrophe reinsurers advanced the following funds to the Company as of December 31, 2005 and 2004, respectively:

	2005	2004
Folksamerica Reinsurance Company	\$ 39,000	\$ 126,000
Florida Hurricane Catastrophe Fund	-	17,400,752
Lloyds Syndicate Number 1414	45,000	133,000
Lloyds Syndicate Number 2001	89,000	299,000
Lloyds Syndicate Number 2010	28,000	43,000
Lloyds Syndicate Number 2791	39,000	28,000
Lloyds Syndicate Number 566	14,000	43,000
Lloyds Syndicate Number 780	34,000	85,000
Lloyds Syndicate Number 190	37,000	85,000
Arch Reinsurance Ltd.	59,000	10,000
Alea London, Ltd.	31,000	90,000
Ace Tempest Reinsurance, Ltd.	171,000	185,000
Montpelier Reinsurance, Ltd.	1,080,000	73,000
XL Re Ltd.	1,099,410	143,133
Rosemont Re, Ltd.	169,000	564,816
Renaissance Re Ltd.	54,000	-
Aspen Insurance Ltd.	208,000	-
Catlin Insurance Company Ltd.	59,000	-
	<u>\$ 3,255,410</u>	<u>\$ 19,308,701</u>

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2005 and 2004

6. Related Party Transactions

Pursuant to and in compliance with section 628.401 of the Florida Statutes, the Company entered into subordinated surplus debenture agreements with its parent, CH as follows:

Effective Date	Description	Amount
January 4, 1999	Surplus note, 7.00% interest rate	\$ 3,000,000
September 30, 2004	Surplus note, 6.75% interest rate	2,000,000
		<u>\$ 5,000,000</u>

The terms of the surplus notes provide for simple interest to be paid annually from earned surplus upon request of CH and subject to the prior approval of the OIR. Florida Statutes state that interest on surplus notes is to be reported as an expense and a liability only after payment has been approved by the OIR.

CH contributed \$1,763,000 and \$8,597,000 of cash to the Company during 2005 and 2004, respectively, which was recorded as paid-in surplus.

Under an agency agreement, CIS acts as the managing general agent for the Company. The terms of that exclusive agreement give CIS the authority to collect premium and bind coverage for the Company's fire, homeowners and other liability business. During the years ended December 31, 2005 and 2004, \$64,460,000 and \$59,713,000 of the Company's direct premiums, respectively, were written by CIS. Additionally, under the terms of the agreement, CIS receives a commission on all premiums written for the Company in accordance with the agreement. Gross commissions on written premium were approximately \$12,282,000 and \$11,346,000 for the years ended December 31, 2005 and 2004, respectively. The Company performed services for CIS during 2005 and 2004 and was reimbursed approximately \$322,000 and \$216,000, respectively, for an allocation of salaries and related benefits and operating expenses. CIS operates under federal employer identification number 59-3621806, and is located at 13901 Sutton Park Drive South, Suite 310, Jacksonville, Florida 32224.

The Company and Cypress Texas Lloyds ("CTL"), a subsidiary of the Parent, purchased a catastrophe reinsurance program on an excess of loss basis that contains both common and explicit layers of coverage. The primary layers of coverage are common; other layers are specific to the Company and CTL based on their retention level requirements. Premium is allocated between the companies based upon the relationship of each company's PML as a percentage of the total PML of the program.

The Company performed services for SFIG during the years ended December 31, 2005 and 2004 and was reimbursed approximately \$424,000 and \$332,000, respectively, for an allocation of salaries and related benefits and operating expenses.

During 2005, the Board of Directors of CIS and SFIG authorized the payment of commission subsidies to the Company totaling \$7,864,000. Based on guidance from the OIR, the Company has reflected these amounts as a reduction of other underwriting expenses incurred on the statement of operations and changes in capital and surplus.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

Related party balances include amounts due from Cypress Texas Management, Inc. ("CTMI") and Cypress Texas Insurance Services, Ltd., LLP ("CTIS LLP"), both majority owned subsidiaries of the Parent. The composition of payable to parent and affiliates, net at December 31 consist of the following:

	2005	2004
Operating expenses - CH II	\$ (55,333)	\$ (17,700)
Operating expenses - CIS	(25,480)	-
Operating expenses - SFIG	(71,939)	(22,117)
Operating expenses - CTMI	(277,934)	(132,462)
Operating expenses - CTIS LLP	(42,313)	(13,488)
Operating expenses - CH	(11,709)	34,669
Commissions payable - CIS	126,837	431,949
Operating advance - CH	800,000	-
Payables to parent and affiliates, net	<u>\$ 442,129</u>	<u>\$ 280,851</u>

7. Reserves for Losses and Loss Adjustment Expenses

Activity in the net reserves for losses and loss adjustment expenses are summarized as follows:

	2005	2004
Balance at January 1	<u>\$ 7,438,272</u>	<u>\$ 3,829,257</u>
Incurring related to		
Current year	16,363,008	36,895,387
Prior year	<u>7,906,620</u>	<u>1,063,934</u>
Total incurred	<u>24,269,628</u>	<u>37,959,321</u>
Paid related to		
Current year	12,678,721	30,747,158
Prior year	<u>13,478,211</u>	<u>3,603,148</u>
Total paid	<u>26,156,932</u>	<u>34,350,306</u>
Balance at December 31	<u>\$ 5,550,968</u>	<u>\$ 7,438,272</u>

Incurring losses and loss adjustment expenses for claims related to prior years represent the changes in estimates charged to earnings in the current year with respect to the liabilities that originated and were established in prior years. Information regarding incurred losses and loss adjustment expenses is accumulated over time and the estimates of the liability are revised accordingly, resulting in gains or losses in the period revisions are made.

As noted in the above schedule, the increase in prior year's reserves of \$7,907,000 for 2005 was primarily the result of lengthened settlement times experienced on 2004 hurricane claims. The ultimate settlement of these claims has been adversely impacted by the demand surge for building materials and skilled construction labor. The increase in prior year's reserves of \$1,064,000 for 2004 was primarily the result of negative experience on sinkhole claims.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

8. Other Underwriting Expenses

Other underwriting expenses for the years ended December 31, 2005 and 2004 consisted of the following:

	2005	2004
Commission expense (Note 6)	\$ 4,417,520	\$ 11,345,526
General and administrative	5,602,143	4,763,575
Taxes, licenses and fees	1,032,770	975,515
Total other underwriting expenses	<u>\$ 11,052,433</u>	<u>\$ 17,084,616</u>

9. Commitments and Contingencies

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of claims settlement disputes regarding insurance coverage. It is management's opinion, after consultation with counsel and review of the facts, that it is improbable that the ultimate liability, if any, arising from such contingencies will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company leases office space under long-term operating leases through April 2010. The Company leases a vehicle under a non-cancelable operating lease that expires in 2009. Rent expense, net of allocation to affiliated companies, was approximately \$113,000 and \$81,000 for 2005 and 2004, respectively. Approximate future non-cancelable lease obligations under these lease agreements are as follows:

Year Ending	
2006	\$ 321,000
2007	228,000
2008	130,000
2009	127,000
2010	43,000
Thereafter	-
	<u>\$ 849,000</u>

10. Income Taxes

The components of net deferred tax assets at December 31 are as follows:

	2005	2004	Change
Gross deferred tax assets	\$ 1,474,779	\$ 3,073,532	\$ (1,598,753)
Gross deferred tax liabilities	(9,171)	(19,476)	10,305
Net deferred tax assets	1,465,608	3,054,056	(1,588,448)
Non-admitted deferred tax assets	753,735	956,534	(202,799)
Admitted deferred tax asset	<u>\$ 711,873</u>	<u>\$ 2,097,522</u>	<u>\$ (1,385,649)</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

All deferred tax liabilities have been recognized for amounts described in SSAP No. 10.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31 are as follows:

	2005	2004	Change
Gross deferred tax assets			
Discounts on unearned premium reserve	\$ 1,316,055	\$ 1,442,967	\$ (126,912)
Discounts on losses and loss adjustment expenses	158,724	212,690	(53,966)
Amortization of reinsurance premium	-	1,417,875	(1,417,875)
Total gross deferred tax assets	<u>1,474,779</u>	<u>3,073,532</u>	<u>(1,598,753)</u>
Gross deferred tax assets non-admitted	753,735	956,534	(202,799)
Gross deferred tax liabilities			
Market discount accretion	(5,309)	(5,309)	-
Depreciation	<u>(3,862)</u>	<u>(14,167)</u>	<u>10,305</u>
Total gross deferred tax liabilities	<u>(9,171)</u>	<u>(19,476)</u>	<u>10,305</u>
Net deferred tax assets	<u>1,465,608</u>	<u>3,054,056</u>	<u>(1,588,448)</u>
Net admitted deferred tax asset	<u>\$ 711,873</u>	<u>\$ 2,097,522</u>	<u>\$ (1,385,649)</u>

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income taxes. The significant items causing this difference are as follows:

	2005	
	Amount	Tax Effect at 34% Effective Tax Rate
Loss from operations before federal income taxes	\$ 3,065,754	\$ 1,042,356 34.0 %
Other	320,467	108,959 3.5
	<u>\$ 3,386,221</u>	<u>\$ 1,151,315</u> 37.5 %
Federal income tax benefit		\$ (437,133) (14.3) %
Change in net deferred income taxes		<u>1,588,448</u> 51.8
Total statutory federal income tax benefit		<u>\$ 1,151,315</u> 37.5 %

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2005 and 2004

		2004	
	Amount	Tax Effect at 34%	Effective Tax Rate
Loss from operations before federal income taxes	\$ (28,391,818)	\$ (9,653,218)	(34.0) %
Other	(260,480)	(88,563)	(0.3)
	<u>\$ (28,652,298)</u>	<u>\$ (9,741,781)</u>	<u>(34.3) %</u>
Federal income tax benefit		\$ (8,040,367)	(28.3) %
Change in net deferred income taxes		(1,701,414)	(6.0)
Total statutory federal income tax benefit		<u>\$ (9,741,781)</u>	<u>(34.3) %</u>

The provisions for federal and state income taxes for the years ended December 31 are as follows:

	2005	2004
Federal income tax benefit	\$ 437,133	\$ 8,040,367

11. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and short-term investments. At various times throughout the year, the Company has cash deposits with financial institutions that exceed the federally insured deposit amount; management does not anticipate nonperformance by the financial institutions. Management reviews the financial viability of these institutions on a periodic basis.

12. Employee Benefit Plan

The Company's employees are eligible to participate in a defined contribution plan sponsored by the Parent. The plan allows employees to contribute up to 20% of their pre-tax compensation. Eligible employees must be 18 years old with at least one year of service in which the employee worked at least 1,000 hours. The plan requires the Company to match 50% of employee contributions, up to 6% of an employees' salary, for any eligible employee on the plan year-end of December 31. Expenses incurred for administration of the plan are paid on a pro rata basis by the participating companies. Assets held by the plan are maintained in a separate account and are not included with the Company's assets. For the years ended December 31, 2005 and 2004, the Company recorded expense for the matching contributions of approximately \$25,000 and \$25,000, respectively.

Cypress Property & Casualty Insurance Company
Summary Investment Schedule
Year Ended December 31, 2004

	Gross Investment Holdings	Percentage	Admitted Assets as Reported in the Annual Statement	Percentage
Bonds				
US Treasury Securities	\$ -	- %	\$ -	- %
US Government Agency and Corporate Obligations				
Issued by US Government Agencies	1,000,000	3.41	1,000,000	3.41
Issued by US Government Sponsored Agencies	-	-	-	-
Foreign Government	-	-	-	-
Securities issued by states, territories and political subdivisions				
general obligations				
State, territory and possession general obligations	-	-	-	-
Political subdivision of states, territories, and possessions				
general obligations	-	-	-	-
Revenue and assessment obligations	-	-	-	-
Industrial development and similar obligations	-	-	-	-
Mortgage-backed securities				
Pass-through securities				
Guaranteed by GNMA	-	-	-	-
Issued by FNMA and FHLMC	-	-	-	-
Privately issued	-	-	-	-
CMOs and REMICs				
Issued by FNMA and FHLMC	-	-	-	-
Privately issued and collateralized by MBS issued or				
guaranteed by GNMA, FNMA, or FHLMC	6,832,660	23.29	6,832,660	23.29
All other privately issued	1,804,148	6.15	1,804,148	6.15
Other Debt and Other Fixed Income Securities				
Unaffiliated domestic securities	2,992,540	10.20	2,992,540	10.20
Unaffiliated foreign securities	-	-	-	-
Equity Interests				
Mutual funds	-	-	-	-
Preferred stocks				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Other equity securities				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Mortgage Loans				
Single family residential property	-	-	-	-
Real Estate Investments				
Property occupied by the company	-	-	-	-
Property held for sale	-	-	-	-
Receivables for securities	-	-	-	-
Cash and short-term investments	16,706,122	56.95	16,706,122	56.95
Write-ins for Invested Assets	-	-	-	-
Total Invested Assets	<u>\$ 29,335,470</u>	<u>100.00 %</u>	<u>\$ 29,335,470</u>	<u>100.00 %</u>

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

1. State the reporting entity's total admitted assets as reported on page three of this statutory statement. \$41,165,884
2. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities and those US Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, (ii) property occupied by the company and (iii) policy loans.

Investment Category	Amount	Percentage of Total Admitted Assets
a. California Infrastructure PG&E	\$ 523,122	1.27 %
b. Citibank Credit Card Issuance	511,584	1.24
c. Potomac Electric Power	492,900	1.20
d. Lehman Brothers Community Mortgage Tranche 98	437,182	1.06
e. General Electric Capital Corp.	400,000	0.97
f. Virginia Electric & Power Company	296,764	0.72
g. Cintas Corporation No. 2	261,801	0.64
h. Harley Davidson Motorcycle Tranche 03 01	259,249	0.63
I. National City Bank	254,019	0.62
j. Credit Suisse FB USA Inc.	250,200	0.61

3. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds			Preferred Stock		
NAIC - 1	\$12,332,584	29.96 %	P/RP - 1	-	- %
NAIC - 2	296,764	0.72	P/RP - 2	-	-
NAIC - 3	-	-	P/RP - 3	-	-
NAIC - 4	-	-	P/RP - 4	-	-
NAIC - 5	-	-	P/RP - 5	-	-
NAIC - 6	-	-	P/RP - 6	-	-

4. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 31 – Derivative Instruments), including (i) foreign-currency-denominated investments of \$0 supporting insurance liabilities denominated in that same foreign currency of \$0 and excluding (ii) Canadian investments and currency exposure of \$0.

Assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Items 5 through 10 are not applicable.

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

11. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including Canadian-currency-denominated investments of \$0 supporting Canadian-denominated insurance liabilities of \$0

Assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 12 is not applicable

13. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

Assets held in investments with contractual sales restrictions less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

14. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Assets held in equity interests less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

15. State the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under (i) Securities Exchange Commission (SEC) Rule 144a or (ii) SEC Rule 144 without volume restrictions.

Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

16. State the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Assets held in general partnership interests less than 2.5 % of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

17. With respect to mortgage loans reported in Schedule B, state the amounts and percentages of the reporting entity's total admitted assets held:

Mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 18 is not applicable

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

19. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets, detail not required √ (yes) (no)

Items 20 through 26 are not applicable.

Audited Financial Statements

Year 2004

Cypress Property & Casualty Insurance Company

**Statutory Financial Statements
and Supplemental Schedules
December 31, 2004 and 2003**

Cypress Property & Casualty Insurance Company

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December 31, 2004 and 2003

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Report of Independent Certified Public Accountants

To the Board of Directors and Shareholder of
Cypress Property & Casualty Insurance Company

We have audited the accompanying statutory statements of admitted assets, liabilities, capital and surplus of Cypress Property and Casualty Insurance Company (the “Company”) as of December 31, 2004 and 2003, and the related statutory statements of operations and changes in capital and surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company'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. Those standards require that we plan and perform the audit 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 more fully in Note 1 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation (“OIR”), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

The accompanying statutory financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered significant losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The statutory financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audits were conducted for the purpose of forming an opinion on the basic statutory basis financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories of the Company as of December 31, 2004 and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic statutory basis financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and the management of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

PriceWaterhouseCoopers LLP

July 10, 2005

Cypress Property & Casualty Insurance Company
Statutory Statements of Admitted Assets,
Liabilities, Capital and Surplus
December 31, 2004 and 2003

	2004	2003
Admitted Assets		
Investments at amortized cost	\$ 20,824,842	\$ 26,177,460
Cash and short-term investments	29,895,481	9,952,694
Premiums receivable	2,407,981	1,783,928
Reinsurance recoverable on paid losses	2,365,270	1,256,029
Investment income due and accrued	155,469	235,821
Federal income tax recoverable	6,965,367	95,349
Net deferred tax asset	2,097,522	1,337,811
Other admitted assets	50,090	34,303
Total admitted assets	<u>\$ 64,762,022</u>	<u>\$ 40,873,395</u>
Liabilities, Capital and Surplus		
Reserves for losses and loss adjustment expenses, net of reinsurance	\$ 7,438,272	\$ 3,829,257
Accounts payable and accrued expenses	929,841	863,107
Unearned premiums, net of ceded premiums (\$13,113,303 and \$12,326,312 at December 31, 2004 and 2003)	19,669,955	17,022,049
Ceded reinsurance premiums payable	9,686,225	3,276,171
Funds held by Company under reinsurance treaties	19,308,701	-
Payables to parent and affiliates, net	280,851	777,145
Policy refunds and advance premiums	3,100,429	1,707,364
Total liabilities	<u>60,414,274</u>	<u>27,475,093</u>
Commitments and contingencies (Notes 2, 10, 11 and 12)		
Capital and Surplus		
Common stock, par value \$1 per share: 7,000,000 shares authorized, 700,000 shares issued and outstanding	700,000	700,000
Surplus notes (Note 7)	5,000,000	3,000,000
Paid-in-surplus	14,897,228	6,300,000
Unassigned surplus (deficit)	(16,249,480)	3,398,302
Total capital and surplus	<u>4,347,748</u>	<u>13,398,302</u>
Total liabilities, capital and surplus	<u>\$ 64,762,022</u>	<u>\$ 40,873,395</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Operations and Changes in Capital and Surplus
Years Ended December 31, 2004 and 2003

	2004	2003
Premium income		
Net premiums earned	<u>\$ 23,175,313</u>	<u>\$ 19,519,798</u>
Deductions for underwriting		
Losses and loss adjustment expenses, net	37,959,321	11,877,588
Other underwriting expenses	17,084,616	16,090,262
Ceding commission income	<u>(2,423,278)</u>	<u>(8,622,975)</u>
Total deductions for underwriting	<u>52,620,659</u>	<u>19,344,875</u>
Net underwriting (loss) income	(29,445,346)	174,923
Investment and other income		
Net investment income	1,053,528	791,252
Interest expense	<u>-</u>	<u>(210,000)</u>
(Loss) income from operations before federal income taxes	(28,391,818)	756,175
Federal income tax (benefit) expense	<u>(8,040,367)</u>	<u>473,193</u>
Net (loss) income	(20,351,451)	282,982
Change in net deferred tax assets	1,701,414	278,194
Change in non-admitted assets	(997,745)	(55,749)
Change in surplus notes	2,000,000	-
Change in paid in and contributed surplus	<u>8,597,228</u>	<u>-</u>
Change in surplus	(9,050,554)	505,427
Capital and surplus		
Beginning of period	<u>13,398,302</u>	<u>12,892,875</u>
End of period	<u>\$ 4,347,748</u>	<u>\$ 13,398,302</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Cash Flows
Years Ended December 31, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Premiums collected net of reinsurance	\$47,018,365	\$ 18,890,679
Losses and loss adjustment expenses paid net of reinsurance	(33,754,814)	(11,517,483)
Underwriting expenses paid	(11,074,428)	(7,099,320)
Net investment income	1,342,803	894,043
Federal income taxes recovered (paid)	886,809	(382,203)
Net cash provided by operating activities	<u>4,418,735</u>	<u>785,716</u>
Cash flows from investing activities		
Proceeds from investments matured or repaid	15,743,060	7,657,255
Costs of investments acquired	<u>(10,572,291)</u>	<u>(11,592,692)</u>
Net cash provided by (used in) investing activities	5,170,769	(3,935,437)
Cash flow from financing activities and miscellaneous sources		
Surplus notes	2,000,000	-
Capital and surplus paid in	8,597,228	-
Net transfers (to) from affiliates	<u>(243,945)</u>	<u>72,623</u>
Net cash provided by financing activities and miscellaneous sources	<u>10,353,283</u>	<u>72,623</u>
Net increase (decrease) in cash and short-term investments	19,942,787	(3,077,098)
Cash and short-term investments		
Beginning of year	<u>9,952,694</u>	<u>13,029,792</u>
End of year	<u><u>\$29,895,481</u></u>	<u><u>\$ 9,952,694</u></u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

1. Summary of Significant Accounting Policies and Basis of Presentation

Organization

Cypress Property & Casualty Insurance Company (the "Company") is a property and casualty insurance company domiciled in the State of Florida and is a wholly-owned subsidiary of Cypress Holdings, Inc. ("CH"). The ultimate controlling party of the Company is Cypress Holdings II, Inc. ("Parent"), the majority shareholder of CH. The Company writes homeowners, dwelling fire and related coverages through a managing general agency ("MGA"), Cypress Insurance Services, LLC ("CIS"), a sister company that provides marketing services exclusively for the Company and, through another sister company, Service First Insurance Group LLC ("SFIG"), an insurance agency that brokers insurance products for the Company and other unaffiliated carriers.

Basis of Presentation

The accompanying statutory financial statements have been prepared in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners ("NAIC") and the Florida Department of Financial Services, Office of Insurance Regulation ("OIR"). Effective January 1, 2001, the State of Florida required that insurance companies domiciled in the state of Florida prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual – version effective January 1, 2001*, subject to any deviations prescribed or permitted by the State of Florida insurance commissioner. "Prescribed" statutory accounting practices include state laws, regulations and general administrative rules, as well as a variety of publications of the NAIC. "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state and may differ from company to company. The Company does not have any permitted statutory practices.

These *prescribed* statutory accounting practices ("SAP") vary from accounting principles generally accepted in the United States of America ("GAAP"). The more significant variances from GAAP are as follows:

- Costs of acquiring business, principally commissions and premium taxes, are expensed as incurred. Under GAAP, such costs are deferred and amortized over the period during which the related premiums are earned.
- Reinsurance receivables or payables (including amounts related to reserves for losses and loss adjustment expenses, claims incurred but not reported and liabilities for future policy benefits) and unearned premiums are reported net for statutory purposes and are presented gross under GAAP.
- Under GAAP, the criteria for recognition of deferred tax assets is based on a more likely than not recoverability analysis, while under Statement of Statutory Accounting Principles ("SSAP") No. 10, *Income Taxes*, portions of the deferred tax asset are classified as non-admitted (Note 12).
- Investments in bonds are recorded principally at amortized cost under SAP and are presented at fair value under GAAP.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

- Certain assets designated as “non-admitted assets” are charged against unassigned surplus under SAP rather than being recognized in the statements of admitted assets, liabilities and capital and surplus.
- Comprehensive income in accordance with SFAS No. 130, *Comprehensive Income*, is not presented under SAP.
- Under GAAP, the statements of cash flows include as cash equivalents all highly liquid investments with an original maturity of three months or less at the time of purchase and reconcile to cash and cash equivalents. Under SAP, the statements of cash flows reconcile to cash and short-term investments whose maturities at the time of acquisition are one year or less.

Investments

Bonds are valued in accordance with methods prescribed by the NAIC and are stated at amortized cost (Note 4). Bonds are amortized using the effective interest method to the date of maturity, unless there is a “likely to be exercised” call provision in the bond. Related investment income is accrued as earned.

Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.

If the decline in the fair value of an investment is considered to be other-than-temporary, the cost shall be written down to fair value as a new cost basis. The amount of a write-down shall be accounted for as a realized loss in current operations. The Company believes any declines in the market values of its investments at December 31, 2004 and 2003 is temporary based on the short duration of the loss and management’s intent to hold the investments to maturity.

Cash and Short-Term Investments

Cash and short-term investments are defined as cash on hand and liquid short term investments with an original maturity when acquired of one year or less. Cash and short-term investments are stated in accordance with the requirements of the NAIC and are carried at amortized cost which approximates fair value (Note 3).

Premiums Receivable

Premiums receivable consists of premium balances due from insureds. Any receivable amounts older than 90 days are treated as non-admitted assets. At December 31, 2004 and 2003, approximately \$77,000 and \$20,000, respectively, in receivables were in excess of 90 days outstanding.

Reinsurance Recoverable on Paid Losses

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk. Amounts due at year-end represent loss and loss adjustment expenses incurred and paid by the Company that are recoverable under reinsurance agreements.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

Reserves for Losses and Loss Adjustment Expenses

Reserves for losses and loss adjustment expenses are estimates of reported losses and loss expenses, and estimates of incurred but not reported losses and loss adjustment expenses based on actuarial calculations. The reserves are reduced for amounts ceded under reinsurance agreements. Management believes that the reserves for losses and loss adjustment expenses are adequate to cover the ultimate cost of claims incurred prior to December 31, 2004; however, these estimates may be more or less than the amount ultimately paid when claims are settled. Changes in reserve estimates are reflected in current operations.

Ceded Reinsurance Premiums Payable

The Company reinsures its non-catastrophic underwriting risk under quota share reinsurance agreements (Note 6). Under these agreements, premiums are settled with the reinsurers two months in arrears. The ceded reinsurance payable balance at December 31, 2004 consists of ceded premium payable under the quota share agreement for the months of November and December, net of the ceding commission receivable as provided for under the agreement, as well as premiums payable under catastrophic reinsurance agreements.

Funds Held by Company Under Reinsurance Treaties

Funds held by the Company under reinsurance treaties represent advances received under catastrophe reinsurance agreements with the Florida Hurricane Catastrophe Fund ("FHCF") and several AM Best A-rated reinsurers (Note 6). During 2004, the Company's policyholders sustained damages to their property as the result of an unprecedented series of hurricanes in the State of Florida. To meet the demand of policyholder claims from the hurricanes, the catastrophe reinsurers advanced funds to the Company.

Deferred Ceding Commissions

As a component of the quota share reinsurance agreement (Note 6), the deferred quota share ceding commission reserve account included in ceded reinsurance premiums payable, represents the deferral of the recognition of the difference between the provisional based ceding commission rate and the experience based commission rate until the experience based rate becomes effective. During 2004 and 2003, the Company recognized reduced ceding commission income of approximately \$4,023,000 and \$641,000, respectively, related to the 2004 and 2003 years resulting from the use of the experience based rates, which became effective on January 1, 2005 and January 1, 2004 for the 2004 and 2003 years, respectively.

Premiums

Premiums are recognized as income ratably over the terms of the related policies. Premiums are reported net of amounts for reinsurance.

Non-Admitted Assets

Certain assets of the Company, such as furniture and equipment are designated as non-admitted assets. These assets are excluded from the balance sheets and the changes are charged or credited directly to unassigned surplus. The non-admitted assets of the Company at December 31, 2004 and 2003 were approximately \$1,231,000 and \$233,000, respectively.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

Income Taxes

The Company accounts for income taxes in accordance with SSAP No. 10, *Income Taxes*. The Company is taxed at regular corporate rates after adjusting income reported for financial statement purposes in accordance with Internal Revenue Service rules and regulations for property and casualty insurance companies.

Use of Estimates

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of admitted assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in 2003 have been reclassified to conform with the 2004 financial statement presentation.

2. Liquidity and Capital Resources

During 2004, four hurricanes made landfall in Florida causing significant damage to insured property. The Company incurred gross and net losses and loss adjustment expenses of approximately \$234,420,000 and \$37,959,000, respectively. These losses fully exhausted various layers of reinsurance protection which resulted in an acceleration of the recognition of reinsurance premium expense. The accelerated expense was approximately \$4,170,000 and was included in the 2004 statutory statement of operations and changes in capital and surplus. The combined effects of the losses from the hurricanes and the accelerated recognition of reinsurance premium expense caused capital and surplus to deteriorate below required levels. At December 31, 2004, the Company did not maintain minimum required capital and surplus under Florida Statute and the Company's risk-based capital ("RBC") ratio was below "mandatory control level" (Note 5). These violations provide the OIR, under Florida Statute, the authority to take over the Company and place it in rehabilitation or liquidation, and/or to suspend the Company's license to write new business. There can be no assurance that the capital and surplus deficiency at December 31, 2004 will not result in the OIR taking action against the Company which could cause operations to cease. Because of this uncertainty, there can be no assurance the Company will continue as a going concern through December 31, 2005.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2004 and 2003

3. Cash and Short-Term Investments

Cash and short-term investments at December 31 consist of:

	2004	2003
Cash in banks	\$ 9,174,794	\$ 5,024,441
Money market accounts	20,068,601	3,769,935
Certificates of deposit	300,000	300,000
Money market mutual funds	2,271	3,650
Government agency discount notes	349,815	854,668
	<u>\$ 29,895,481</u>	<u>\$ 9,952,694</u>

Certificates of deposit with an admitted value of \$300,000 were on deposit with the OIR as required by Florida Statutes at December 31, 2004 and 2003.

4. Investments

The Company's investments at amortized cost consist of bonds, mortgage backed and other asset-backed securities and are all rated Class 2 or better per the NAIC's Quality Rating. The amortized cost and estimated fair value of investments, excluding short-term investments, at December 31, 2004 and 2003 were as follows:

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Fair Value
Other government	\$ 6,557,519	\$ 7,105	\$ (30,605)	\$ 6,534,019
Public utilities	1,296,262	55,374	-	1,351,636
Industrial and miscellaneous	1,571,222	37,629	(12,165)	1,596,686
Mortgage backed and other asset-backed securities	11,399,839	109,743	(20,370)	11,489,212
	<u>\$20,824,842</u>	<u>\$ 209,851</u>	<u>\$ (63,140)</u>	<u>\$20,971,553</u>

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Fair Value
Other government	\$13,658,950	\$ 102,350	\$ (3,842)	\$13,757,458
Public utilities	1,553,692	72,497	-	1,626,189
Industrial and miscellaneous	1,216,344	65,551	-	1,281,895
Mortgage backed and other asset-backed securities	9,748,474	-	-	9,748,474
	<u>\$26,177,460</u>	<u>\$ 240,398</u>	<u>\$ (3,842)</u>	<u>\$26,414,016</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2004 and 2003

Gross realized investment gains and losses for the year ended December 31, 2004 were \$109,000 and \$26,000, respectively, and are included within net investment income on the statutory statement of operations and changes in capital and surplus. There were no gross realized investment gains or losses in 2003. Gross investment income of approximately \$1,211,000 and \$923,000 in 2004 and 2003, respectively, consisted primarily of interest from fixed maturities and interest from cash on deposit. Investment expenses in 2004 and 2003 were approximately \$158,000 and \$132,000, respectively. Amortization expense for the year was \$284,000 and \$299,000 for 2004 and 2003, respectively.

At December 31, 2004 and 2003, the Company held investments with gross unrealized losses of \$63,140 and \$3,842, respectively, and related fair values of \$8,834,285 and \$435,224, respectively, for a period of less than 12 months. These losses are considered temporary due to the short duration, low magnitude of the losses and management's intent to hold until maturity.

The cost and fair value of investments at December 31, 2004 by contractual maturity are shown below.

	Amortized Cost	NAIC Fair Value
Due in one year or less	\$ 5,137,219	\$ 5,129,245
Due after one year and through five years	3,651,968	3,704,625
Due after five years and through ten years	-	-
Due after ten years	635,816	648,471
Mortgage-backed and other asset-backed securities	11,399,839	11,489,212
	<u>\$ 20,824,842</u>	<u>\$ 20,971,553</u>

5. Capital and Surplus and Other Regulatory Requirements

The Company is required to be in compliance with various financial criteria as outlined under applicable Florida State Insurance law. At December 31, 2004, the Company was not in compliance with the requirement to maintain a minimum surplus of the greater of 10% of liabilities or \$4,000,000 (Note 2).

The maximum amount of dividends which can be paid by state of Florida insurance companies without prior approval of the OIR is subject to restrictions relating to statutory surplus. Under the Consent Order with the OIR, the Company had to receive prior written approval from the OIR before any dividend payments could be made through December 31, 2001. For the years ended December 31, 2004 and 2003, no dividend payments were made to shareholders.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

The NAIC has promulgated RBC requirements for property and casualty insurance companies to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks, such as asset quality, asset and liability matching, loss reserve adequacy and other business factors. The RBC information is used by state insurance regulators as an early warning tool to identify, for the purpose of initiating regulatory action, insurance companies that potentially are inadequately capitalized. In addition, the formula defines new minimum capital standards that will supplement the current system of fixed minimum capital and surplus requirements on a state-by-state basis. Regulatory compliance is determined by a ratio (the "Ratio") of the enterprises' regulatory total adjusted capital, as defined by the NAIC, to its authorized control level RBC, as defined by the NAIC. Generally, a Ratio in excess of 200% of authorized control level RBC (the "company action level") requires no corrective actions by the Company or regulators. A Ratio below 70% of the authorized control level (the "mandatory control level") provides that the OIR can take over the operations of the insurer.

As discussed in Note 2, the Company's RBC level was below the mandatory control level as of December 31, 2004.

In accordance with Section 624.4085 Florida Statutes, the Company filed a risk-based capital plan that:

- Discusses the conditions that contributed to the Action Level Event
- Provides corrective actions that are reasonably expected to result in the elimination of the Action Level Event
- Lists key assumptions affecting projections and sensitivity to projections
- Discusses quality of, and problems associated with, the Company's business

6. Reinsurance

The Company maintains reinsurance programs that include quota share and catastrophe reinsurance provided by the Florida Hurricane Catastrophe Fund ("FHCF") and other reinsurers. Management has estimated its current reinsurance program to be sufficient to protect the Company to at least the 200-year probable maximum loss ("PML") as determined by a catastrophe model approved by the OIR. Effective December 31, 2002, the Company entered into a 40% quota share contract. The Company earns a ceding commission on quota share premiums that is variable depending on sustained losses.

During 2004, approximately one-quarter of the Company's policyholders sustained damages to their property as the result of an unprecedented series of hurricanes in the State of Florida. The hurricanes had a severe negative effect on the Company's 2004 operating results (Note 2) and were directly responsible for the increases in excess reinsurance premiums and reserves for loss and loss adjustment expenses for the year ended December 31, 2004. The Company incurred approximately \$16,696,000 and \$7,636,000 of excess reinsurance premiums during 2004 and 2003, respectively. Of this amount, \$6,691,000 and approximately \$4,487,000 is included in ceding commissions earned on the statutory statements of operations and changes in capital and surplus during 2004 and 2003, respectively.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2004 and 2003

The liabilities for unearned premiums and reserves for losses and loss adjustment expenses are presented after deduction for amounts ceded to reinsurers. Unearned premiums were reported net of reinsurance ceded of approximately \$13,113,000 and \$12,326,000 at December 31, 2004 and 2003, respectively. Reserves for losses and loss adjustment expenses were reported net of reinsurance ceded of \$58,982,000 and \$2,025,000 at December 31, 2004 and 2003, respectively.

Effective January 1, 2005, the 40% quota share reinsurance agreement in place was cancelled on a cut-off basis. The reinsurer is responsible for all unpaid loss and loss adjustment expenses at December 31, 2004, as well as the development on existing claims. The Company recorded unearned premiums and ceding commission expense of approximately \$13,113,000 and \$7,212,000, respectively.

Effective January 1, 2005, the Company entered into a new 50% quota-share agreement. As a result, the Company recorded approximately \$8,196,000 in ceding commission income. Additionally, the Company recorded \$16,392,000 in unearned quota share premium. The Company earns a ceding commission on quota share premiums that is variable depending on sustained losses. The recognition of the difference between the provisional based ceding commission rate and the experience based commission rate is deferred until the experienced based rate becomes effective.

The effect of reinsurance on premiums written, amounts earned and losses incurred is as follows:

	2004	2003
Premiums written and ceded		
Direct	\$ 59,713,297	\$ 52,413,374
Ceded excess	(10,004,760)	(7,779,428)
Ceded quota share	(23,885,319)	(20,965,350)
Premiums written, net of reinsurance	<u>\$ 25,823,218</u>	<u>\$ 23,668,596</u>
Premiums earned		
Direct	\$ 56,278,400	\$ 45,260,274
Ceded	(33,103,087)	(25,740,476)
Premiums earned, net of reinsurance	<u>\$ 23,175,313</u>	<u>\$ 19,519,798</u>
Losses and loss adjustment expenses incurred (Note 2)		
Direct	\$ 234,420,145	\$ 19,306,024
Assumed	9,215	1,453
Ceded	(196,470,039)	(7,429,889)
Losses and loss adjustment expenses incurred, net of reinsurance	<u>\$ 37,959,321</u>	<u>\$ 11,877,588</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2004 and 2003

Reinsurers which have unsecured aggregate recoverable for losses paid and unpaid, including incurred but not reported losses and loss adjustment expenses ceded, ceded unearned premiums, and reinsurance payable balances, that exceed 3% of the Company's capital and surplus at December 31, 2004 and 2003 are approximately as follows:

	Aggregate Recoverable	
	2004	2003
Arch Reinsurance Company	\$ 11,483,000	\$ 12,736,000
Florida Hurricane Catastrophe Fund	26,989,000	-
Lloyds Syndicate Number 1414	1,512,000	-
Lloyds Syndicate Number 2001	2,503,000	-
Lloyds Syndicate Number 2010	621,000	-
Lloyds Syndicate Number 2791	921,000	-
Lloyds Syndicate Number 566	282,000	-
Lloyds Syndicate Number 780	507,000	-
Lloyds Syndicate Number 2987	842,000	-
Lloyds Syndicate Number 190	334,000	-
Arch Reinsurance Ltd.	478,000	-
Alea London, Ltd.	674,000	-
Ace Tempest Reinsurance, Ltd.	1,268,000	-
Montpelier Reinsurance, Ltd.	360,000	-
XL Re Ltd.	758,000	-
	<u>\$49,532,000</u>	<u>\$ 12,736,000</u>

The Company remains liable with respect to reinsured losses and loss adjustment expenses in the event of the failure of any of the reinsurers to meet their obligations under the existing agreements.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance to minimize exposure to significant losses from reinsurance insolvency. At December 31, 2004, the Company does not believe there is a risk of loss resulting from a concentration of risk in its reinsurance program. At December 31, 2004 and 2003, the Company's reinsurers were rated A and A- by AM Best.

Cypress Property & Casualty Insurance Company
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Funds held by company under reinsurance treaties represent advances received under catastrophe reinsurance agreements with the FHCF and several AM Best A- rated reinsurers. To meet the demand of policyholder claims from the hurricanes, the catastrophe reinsurers advanced the following funds to the Company as of December 31, 2004:

Folksamerica Reinsurance Company	\$ 126,000
Florida Hurricane Catastrophe Fund	17,400,752
Lloyds Syndicate Number 1414	133,000
Lloyds Syndicate Number 2001	299,000
Lloyds Syndicate Number 2010	43,000
Lloyds Syndicate Number 2791	28,000
Lloyds Syndicate Number 566	43,000
Lloyds Syndicate Number 780	85,000
Lloyds Syndicate Number 190	85,000
Arch Reinsurance Ltd.	10,000
Alea London, Ltd.	90,000
Ace Tempest Reinsurance, Ltd.	185,000
Montpelier Reinsurance, Ltd.	73,000
XL Re Ltd.	143,133
Rosemont Re, Ltd.	564,816
	<u>\$ 19,308,701</u>

7. Related Party Transactions

Pursuant to and in compliance with section 628.401 of the Florida Statutes, the Company entered into subordinated surplus debenture agreements with its parent, CH as follows:

Effective Date	Description	Amount
January 4, 1999	Surplus note, 7.00% interest rate	\$ 3,000,000
September 30, 2004	Surplus note, 6.75% interest rate	2,000,000
		<u>\$ 5,000,000</u>

Cypress Property & Casualty Insurance Company
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The terms of the surplus notes provide for simple interest to be paid annually from earned surplus upon request of CH and subject to the prior approval of the OIR. Florida Statutes state that interest on surplus notes is to be reported as an expense and a liability only after payment has been approved by the OIR. The Company requested and received approval to pay interest in the amount of \$210,000 in 2003.

During 2004, CH contributed \$8,597,228 of cash to the Company which was recorded as paid-in surplus.

Under an agency agreement, CIS acts as the managing general agent for the Company and solicits business through its agents and brokers. CIS receives a commission on all premiums written for the Company in accordance with the agreement. Gross commissions on written premium were approximately \$11,346,000 and \$9,959,000 for the years ended December 31, 2004 and 2003, respectively. The Company performed services for CIS during 2004 and 2003 and was reimbursed approximately \$216,000 and \$229,000, respectively, for an allocation of salaries and related benefits and operating expenses.

The Company and Cypress Texas Lloyds ("CTL"), a subsidiary of the Parent, purchased a catastrophe reinsurance program on an excess of loss basis that contains both common and explicit layers of coverage. The primary layers of coverage are common; other layers are specific to the Company and CTL based on their retention level requirements. Premium is allocated between the companies based upon the relationship of each company's PML as a percentage of the total PML of the program.

The Company performed services for SFIG during the years ended December 31, 2004 and 2003 and was reimbursed approximately \$332,000 and \$668,000, respectively, for an allocation of salaries and related benefits and operating expenses.

Related party balances include amounts due from Cypress Texas Management, Inc. ("CTMI") and Cypress Texas Insurance Services, Ltd., LLP ("CTIS LLP"), both majority owned subsidiaries of the Parent. The composition of payable to parent and affiliates, net at December 31, 2004 and 2003, consist of the following:

	2004	2003
Operating expenses - CH II	\$ (17,700)	\$ -
Operating expenses - CIS	-	(27,303)
Operating expenses - SFIG	(22,117)	(68,056)
Operating expenses - CTMI	(132,462)	(53,014)
Operating expenses - CTIS LLP	(13,488)	(13,247)
Commissions payable - CIS	431,949	798,965
Policy fees - CIS	-	139,800
Operating expenses - CH	34,669	-
Payables to parent and affiliates, net	<u>\$ 280,851</u>	<u>\$ 777,145</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
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8. Reserves for Losses and Loss Adjustment Expenses

Activity in the net reserves for losses and loss adjustment expenses are summarized as follows:

	2004	2003
Balance at January 1	\$ 3,829,257	\$ 3,930,624
Incurred related to		
Current year	36,895,387	11,144,241
Prior year	1,063,934	733,347
Total incurred	<u>37,959,321</u>	<u>11,877,588</u>
Paid related to		
Current year	30,747,158	8,106,385
Prior year	3,603,148	3,872,570
Total paid	<u>34,350,306</u>	<u>11,978,955</u>
Balance at December 31	<u>\$ 7,438,272</u>	<u>\$ 3,829,257</u>

Incurred losses and loss adjustment expenses for claims related to prior years represent the changes in estimates charged to earnings in the current year with respect to the liabilities that originated and were established in prior years. Information regarding incurred losses and loss adjustment expenses is accumulated over time and the estimates of the liability are revised accordingly, resulting in gains or losses in the period revisions are made.

9. Other Underwriting Expenses

Other underwriting expenses for the years ended December 31, 2004 and 2003 consisted of the following:

	2004	2003
Commission expense	\$ 11,345,526	\$ 9,958,541
General and administrative	4,763,575	5,254,364
Taxes, licenses and fees	975,515	877,357
Total other underwriting expenses	<u>\$ 17,084,616</u>	<u>\$ 16,090,262</u>

10. Commitments and Contingencies

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of claims settlement disputes regarding insurance coverage. It is management's opinion, after consultation with counsel and review of the facts, that it is improbable that the ultimate liability, if any, arising from such contingencies will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Cypress Property & Casualty Insurance Company
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The Company leases office space under a long-term operating lease through April 2010. The Company leases a vehicle under a non-cancelable operating lease that expires in 2005. Rent expense, net of allocation to affiliated companies, was approximately \$81,000 and \$161,000 for 2004 and 2003, respectively. Approximate future non-cancelable lease obligations under these lease agreements are as follows:

Year Ending	
2005	\$ 258,000
2006	303,000
2007	213,000
2008	118,000
2009	121,000
Thereafter	42,000
	<u>\$ 1,055,000</u>

11. Income Taxes

The components of net deferred tax assets at December 31 are as follows:

	2004	2003	Change
Gross deferred tax assets	\$ 3,073,532	\$ 1,372,118	\$ 1,701,414
Gross deferred tax liabilities	<u>(19,476)</u>	<u>(19,476)</u>	<u>-</u>
Net deferred tax assets	3,054,056	1,352,642	1,701,414
Non-admitted deferred tax assets	<u>956,534</u>	<u>14,831</u>	<u>941,703</u>
Admitted deferred tax asset	<u>\$ 2,097,522</u>	<u>\$ 1,337,811</u>	<u>\$ 759,711</u>

All deferred tax liabilities have been recognized for amounts described in SSAP No. 10.

Cypress Property & Casualty Insurance Company
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The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31 are as follows:

	2004	2003	Change
Gross deferred tax assets			
Discounts on unearned premium reserve	\$ 1,442,967	\$ 1,234,894	\$ 208,073
Discounts on losses and loss adjustment expenses	212,690	137,224	75,466
Amortization of reinsurance premium	1,417,875	-	1,417,875
Total gross deferred tax assets	<u>3,073,532</u>	<u>1,372,118</u>	<u>1,701,414</u>
Gross deferred tax assets non-admitted	956,534	14,831	941,703
Gross deferred tax liabilities			
Market discount accretion	(5,309)	(5,309)	-
Depreciation	(14,167)	(14,167)	-
Total gross deferred tax liabilities	<u>(19,476)</u>	<u>(19,476)</u>	<u>-</u>
Net deferred tax assets	<u>3,054,056</u>	<u>1,352,642</u>	<u>1,701,414</u>
Net admitted deferred tax asset	<u>\$ 2,097,522</u>	<u>\$ 1,337,811</u>	<u>\$ 759,711</u>

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income taxes. The significant items causing this difference are as follows:

	2004	
	Amount	Tax Effect at 34% Effective Tax Rate
Loss from operations before federal income taxes	\$ (28,391,818)	\$ (9,653,218) (34.0) %
Other	(260,480)	(88,563) (0.3)
	<u>\$ (28,652,298)</u>	<u>\$ (9,741,781) (34.3) %</u>
Federal income tax benefit		\$ (8,040,367) (28.3) %
Change in net deferred income taxes		(1,701,414) (6.0)
Total statutory federal income tax benefit		<u>\$ (9,741,781) (34.3) %</u>

Cypress Property & Casualty Insurance Company
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		2003	
	Amount	Tax Effect at 34%	Effective Tax Rate
Income before federal taxes	\$ 756,175	\$ 257,100	34.0 %
Other	(182,648)	(62,101)	(8.2)
	<u>\$ 573,527</u>	<u>\$ 194,999</u>	<u>25.8 %</u>
Federal income taxes incurred		\$ 473,193	62.6 %
Change in net deferred income taxes		(278,194)	(36.8)
Total statutory federal income taxes		<u>\$ 194,999</u>	<u>25.8 %</u>

The provisions for federal and state income taxes for the years ended December 31, 2004 and 2003 are as follows:

	2004	2003
Federal income tax (benefit) expense	\$ (8,040,367)	\$ 473,193
State tax expense	-	81,641
	<u>\$ (8,040,367)</u>	<u>\$ 554,834</u>

12. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and short-term investments. At various times throughout the year, the Company has cash deposits with financial institutions that exceed the federally insured deposit amount; management does not anticipate nonperformance by the financial institutions. Management reviews the financial viability of these institutions on a periodic basis.

13. Employee Benefit Plan

The Company's employees are eligible to participate in a defined contribution plan sponsored by the Parent. The plan allows employees to contribute up to 20% of their pre-tax compensation. Eligible employees must be 18 years old with at least one year of service in which the employee worked at least 1,000 hours. The plan requires the Company to match 50% of employee contributions, up to 6% of an employees' salary, for any eligible employee on the plan year-end of December 31. Expenses incurred for administration of the plan are paid on a pro rata basis by the participating companies. Assets held by the plan are maintained in a separate account and are not included with the Company's assets. For the year ended December 31, 2004 and 2003, the Company recorded expense for the matching contributions of approximately \$25,000 and \$17,000, respectively.

Cypress Property & Casualty Insurance Company
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14. Reconciliation to Annual Statement

The following tables reconcile 2004 surplus and net loss of the Company as presented in the accompanying statutory financial statements to surplus and net loss as presented in the annual statement filed with the OIR.

Surplus, as reported in the annual statement	\$ 8,022,931
Amortization of deferred reinsurance premiums	<u>(3,675,183)</u>
Surplus, as reported in the accompanying statutory financial statements	<u>\$ 4,347,748</u>
Net loss, as reported in the annual statement	\$ (16,181,230)
Amortization of deferred reinsurance premiums	<u>(4,170,221)</u>
Net loss, as reported in the accompanying statutory financial statements	<u>\$ (20,351,451)</u>

15. Subsequent Event

During 2004, four hurricanes made landfall in the State of Florida causing significant damage to insured property. These losses fully exhausted various layers of reinsurance protection and accelerated the amortization of the associated reinsurance premiums. As a result, the Company included in the 2004 Statutory Statement of Operations and Changes in Capital and Surplus additional reinsurance premium expenses of approximately \$4,170,000 that would have otherwise been expensed in 2005 operations. As discussed in Note 2, the combined effect of the losses and this acceleration of expense caused 2004 capital and surplus to fall below required statutory levels. Had the 2004 storms not occurred, 2005 six month income from operations before federal income taxes would have reflected additional expense of approximately \$4,170,000 to reflect the reinsurance premiums that would have been amortized after December 31, 2004. Summary unaudited statutory financial information as of and for the six month period ended June 30, 2005 is as follows:

	Unaudited
Income from operations before federal income taxes	\$ 5,497,341
Net income	3,834,069
Capital and Surplus	8,091,295

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2004 and 2003

On July 10, 2005 a category-3 hurricane ("Hurricane Dennis") made landfall in Florida causing damage to insured property. The Company maintains reinsurance programs that include quota share and catastrophe reinsurance provided by the Florida Hurricane Catastrophe Fund ("FHCF") and other reinsurers that provide coverage up to a 1 in 200 year event. The Company estimates that the losses from Hurricane Dennis will be within its retention of \$3 million on a pre-tax basis. Further, the Company's retention for a second storm is limited to \$1 million on a pre-tax basis. Should additional storms hit Florida during the remainder of 2005 which cause losses beyond the Company's retention, additional capital contributions would be required to prevent a material impact on capital and surplus.

Effective January 1, 2005, the Company cancelled its 40% quota-share agreement on a cut-off basis and entered into a new 50% quota-share agreement with similar terms to the 40% quota-share agreement. Had this transaction occurred on December 31, 2004, the following net adjustments would have been reflected on the statutory financial statements.

- Decrease in unearned premiums, net \$3,279,000
- Increase in ceded premium payable \$984,000
- Increase in ceding commission income \$984,000
- Increase in federal income tax expense \$335,000
- Decrease in federal income tax recoverable \$335,000

The overall effect is an increase in capital and surplus of approximately \$649,000.

Cypress Property & Casualty Insurance Company
Summary Investment Schedule
Year Ended December 31, 2004

	Gross Investment Holdings	Percentage	Admitted Assets as Reported in the Annual Statement	Percentage
Bonds				
US Treasury Securities	\$ -	- %	\$ -	- %
US Government Agency and Corporate Obligations				
Issued by US Government Agencies	2,949,473	5.82	2,949,473	5.82
Issued by US Government Sponsored Agencies	-	-	-	-
Foreign Government	-	-	-	-
Securities issued by states, territories and political subdivisions				
general obligations				
State, territory and possession general obligations	1,389,106	2.74	1,389,106	2.74
Political subdivision of states, territories, and possessions				
general obligations	1,310,643	2.58	1,310,643	2.58
Revenue and assessment obligations	908,297	1.79	908,297	1.79
Industrial development and similar obligations	-	-	-	-
Mortgage-backed securities				
Pass-through securities				
Guaranteed by GNMA	-	-	-	-
Issued by FNMA and FHLMC	-	-	-	-
Privately issued	-	-	-	-
CMOs and REMICs				
Issued by FNMA and FHLMC	-	-	-	-
Privately issued and collateralized by MBS issued or				
guaranteed by GNMA, FNMA, or FHLMC	8,801,162	17.35	8,801,162	17.35
All other privately issued	2,598,677	5.12	2,598,677	5.12
Other Debt and Other Fixed Income Securities				
Unaffiliated domestic securities	2,867,484	5.66	2,867,484	5.66
Unaffiliated foreign securities	-	-	-	-
Equity Interests				
Mutual funds	-	-	-	-
Preferred stocks				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Other equity securities				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Mortgage Loans				
Single family residential property	-	-	-	-
Real Estate Investments				
Property occupied by the company	-	-	-	-
Property held for sale	-	-	-	-
Receivables for securities	-	-	-	-
Cash and short-term investments	29,895,481	58.94	29,895,481	58.94
Write-ins for Invested Assets	-	-	-	-
Total Invested Assets	<u>\$ 50,720,323</u>	<u>100.00 %</u>	<u>\$ 50,720,323</u>	<u>100.00 %</u>

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

1. State the reporting entity's total admitted assets as reported on page three of this statutory statement. \$64,762,022
2. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities and those US Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, (ii) property occupied by the company and (iii) policy loans.

Investment Category	Amount	Percentage of Total Admitted Assets
a. Citibank CC Issuance	\$ 1,019,866	1.57 %
b. California Infrastructure PG&E	534,760	0.83
c. Solano County CA Community College	531,530	0.82
d. Landesbank Baden-Wuerttemberg NY	500,000	0.77
e. Potomac Electric Power	497,009	0.77
f. Lehman Brothers Community Mortgage Tranche 98	436,549	0.67
g. Sumpter County SC	403,434	0.62
h. Merrill Lynch & Company, Inc.	399,005	0.62
I. Wisconsin State	378,771	0.58
j. Anoka-Hennepin Municipal Independent School District	375,679	0.58

3. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds			Preferred Stock		
NAIC - 1	\$20,529,075	31.70 %	P/RP - 1	-	- %
NAIC - 2	295,767	0.46	P/RP - 2	-	-
NAIC - 3	-	-	P/RP - 3	-	-
NAIC - 4	-	-	P/RP - 4	-	-
NAIC - 5	-	-	P/RP - 5	-	-
NAIC - 6	-	-	P/RP - 6	-	-

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

4. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 31 – Derivative Instruments), including (i) foreign-currency-denominated investments of \$0 supporting insurance liabilities denominated in that same foreign currency of \$0 and excluding (ii) Canadian investments and currency exposure of \$0.

Assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Items 5 through 10 are not applicable

11. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including Canadian-currency-denominated investments of \$0 supporting Canadian-denominated insurance liabilities of \$0

Assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 12 is not applicable

13. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

Assets held in investments with contractual sales restrictions less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

14. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Assets held in equity interests less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

15. State the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under (i) Securities Exchange Commission (SEC) Rule 144a or (ii) SEC Rule 144 without volume restrictions.

Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2004

16. State the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Assets held in general partnership interests less than 2.5 % of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

17. With respect to mortgage loans reported in Schedule B, state the amounts and percentages of the reporting entity's total admitted assets held:

Mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 18 is not applicable

19. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Items 20 through 22 are not applicable

Audited Financial Statements

Year 2003

Cypress Property & Casualty Insurance Company

**Statutory Financial Statements
and Supplemental Schedules
December 31, 2003 and 2002**

Cypress Property & Casualty Insurance Company

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December 31, 2003 and 2002

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Report of Independent Certified Public Accountants

To the Board of Directors and Shareholder of
Cypress Property & Casualty Insurance Company:

We have audited the accompanying statutory statements of admitted assets, liabilities, capital and surplus of Cypress Property & Casualty Insurance Company (the "Company") as of December 31, 2003 and 2002, and the related statutory statements of income and changes in capital and surplus and of cash flows for the years then ended. These financial statements are the responsibility of the Company'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. Those standards require that we plan and perform the audit 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 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Florida Department of Financial Services, Office of Insurance Regulation, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2003 and 2002, or the results of its operations or its cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, capital and surplus of the Company as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

Pricewaterhouse Coopers LLP

April 23, 2004

Cypress Property & Casualty Insurance Company
Statutory Statements of Admitted Assets,
Liabilities, Capital and Surplus
December 31, 2003 and 2002

	2003	2002
Admitted Assets		
Investments, at amortized cost	\$ 26,177,460	\$ 22,575,391
Cash and short-term investments	9,952,694	13,029,792
Premiums receivable	1,783,928	1,195,237
Reinsurance recoverable	1,256,029	9,089
Investment income due and accrued	235,821	249,546
Federal income tax recoverable and deferred tax asset	1,433,160	1,532,935
Other admitted assets	34,303	-
Total admitted assets	<u>\$ 40,873,395</u>	<u>\$ 38,591,990</u>
Liabilities, Capital and Surplus		
Reserves for losses and loss adjustment expenses	\$ 3,829,257	\$ 3,930,624
Accounts payable and accrued expenses	863,107	959,689
Unearned premiums, net of ceded premiums (\$12,326,312 and \$9,322,010 at December 31, 2003 and 2002)	17,022,049	12,873,251
Ceded reinsurance payable	3,276,171	4,579,475
Payables to parent and affiliates, net	777,145	853,175
Deferred ceding commissions quota share	-	1,050,135
Policy refunds and advance premiums	1,707,364	1,452,766
Total liabilities	<u>27,475,093</u>	<u>25,699,115</u>
Commitments and contingencies (Notes 9 and 10)		
Capital and Surplus		
Common stock, par value \$1 per share: 7,000,000 shares authorized, 700,000 issued and outstanding	700,000	700,000
Surplus note (interest payable at 7% annually)	3,000,000	3,000,000
Paid-in-surplus	6,300,000	6,300,000
Unassigned surplus	3,398,302	2,892,875
Total capital and surplus	<u>13,398,302</u>	<u>12,892,875</u>
Total liabilities, capital and surplus	<u>\$ 40,873,395</u>	<u>\$ 38,591,990</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Income and Changes in Capital and Surplus
Years Ended December 31, 2003 and 2002

	2003	2002
Premium income		
Premiums earned	\$ 19,519,798	\$ 27,152,879
Premium income	19,519,798	27,152,879
Deductions for underwriting		
Losses and loss adjustment expenses, net	11,877,588	14,193,498
Other underwriting expenses	7,467,287	13,155,316
Total deductions for underwriting	19,344,875	27,348,814
Net underwriting income (loss)	174,923	(195,935)
Investment and other income		
Net investment income	791,252	1,029,230
FRPCJUA takeout bonus income	-	3,407,499
Interest expense	(210,000)	(210,000)
Income from operations before federal income taxes	756,175	4,030,794
Federal income taxes	473,193	1,744,145
Net income	282,982	2,286,649
Change in net deferred income tax	278,194	404,467
Change in non-admitted assets	(55,749)	(31,913)
Dividends paid to shareholder	-	(500,000)
Change in surplus	505,427	2,159,203
Capital and surplus		
Beginning of period	12,892,875	10,733,672
End of period	\$ 13,398,302	\$ 12,892,875

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company
Statutory Statements of Cash Flows
Years Ended December 31, 2003 and 2002

	2003	2002
Cash flows from operating activities		
Premiums collected net of reinsurance	\$ 18,890,679	\$ 38,709,619
Losses and loss adjustment expenses paid	(11,517,483)	(10,455,984)
Underwriting expenses paid	(7,099,320)	(19,006,682)
Net investment income	894,043	780,577
Federal income taxes paid	(382,203)	(1,734,562)
FRPCJUA takeout bonus income	-	3,407,499
Net cash provided by operating activities	<u>785,716</u>	<u>11,700,467</u>
Cash flows from investing activities		
Proceeds from investments matured or repaid	7,657,255	5,462,504
Costs of investments acquired	<u>(11,592,692)</u>	<u>(13,299,141)</u>
Net cash used in investing activities	<u>(3,935,437)</u>	<u>(7,836,637)</u>
Cash flow from financing activities and miscellaneous sources		
Net transfers from affiliates	72,623	866,419
Dividends paid to shareholder	<u>-</u>	<u>(500,000)</u>
Net cash provided by financing activities and miscellaneous sources	<u>72,623</u>	<u>366,419</u>
Net (decrease) increase in cash and short-term investments	<u>(3,077,098)</u>	<u>4,230,249</u>
Cash and cash equivalents		
Beginning of year	<u>13,029,792</u>	<u>8,799,543</u>
End of year	<u>\$ 9,952,694</u>	<u>\$ 13,029,792</u>

The accompanying notes are an integral part of these statutory financial statements.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2003 and 2002

1. Summary of Significant Accounting Policies and Basis of Presentation

Organization

Cypress Property & Casualty Insurance Company (the "Company" or "Cypress") is a property and casualty insurance company domiciled in the State of Florida and is a wholly owned subsidiary of Cypress Holdings, Inc. ("CH"). The ultimate controlling party of the Company is Cypress Holdings II, Inc. ("Parent Company"), the majority shareholder of CH. Cypress writes homeowners, dwelling fire and related coverages through a managing general agency ("MGA"), Cypress Insurance Services, LLC ("CIS"), a sister company that provides marketing services exclusively for Cypress and, through another sister company, Service First Insurance Group LLC ("SFIG"), an insurance agency that brokers insurance products for Cypress and other unaffiliated carriers.

Basis of Presentation

The accompanying statutory financial statements have been prepared in accordance with accounting practices prescribed or permitted by the National Association of Insurance Commissioners ("NAIC") and the Florida Department of Financial Services, Office of Insurance Regulation ("DFS"). Effective January 1, 2001, the State of Florida required that insurance companies domiciled in the state of Florida prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures Manual – version effective January 1, 2001*, subject to any deviations prescribed or permitted by the State of Florida insurance commissioner. "Prescribed" statutory accounting practices include state laws, regulations and general administrative rules, as well as a variety of publications of the NAIC. "Permitted" statutory accounting practices encompass all accounting practices that are not prescribed; such practices may differ from state to state and may differ from company to company.

These *prescribed* or *permitted* statutory accounting practices vary from accounting principles generally accepted in the United States of America ("GAAP"). The more significant variances from GAAP are as follows:

- Costs of acquiring business, principally commissions and premium taxes, are expensed as incurred. Under GAAP, such costs are deferred and amortized over the period during which the related premiums are earned.
- Reinsurance receivables or payables (including amounts related to reserves for losses and loss adjustment expenses, claims incurred but not reported and liabilities for future policy benefits) and prepaid reinsurance premiums are reported net for statutory purposes and are presented gross under GAAP.
- Under GAAP, the criteria for recognition of deferred tax assets is based on a more likely than not recoverability analysis, while under Statement of Statutory Accounting Principles ("SSAP") No. 10, *Income Taxes*, portions of the deferred tax asset are classified as nonadmitted (Note 11).

Investments

Bonds are valued in accordance with methods prescribed by the NAIC and are stated at amortized cost (Note 3). Bonds are amortized using the effective interest method to the date of maturity, unless there is a "likely to be exercised" call provision in the bond. Related investment income is accrued as earned.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2003 and 2002

Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all securities.

Cash and Short-term Investments

Cash and short-term investments are defined as cash on hand and highly liquid short term investments with an original maturity when acquired of three months or less. Cash and short-term investments are stated in accordance with the requirements of the NAIC and are carried at amortized cost (Note 2). Related investment income is accrued as earned. Fair value approximates carrying value.

Premiums Receivable

Premiums receivable consists of premium balances due from insureds, net of premiums collected in advance and refunds owed for cancelled policies. Any receivable amounts older than 90 days are treated as non-admitted assets. At December 31, 2003 and 2002, approximately \$20,000 and \$6,000, respectively, in receivables were in excess of 90 days outstanding.

Reinsurance Recoverable on Paid Losses

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk. Amounts due at year-end represent loss and loss adjustment expenses incurred by the Company that are recoverable under the reinsurance agreements.

Reserves for Losses and Loss Adjustment Expenses

Reserves for losses and loss adjustment expenses are estimates of reported losses and loss expenses, and estimates of incurred but not reported losses and loss adjustment expenses based on Company and industry experience. The reserves are reduced for amounts ceded under reinsurance agreements. Management believes that the reserves for losses and loss adjustment expenses are adequate to cover the ultimate cost of claims incurred prior to December 31, 2003; however, these estimates may be more or less than the amount ultimately paid when the claims are settled. As estimates are changed, the changes are reflected in current operations.

Ceded Reinsurance Payable

Cypress reinsures its non-catastrophic underwriting risk under quota share reinsurance agreements (Note 5). Under these agreements, premiums are settled with the reinsurers two months in arrears. The ceded reinsurance payable balance at year end represents the ceded premium payable under the quota share agreement for the months of November and December, net of the ceding commission receivable by Cypress as provided for under the agreement.

Deferred Ceding Commissions

As a component of the quota share reinsurance agreement (Note 5), the deferred quota share ceding commission reserve account represents the deferral of the recognition of the difference between the provisional based ceding commission rate and the experience based commission rate until the experience based rate becomes effective. During 2003 and 2002, the Company recognized (reduced) additional ceding commission income of approximately \$(641,000) and \$363,000, respectively, related to the 2003 and 2001 years resulting from the use of the experience based rates, which became effective on January 1, 2004 and January 1, 2002 for the 2002 and 2001 years, respectively.

Cypress Property & Casualty Insurance Company

Notes to Statutory Financial Statements

December 31, 2003 and 2002

Premiums

Premiums are recognized as income ratably over the terms of the related policies. Premiums are reported net of reinsurance ceded.

Non-Admitted Assets

Certain assets of the Company, such as furniture and equipment are designated as non-admitted assets. These assets are excluded from the balance sheets and the changes are charged or credited directly to unassigned surplus. The non-admitted assets of the Company at December 31, 2003 and 2002 were approximately \$233,000 and \$178,000, respectively.

Income Taxes

Cypress accounts for income taxes in accordance with SSAP No. 10, *Income Taxes*. The Company is taxed at regular corporate rates after adjusting income reported for financial statement purposes in accordance with Internal Revenue Service rules and regulations for property and casualty insurance companies.

Use of Estimates

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of admitted assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in 2002 have been reclassified to conform with the 2003 financial statement presentation.

2. Cash and Short-Term Investments

Cash and short-term investments at December 31 consist of:

	2003	2002
Cash in banks	\$ 5,024,441	\$ 9,063,161
Money market accounts	3,769,935	42,884
Certificates of deposit	300,000	300,000
Money market mutual funds	3,650	5,371
Government agency discount notes	854,668	3,618,376
	<u>\$ 9,952,694</u>	<u>\$ 13,029,792</u>

Certificates of deposit with an admitted value of \$300,000 were on deposit with the DFS as required by Florida Statutes at December 31, 2003 and 2002.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

3. Investments

The Company's investments consist of bonds, mortgage backed and other asset-backed securities and are all rated Class 2 or better per the NAIC's Quality Rating. The amortized cost and estimated fair value of investments, excluding short-term investments, at December 31, 2003 and 2002 were as follows:

	2003			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Other government	\$13,658,950	\$ 102,350	\$ (3,842)	\$13,757,458
Public utilities	1,553,692	72,497	-	1,626,189
Industrial and miscellaneous	1,216,344	65,551	-	1,281,895
Mortgage backed and other asset-backed securities	9,748,474	-	-	9,748,474
	<u>\$26,177,460</u>	<u>\$ 240,398</u>	<u>\$ (3,842)</u>	<u>\$26,414,016</u>

	2002			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Other government	\$10,048,485	\$ -	\$ -	\$10,048,485
Public utilities	1,560,729	79,817	-	1,640,546
Industrial and miscellaneous	3,784,137	111,994	(17,888)	3,878,243
Mortgage backed and other asset-backed securities	7,182,040	-	-	7,182,040
	<u>\$22,575,391</u>	<u>\$ 191,811</u>	<u>\$ (17,888)</u>	<u>\$22,749,314</u>

There were no gross realized investment gains or losses in 2003 and 2002. Gross investment income of approximately \$923,000 and \$1,135,000 in 2003 and 2002, respectively, consisted primarily of interest from fixed maturities and interest from cash on deposit. Investment expenses in 2003 and 2002 were approximately \$132,000 and \$106,000, respectively.

All gross unrealized losses are due to a decline in the fair value of investments with maturity date beyond twelve months. Amortization expense for the year was \$299,000 and \$51,000 for 2003 and 2002, respectively.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

The cost and fair value of investments at December 31, 2003 by contractual maturity are shown below.

	Amortized Cost	Fair Value
Due in one year or less	\$ 3,440,430	\$ 3,466,978
Due after one year and through five years	11,344,449	11,509,743
Due after five years and through ten years	860,079	903,454
Due after ten years	784,028	785,367
Mortgage-backed and other asset-backed securities	9,748,474	9,748,474
	<u>\$26,177,460</u>	<u>\$26,414,016</u>

4. Capital and Surplus and Other Regulatory Requirements

Under applicable Florida State Insurance Law, the Company is required to maintain minimum surplus of the greater of 10% of liabilities or \$4,000,000. In addition to this obligation, the Company is required to be in compliance with provisions relative to various financial criteria as stated in the Consent Order, which serves in Florida as the methodology under which the DFS licenses new insurers. At December 31, 2003, the Company was in compliance with all such covenants.

The maximum amount of dividends which can be paid by State of Florida insurance companies without prior approval of the DFS is subject to restrictions relating to statutory surplus. Under the Consent Order with the DFS, the Company had to receive prior written approval from the DFS before any dividend payments could be made through December 31, 2001. For the years ended December 31, 2003 and 2002, dividend payments made to shareholders were \$0 and \$500,000, respectively.

The NAIC has promulgated risk-based capital ("RBC") requirements for property and casualty insurance companies to evaluate the adequacy of statutory capital and surplus in relation to investment and insurance risks, such as asset quality, asset and liability matching, loss reserve adequacy and other business factors. The RBC information is used by state insurance regulators as an early warning tool to identify, for the purpose of initiating regulatory action, insurance companies that potentially are inadequately capitalized. In addition, the formula defines new minimum capital standards that will supplement the current system of fixed minimum capital and surplus requirements on a state-by-state basis. Regulatory compliance is determined by a ratio (the "Ratio") of the enterprise's regulatory total adjusted capital, as defined by the NAIC, to its authorized control level RBC, as defined by the NAIC. Generally, a Ratio in excess of 200% of authorized control level RBC (the "company action level") requires no corrective actions by the Company or regulators.

As of December 31, 2003, the Company's RBC level was in excess of the company action level.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

5. Reinsurance

Cypress maintains reinsurance programs that include quota share and catastrophe reinsurance provided by the Florida Hurricane Catastrophe Fund ("FHCF") and other reinsurers. Management has estimated its current reinsurance program to be sufficient to protect the Company to at least the 200-year *Probable Maximum Loss* as determined by a catastrophe model approved by the DFS. Effective December 31, 2002, the Company entered into a 40% quota share contract. As a result, the Company recorded approximately \$2,663,000 in ceding commission income and \$8,878,000 in unearned quota share premium in 2002. The Company earns a ceding commission on quota share premiums that is variable depending on sustained losses (Note 1).

Effective January 1, 2002, the 50% quota share reinsurance agreement in place was commuted. Resulting from the commutation, the Company became responsible for all unpaid loss and loss adjustment expenses at December 31, 2001, as well as the development on existing claims. As a result, the Company recognized unearned premiums and reserves for loss and loss adjustment expenses of approximately \$8,659,000 and \$1,159,000, respectively, in 2002.

The Company incurred approximately \$7,636,000 and \$5,806,000 of excess reinsurance premiums during 2003 and 2002, respectively. Of this amount, \$4,487,000 and approximately \$0 is included in ceding commissions earned on the statements of income and changes in capital and surplus during 2003 and 2002, respectively.

The liabilities for unearned premiums and reserves for losses and loss adjustment expenses are presented after deduction for reinsurance ceded to other insurance companies. Reserves for losses and loss adjustment expenses are reported net of reinsurance ceded of \$2,025,000 and \$2,100 at December 31, 2003 and 2002, respectively.

The effect of reinsurance on premiums written, amounts earned and losses incurred is as follows:

	2003	2002
Premiums written and ceded		
Direct	\$ 52,413,374	\$ 39,101,157
Ceded excess	(7,779,428)	(7,443,858)
Ceded quota share	(20,965,350)	(218,842)
Premiums written, net of reinsurance	<u>\$ 23,668,596</u>	<u>\$ 31,438,457</u>
Premiums earned		
Direct	\$ 45,260,274	\$ 34,152,832
Ceded	(25,740,476)	(6,999,953)
Premiums earned, net of reinsurance	<u>\$ 19,519,798</u>	<u>\$ 27,152,879</u>
Losses and loss adjustment expenses incurred		
Direct	\$ 19,306,024	\$ 13,017,180
Assumed	1,453	44,043
Ceded	(7,429,889)	1,132,275
Losses and loss adjustment expenses incurred, net of reinsurance	<u>\$ 11,877,588</u>	<u>\$ 14,193,498</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

Reinsurers which have unsecured aggregate recoverable for losses paid and unpaid, including incurred but not reported losses and loss adjustment expenses ceded, ceded unearned premiums, and reinsurance payable balances, that exceed 3% of the Company's capital and surplus at December 31, 2003 and 2002 are approximately as follows:

	Aggregate Recoverable	
	2003	2002
Arch Reinsurance Company	<u>\$ 12,736,000</u>	<u>\$ 5,070,000</u>

The Company remains liable with respect to reinsured losses and loss adjustment expenses in the event of the failure of any of the reinsurers to meet their obligations under the existing agreements.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance to minimize exposure to significant losses from reinsurance insolvency. At December 31, 2003, the Company believes that any loss as a result of the concentration of risk in its reinsurance program is improbable. At December 31, 2003 and 2002, balances ceded under the Company's reinsurance program were held by reinsurers rated A and A- by AM Best.

6. Related Party Transactions

Pursuant to and in compliance with section 628.401 of the Florida Statutes, the Company entered into a subordinated surplus debenture agreement with its parent, CH, on January 4, 1999 in consideration for \$3,000,000 received. The terms of the surplus note provide for simple interest at 7% to be paid annually from earned surplus upon request of CH and subject to the prior approval of the DFS. Florida Statutes state that interest on surplus notes is to be reported as an expense and a liability only after payment has been approved by the DFS. The Company requested and received approval to pay interest in the amount of \$210,000 in 2003 and 2002.

Under an agency agreement, CIS acts as the managing general agent for the Company and solicits business through its agents and brokers. CIS receives a commission on all premiums written for the Company in accordance with the agreement. Gross commissions on written premium were approximately \$9,959,000 and \$7,429,000 for the years ended December 31, 2003 and 2002, respectively. Cypress performed services for CIS during 2003 and 2002 and was reimbursed approximately \$229,000 and \$185,000, respectively, for an allocation of salaries and related benefits and operating expenses.

Related to the Company's agency agreement with SFIG, Cypress incurred gross commissions on premium written in 2003 and 2002 of approximately \$740,000 and \$805,000, respectively. Cypress also performed services for SFIG during the years ended December 31, 2003 and 2002 and was reimbursed approximately \$668,000 and \$439,000, respectively, for an allocation of salaries and related benefits and operating expenses.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

Related party balances include amounts due from Cypress Texas Management, Inc. ("CTMI") and Cypress Texas Insurance Services, Ltd., LLP ("CTIS LLP"), majority owned subsidiaries of the Parent Company. The composition of payable to parent and affiliates, net at December 31, 2003 and 2002, consist of the following:

	2003	2002
Operating expenses - CH	\$ -	\$ 17,501
Operating expenses - CIS	27,303	25,870
Operating expenses - SFIG	68,056	65,969
Operating expenses - CTMI	53,014	-
Operating expenses - CTIS LLP	13,247	-
Total receivables from parent and affiliates	<u>161,620</u>	<u>109,340</u>
Commissions payable - CIS	798,965	619,085
Policy fees - CIS	139,800	121,100
Employee stock purchase - CH	-	3,100
Federal taxes payable - CH	-	9,230
Interest payable - CH	-	210,000
Total payables to parent and affiliates	<u>938,765</u>	<u>962,515</u>
Payables to parent and affiliates	<u>\$ (777,145)</u>	<u>\$ (853,175)</u>

7. Reserves for Losses and Loss Adjustment Expenses

Activity in reserves for losses and loss adjustment expenses are summarized as follows:

	2003	2002
Balance at January 1	<u>\$ 3,930,624</u>	<u>\$ 1,145,888</u>
Incurring related to		
Current year, net	11,144,241	13,462,908
Prior year	<u>733,347</u>	<u>730,590</u>
Total incurred	<u>11,877,588</u>	<u>14,193,498</u>
Paid related to		
Current year, net	8,106,385	9,202,532
Prior year	<u>3,872,570</u>	<u>2,206,230</u>
Total paid	<u>11,978,955</u>	<u>11,408,762</u>
Balance at December 31	<u>\$ 3,829,257</u>	<u>\$ 3,930,624</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

Incurred losses and loss adjustment expenses for claims related to prior years represent the changes in estimates charged or credited to earnings in the current year with respect to the liabilities that originated and were established in prior years. Information regarding incurred losses and loss adjustment expenses is accumulated over time and the estimates of the liability are revised accordingly, resulting in gains or losses in the period revisions are made.

8. Other Underwriting Expenses

Other underwriting expenses for the years ended December 31, 2003 and 2002 consisted of the following:

	2003	2002
Commission expense	\$ 9,958,541	\$ 7,429,220
Ceding commission income	(8,622,975)	(107,322)
General and administrative	5,254,364	4,954,802
Taxes, licenses and fees	877,357	878,616
Total other underwriting expenses	<u>\$ 7,467,287</u>	<u>\$ 13,155,316</u>

9. Claims, Lawsuits and Other Contingencies

The Company is subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of claims settlement disputes regarding insurance coverage. It is management's opinion, after consultation with counsel and review of the facts, that it is improbable that the ultimate liability, if any, arising from such contingencies will have a material adverse effect on the Company's surplus, results of operations or cash flow.

10. Lease Commitments

The Company leases office space under a long-term operating lease through July 2007. Rent expense is recognized based upon the contractual payment terms of the lease. The Company leases a vehicle under a non-cancelable operating lease that expires in 2005. Rent expense, net of allocation to affiliated companies, was approximately \$161,000 and \$173,000 for 2003 and 2002, respectively. Approximate future non-cancelable lease obligations under these lease agreements are as follows:

Year Ending	
2004	\$ 179,000
2005	175,000
2006	178,000
2007	107,000
	<u>\$ 639,000</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

11. Income Taxes

The components of the net deferred tax asset are as follows:

	December 31, 2003	January 1, 2003	Change
Gross deferred tax assets	\$ 1,372,118	\$ 1,090,889	\$ 281,229
Gross deferred tax liabilities	(19,476)	(16,441)	(3,035)
Net deferred tax asset	1,352,642	1,074,448	278,194
Nonadmitted deferred tax assets	14,831	6,045	8,786
Admitted deferred tax assets	<u>\$ 1,337,811</u>	<u>\$ 1,068,403</u>	<u>\$ 269,408</u>

All deferred tax liabilities have been recognized for amounts described in SSAP No. 10.

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

	December 31, 2003	January 1, 2003	Change
Gross deferred tax assets			
Discounts on unearned premium reserve	\$ 1,234,894	\$ 928,016	\$ 306,878
Discounts on losses and loss adjustment expenses	137,224	140,857	(3,633)
Organizational expense	-	15,028	(15,028)
Other	-	6,988	(6,988)
Total gross deferred tax assets	<u>1,372,118</u>	<u>1,090,889</u>	<u>281,229</u>
Gross deferred tax assets nonadmitted	14,831	6,045	8,786
Gross deferred tax liabilities			
Market discount accretion	(5,309)	(16,441)	11,132
Depreciation	(14,167)	-	(14,167)
Total gross deferred tax liabilities	<u>(19,476)</u>	<u>(16,441)</u>	<u>(3,035)</u>
Net deferred tax asset	<u>1,352,642</u>	<u>1,074,448</u>	<u>278,194</u>
Net admitted deferred tax asset	<u>\$ 1,337,811</u>	<u>\$ 1,068,403</u>	<u>\$ 269,408</u>

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate before income taxes. The significant items causing this difference are as follows:

	2003		
	Amount	Tax Effect at 34%	Effective Tax Rate
Income before federal taxes	\$ 756,175	\$ 257,100	34.0 %
Other	(182,648)	(62,101)	(8.2)
	<u>\$ 573,527</u>	<u>\$ 194,999</u>	<u>25.8 %</u>
Federal income taxes incurred		\$ 473,193	62.6 %
Change in net deferred income tax		(278,194)	(36.8)
Total statutory federal income taxes		<u>\$ 194,999</u>	<u>25.8 %</u>

	2002		
	Amount	Tax Effect at 34%	Effective Tax Rate
Income before federal taxes	\$ 4,030,795	\$ 1,370,470	34.0 %
Other	(90,565)	(30,792)	(0.8)
	<u>\$ 3,940,230</u>	<u>\$ 1,339,678</u>	<u>33.2 %</u>
Federal income taxes incurred		\$ 1,744,145	43.2 %
Change in net deferred income tax		(404,467)	(10.0)
Total statutory federal income taxes		<u>\$ 1,339,678</u>	<u>33.2 %</u>

The provisions for federal and state income taxes for the years ended December 31, 2003 and 2002 are as follows:

	2003	2002
Federal tax expense	\$ 473,193	\$ 1,744,145
State tax expense	81,641	281,480
	<u>\$ 554,834</u>	<u>\$ 2,025,625</u>

The Company's effective federal income tax rate is more than the statutory rate due primarily due to the 20% acceleration of premium earnings for tax purposes.

12. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and short-term investments. At various times throughout the year, the Company has cash deposits with financial institutions that exceed the federally insured deposit amount; management does not anticipate nonperformance by the financial institutions. Management reviews the financial viability of these institutions on a periodic basis.

Cypress Property & Casualty Insurance Company
Notes to Statutory Financial Statements
December 31, 2003 and 2002

13. Employee Benefit Plan

During 2000, CH implemented a defined contribution plan for employees of the Company. The plan allows employees to contribute up to 20% of their pre-tax compensation. Eligible employees must be 18 years old with at least one year of service in which the employee worked at least 1,000 hours. The plan requires the Company to match 50% of employee contributions, up to 6% of an employees' salary, for any eligible employee on the plan year-end of December 31. Expenses incurred for administration of the plan are paid by CH. Assets held by the plan are maintained in a separate account and are not included with the Company's assets. For the year ended December 31, 2003 and 2002, the Company recorded expense for the matching contributions of approximately \$17,000 and \$16,000, respectively.

14. Florida Residential Property and Casualty Joint Underwriting Association Takeout Bonus Program

In March 2002, the Company completed all requirements under the Coastal Countdown Takeout Bonus Payment Agreement related to the Company's two bulk policy takeouts from the FRPCJUA in 1999. As a result, the Company received \$3,407,499 of bonus monies in 2002 related to those takeouts.

Cypress Property & Casualty Insurance Company
Summary Investment Schedule
Year Ended December 31, 2003

	Gross Investment Holdings	Percentage	Admitted Assets as Reported in the Annual Statement	Percentage
Bonds				
US Treasury Securities	\$ -	- %	\$ -	- %
US Government Agency and Corporate Obligations				
Issued by US Government Agencies	-	-	-	-
Issued by US Government Sponsored Agencies	2,260,976	6.26	2,260,976	6.26
Foreign Government	-	-	-	-
Securities issued by states, territories and political subdivisions				
general obligations				
State, territory and possession general obligations	3,863,628	10.69	3,863,628	10.69
Political subdivision of states, territories, and possessions				
general obligations	2,149,549	5.95	2,149,549	5.95
Revenue and assessment obligations	5,384,799	14.90	5,384,799	14.90
Industrial development and similar obligations	-	-	-	-
Mortgage-backed securities				
Pass-through securities				
Guaranteed by GNMA	-	-	-	-
Issued by FNMA and FHLMC	3,846,409	10.65	3,846,409	10.65
Privately issued	-	-	-	-
CMOs and REMICs				
Issued by FNMA and FHLMC	2,019,281	5.59	2,019,281	5.59
Privately issued and collateralized by MBS issued or				
guaranteed by GNMA, FNMA, or FHLMC	-	-	-	-
All other privately issued	3,882,783	10.75	3,882,783	10.75
Other Debt and Other Fixed Income Securities				
Unaffiliated domestic securities	2,770,035	7.67	2,770,035	7.67
Unaffiliated foreign securities	-	-	-	-
Equity Interests				
Mutual funds	-	-	-	-
Preferred stocks				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Other equity securities				
Affiliated	-	-	-	-
Unaffiliated	-	-	-	-
Mortgage Loans				
Single family residential property	-	-	-	-
Real Estate Investments				
Property occupied by the company	-	-	-	-
Property held for sale	-	-	-	-
Receivables for securities	-	-	-	-
Cash and short-term investments	9,952,694	27.55	9,952,694	27.55
Write-ins for Invested Assets	-	-	-	-
Total Invested Assets	<u>\$ 36,130,154</u>	<u>100.00 %</u>	<u>\$ 36,130,154</u>	<u>100.00 %</u>

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2003

1. State the reporting entity's total admitted assets as reported on page three of this statutory statement. \$40,873,395
2. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities and those US Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, (ii) property occupied by the company and (iii) policy loans.

Investment Category	Amount	Percentage of Total Admitted Assets
a. Pennsylvania St	\$ 1,812,041	4.43 %
b. Metris Master Trust 2001-1A	1,032,993	2.53
c. Kentucky St Prpty & Bldgs Com	673,337	1.65
d. Richmond Cnty GA Brd Ed	548,250	1.34
e. Ohio St	521,641	1.28
f. Potomac Electric Power	521,544	1.28
g. Equity One ABS Inc 2001-2 AF2	504,445	1.23
h. Citibank CC Issuance 02-A3	500,909	1.23
I. City of Memphis , TN	461,284	1.13
j. Georgia St	450,714	1.10

3. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

Bonds			Preferred Stock		
NAIC - 1	\$26,177,460	64.05 %	P/RP - 1	-	- %
NAIC - 2			P/RP - 2	-	-
NAIC - 3			P/RP - 3	-	-
NAIC - 4			P/RP - 4	-	-
NAIC - 5			P/RP - 5	-	-
NAIC - 6			P/RP - 6	-	-

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2003

4. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 31 – Derivative Instruments), including (i) foreign-currency-denominated investments of \$0 supporting insurance liabilities denominated in that same foreign currency of \$0 and excluding (ii) Canadian investments and currency exposure of \$0.

Assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Items 5 through 10 are not applicable

11. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including Canadian-currency-denominated investments of \$0 supporting Canadian-denominated insurance liabilities of \$0

Assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 12 is not applicable

13. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

Assets held in investments with contractual sales restrictions less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

14. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Assets held in equity interests less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

15. State the amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under (i) Securities Exchange Commission (SEC) Rule 144a or (ii) SEC Rule 144 without volume restrictions.

Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entities total admitted assets, detail not required ☒ (yes) ☐ (no)

16. State the amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

Cypress Property & Casualty Insurance Company
Investment Risk Interrogatories
December 31, 2003

Assets held in general partnership interests less than 2.5 % of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

17. With respect to mortgage loans reported in Schedule B, state the amounts and percentages of the reporting entity's total admitted assets held:

Mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Item 18 is not applicable

19. Assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets, detail not required ☒ (yes) ☐ (no)

Items 20 through 24 are not applicable

25. State the amounts and percentages of the 10 largest investments included in the Write-ins for Invested Assets category included on the Summary Investment Schedule: Not applicable

2005 Annual Statement



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
Cypress Property & Casualty Insurance Company

NAIC Group Code	3456	3456	NAIC Company Code	10953	Employer's ID Number	59-3540757
	(Current Period)	(Prior Period)				
Organized under the Laws of	Florida			State of Domicile or Port of Entry		Florida
Country of Domicile	United States of America					
Incorporated/Organized	08/26/1998		Commenced Business		12/27/1998	
Statutory Home Office	13901 Sutton Park Drive South, Suite 310			Jacksonville, FL 32224		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	13901 Sutton Park Drive South, Suite 310		Jacksonville, FL 32224		904-992-4492	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	13901 Sutton Park Drive South, Suite 310			Jacksonville, FL 32224		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	13901 Sutton Park Drive South, Suite 310		Jacksonville, FL 32224		904-992-4492	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Website Address	cypresspropertyinsurance.com					
Statutory Statement Contact	Glenn Stanley Lawson			904-992-4492		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	glawson@cypresspropertyinsurance.com			904-992-9535		
	(E-mail Address)			(Fax Number)		
Policyowner Relations Contact	Customer Service - P.O. Box 49527		Sarasota, FL 34230		800-765-1347	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)	

OFFICERS

Name	Title	Name	Title
Gary Russell Harger	President	Gary Russell Harger	Treasurer
Loni Grimeck Lugo	Secretary		

OTHER OFFICERS

Loni Grimeck Lugo	Vice President	Douglas Granville Merriman #	Vice President
Michael Webb Whatley	Vice President	Mark Joseph Testa #	Vice President

DIRECTORS OR TRUSTEES

Alan Henry Fishman	Gary Russell Harger	Marc Thomas Wray	Brook Loftus Cuddy
Loni Grimeck Lugo			

State ofFlorida.....

County ofDuval..... ss

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

Gary Russell Harger President	Loni Grimeck Lugo (Vice President) Secretary	Gary Russell Harger (President) Treasurer
Subscribed and sworn to before me this		a. Is this an original filing? Yes [X] No []
_____ day of _____ February, 2006		b. If no,
_____		1. State the amendment number _____ 0
_____		2. Date filed _____
_____		3. Number of pages attached _____ 0

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	12,629,349	.0	12,629,349	20,824,844
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0	.0	.0	.0
2.2 Common stocks .....	.0	.0	.0	.0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	.0	.0	.0	.0
3.2 Other than first liens .....	.0	.0	.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances).....	.0	.0	.0	.0
4.2 Properties held for the production of income (less \$0 encumbrances) .....	.0	.0	.0	.0
4.3 Properties held for sale (less \$0 encumbrances) .....	.0	.0	.0	.0
5. Cash (\$11,842,124 , Schedule E, Part 1), cash equivalents (\$4,848,135 , Schedule E, Part 2) and short-term investments (\$15,863 , Schedule DA).....	16,706,122	.0	16,706,122	29,895,479
6. Contract loans, (including \$0 premium notes)	.0	.0	.0	.0
7. Other invested assets (Schedule BA) .....	.0	.0	.0	.0
8. Receivables for securities .....	.0	.0	.0	7,229
9. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9)	29,335,471	.0	29,335,471	50,727,552
11. Title plants less \$0 charged off (for Title insurers only).....	.0	.0	.0	.0
12. Investment income due and accrued	88,997	.0	88,997	155,469
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	2,473,560	4,752	2,468,808	2,407,981
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$0 earned but unbilled premium).....	.0	.0	.0	.0
13.3 Accrued retrospective premium.....	.0	.0	.0	.0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	6,665,788	.0	6,665,788	2,365,270
14.2 Funds held by or deposited with reinsured companies .....	.0	.0	.0	.0
14.3 Other amounts receivable under reinsurance contracts .....	.0	.0	.0	.0
15. Amounts receivable relating to uninsured plans .....	.0	.0	.0	.0
16.1 Current federal and foreign income tax recoverable and interest thereon	1,571,396	.0	1,571,396	6,965,367
16.2 Net deferred tax asset	1,465,609	753,735	711,874	1,602,484
17. Guaranty funds receivable or on deposit .....	.0	.0	.0	.0
18. Electronic data processing equipment and software.....	94,936	94,936	.0	.0
19. Furniture and equipment, including health care delivery assets (\$0)	96,112	96,112	.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	.0	.0	.0	.0
21. Receivables from parent, subsidiaries and affiliates .....	.0	.0	.0	.0
22. Health care (\$0) and other amounts receivable .....	.0	.0	.0	.0
23. Aggregate write-ins for other than invested assets	479,866	156,314	323,552	42,861
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	42,271,735	1,105,849	41,165,886	64,266,984
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	.0	.0	.0	.0
26. Total (Lines 24 and 25)	42,271,735	1,105,849	41,165,886	64,266,984
DETAILS OF WRITE-INS				
0901. ....	.0	.0	.0	.0
0902. ....	.0	.0	.0	.0
0903. ....	.0	.0	.0	.0
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Other Assets.....	156,627	156,314	313	42,861
2302. Assessment Receivable.....	323,239	.0	323,239	.0
2303. ....	.0	.0	.0	.0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	479,866	156,314	323,552	42,861

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	5,079,523	6,907,820
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	471,446	530,452
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	783,348	635,226
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	306,426	294,615
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	0	0
8. Borrowed money \$ 0 and interest thereon \$ 0	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 17,525,566 and including warranty reserves of \$ 0)	17,525,567	19,669,956
10. Advance premiums	1,828,199	1,550,147
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	2,517,114	5,515,189
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	3,255,410	19,308,701
14. Amounts withheld or retained by company for account of others	0	0
15. Remittances and items not allocated	26,579	488,354
16. Provision for reinsurance (Schedule F, Part 7)	0	816
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	442,129	280,850
20. Payable for securities	0	0
21. Liability for amounts held under uninsured accident and health plans	0	0
22. Capital notes \$ 0 and interest thereon \$ 0	0	0
23. Aggregate write-ins for liabilities	780,151	1,061,927
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	33,015,892	56,244,053
25. Protected cell liabilities	0	0
26. Total liabilities (Lines 24 and 25)	33,015,892	56,244,053
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	700,000	700,000
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	5,000,000	5,000,000
32. Gross paid in and contributed surplus	16,659,857	14,897,228
33. Unassigned funds (surplus)	(14,209,863)	(12,574,297)
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)	0	0
34.2 0 shares preferred (value included in Line 29 \$ 0)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	8,149,994	8,022,931
36. TOTALS (Page 2, Line 26, Col. 3)	41,165,886	64,266,984
DETAILS OF WRITE-INS		
2301. Other Liabilities	780,151	1,061,927
2302.	0	0
2303.	0	0
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)	780,151	1,061,927
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	21,997,889	25,677,446
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	21,401,725	36,654,731
3. Loss expenses incurred (Part 3, Line 25, Column 1)	2,867,907	1,304,590
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	(158,965)	12,993,250
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	24,110,667	50,952,571
7. Net income of protected cells	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(2,112,778)	(25,275,125)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	990,155	970,148
10. Net realized capital gains (losses) less capital gains tax of \$0 (Exhibit of Capital Gains (Losses)).....	14,672	83,380
11. Net investment gain or (loss) (Lines 9 + 10)	1,004,827	1,053,528
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$0)	0	0
13. Finance and service charges not included in premiums	0	0
14. Aggregate write-ins for miscellaneous income	3,482	0
15. Total other income (Lines 12 through 14)	3,482	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(1,104,469)	(24,221,597)
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(1,104,469)	(24,221,597)
19. Federal and foreign income taxes incurred	(437,133)	(8,040,367)
20. Net income (Line 18 minus Line 19) (to Line 22)	(667,336)	(16,181,230)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	8,022,930	13,398,302
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	(667,336)	(16,181,230)
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$0	0	0
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	(170,573)	283,539
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(798,472)	(74,093)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	816	(816)
29. Change in surplus notes	0	2,000,000
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1. Paid in	0	0
32.2. Transferred from surplus (Stock Dividend)	0	0
32.3. Transferred to surplus	0	0
33. Surplus adjustments:		
33.1. Paid in	1,762,630	8,597,228
33.2. Transferred to capital (Stock Dividend)	0	0
33.3. Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	0	0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	127,065	(5,375,372)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	8,149,995	8,022,930
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Gain on disposal of fixed assets.....	3,482	0
1402.	0	0
1403.	0	0
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)	3,482	0
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	4,001,582	47,018,364
2. Net investment income.....	1,121,428	1,342,803
3. Miscellaneous income.....	3,482	0
4. Total (Lines 1 to 3).....	5,126,492	48,361,167
5. Benefit and loss related payments.....	26,959,755	33,754,814
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	6,812,854	11,074,428
8. Dividends paid to policyholders.....	0	0
9. Federal and foreign income taxes paid (recovered) \$0 net of tax on capital gains (losses)	(6,001,677)	(886,809)
10. Total (Lines 5 through 9).....	27,770,932	43,942,433
11. Net cash from operations (Line 4 minus Line 10).....	(22,644,440)	4,418,734
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	9,797,480	15,715,987
12.2 Stocks.....	0	0
12.3 Mortgage loans.....	0	0
12.4 Real estate.....	0	0
12.5 Other invested assets.....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	0	0
12.7 Miscellaneous proceeds.....	7,229	27,073
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	9,804,709	15,743,060
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,652,114	10,572,238
13.2 Stocks.....	0	0
13.3 Mortgage loans.....	0	0
13.4 Real estate.....	0	0
13.5 Other invested assets.....	0	0
13.6 Miscellaneous applications.....	0	53
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,652,114	10,572,291
14. Net increase (decrease) in contract loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	8,152,595	5,170,769
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	2,000,000
16.2 Capital and paid in surplus, less treasury stock.....	1,762,629	8,597,228
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(460,139)	(243,945)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6).....	1,302,490	10,353,283
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).....	(13,189,355)	19,942,786
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	29,895,482	9,952,696
19.2 End of period (Line 18 plus Line 19.1).....	16,706,127	29,895,482

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	309,871	192,784	129,618	373,037
2.	Allied lines	230,983	278,818	185,798	324,003
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	19,098,965	19,163,857	17,100,141	21,162,681
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	1,645	2,417	478	3,584
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	212,036	32,080	109,532	134,584
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	19,853,500	19,669,956	17,525,567	21,997,889
DETAILS OF WRITE-INS					
3301.	.....	0	0	0	0
3302.	.....	0	0	0	0
3303.	.....	0	0	0	0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1.	Fire	129,618	.0	.0	.0	129,618
2.	Allied lines	185,798	.0	.0	.0	185,798
3.	Farmowners multiple peril .....	.0	.0	.0	.0	.0
4.	Homeowners multiple peril	17,100,141	.0	.0	.0	17,100,141
5.	Commercial multiple peril .....	.0	.0	.0	.0	.0
6.	Mortgage guaranty .....	.0	.0	.0	.0	.0
8.	Ocean marine .....	.0	.0	.0	.0	.0
9.	Inland marine	478	.0	.0	.0	478
10.	Financial guaranty .....	.0	.0	.0	.0	.0
11.1	Medical malpractice - occurrence .....	.0	.0	.0	.0	.0
11.2	Medical malpractice - claims-made .....	.0	.0	.0	.0	.0
12.	Earthquake .....	.0	.0	.0	.0	.0
13.	Group accident and health .....	.0	.0	.0	.0	.0
14.	Credit accident and health (group and individual) .....	.0	.0	.0	.0	.0
15.	Other accident and health .....	.0	.0	.0	.0	.0
16.	Workers' compensation .....	.0	.0	.0	.0	.0
17.1	Other liability - occurrence	109,532	.0	.0	.0	109,532
17.2	Other liability - claims-made .....	.0	.0	.0	.0	.0
18.1	Products liability - occurrence .....	.0	.0	.0	.0	.0
18.2	Products liability - claims-made .....	.0	.0	.0	.0	.0
19.1,19.2	Private passenger auto liability .....	.0	.0	.0	.0	.0
19.3,19.4	Commercial auto liability .....	.0	.0	.0	.0	.0
21.	Auto physical damage .....	.0	.0	.0	.0	.0
22.	Aircraft (all perils) .....	.0	.0	.0	.0	.0
23.	Fidelity .....	.0	.0	.0	.0	.0
24.	Surety .....	.0	.0	.0	.0	.0
26.	Burglary and theft .....	.0	.0	.0	.0	.0
27.	Boiler and machinery .....	.0	.0	.0	.0	.0
28.	Credit .....	.0	.0	.0	.0	.0
29.	International .....	.0	.0	.0	.0	.0
30.	Reinsurance - Nonproportional Assumed Property ..	.0	.0	.0	.0	.0
31.	Reinsurance - Nonproportional Assumed Liability ..	.0	.0	.0	.0	.0
32.	Reinsurance - Nonproportional Assumed Financial Lines .....	.0	.0	.0	.0	.0
33.	Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0
34.	TOTALS	17,525,567	0	0	0	17,525,567
35.	Accrued retrospective premiums based on experience .....					.0
36.	Earned but unbilled premiums .....					.0
37.	Balance (Sum of Line 34 through 36)					17,525,567
DETAILS OF WRITE-INS						
3301.	.....	.0	.0	.0	.0	.0
3302.	.....	.0	.0	.0	.0	.0
3303.	.....	.0	.0	.0	.0	.0
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes ☒ No ☐

(b) State here basis of computation used in each case . Dai ly pro-rata.....

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business		1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
			2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1.	Fire	530,806	0	0	0	220,935	309,871
2.	Allied lines	772,818	0	0	0	541,835	230,983
3.	Farmowners multiple peril	0	0	0	0	0	0
4.	Homeowners multiple peril	62,995,348	0	0	0	43,896,383	19,098,965
5.	Commercial multiple peril	0	0	0	0	0	0
6.	Mortgage guaranty	0	0	0	0	0	0
8.	Ocean marine	0	0	0	0	0	0
9.	Inland marine	3,179	0	0	0	1,534	1,645
10.	Financial guaranty	0	0	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0	0	0
12.	Earthquake	0	0	0	0	0	0
13.	Group accident and health	0	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0	0
16.	Workers' compensation	0	0	0	0	0	0
17.1	Other liability - occurrence	337,429	0	0	0	125,393	212,036
17.2	Other liability - claims-made	0	0	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0	0	0
21.	Auto physical damage	0	0	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0	0	0
23.	Fidelity	0	0	0	0	0	0
24.	Surety	0	0	0	0	0	0
26.	Burglary and theft	0	0	0	0	0	0
27.	Boiler and machinery	0	0	0	0	0	0
28.	Credit	0	0	0	0	0	0
29.	International	0	0	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	XXX	0	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
34.	TOTALS	64,639,580	0	0	0	44,786,080	19,853,500
DETAILS OF WRITE-INS							
3301.		0	0	0	0	0	0
3302.		0	0	0	0	0	0
3303.		0	0	0	0	0	0
3398.	Summary of remaining write- ins for Line 33 from overflow page	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Savage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cos 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A Co 8)	Net Losses Unpaid Previous Year	Losses Incurred Current Year (Cos 4 + 5 - 6)	Percentage of Losses Incurred (Co 7 Part 2) to Premiums Earned (Co 4 Part 1)
1	Fire	252,386	0	118,906	133,480	48,826	57,693	124,613	33.4
2	Automobiles	3,156,080	0	2,698,927	457,153	72,360	866,175	(326,662)	(100.8)
3	Farmowners multiple per	0	0	0	0	0	0	0	0.0
4	Homeowners multiple per	120,866,533	10,000	98,237,144	22,639,389	4,937,775	5,890,324	21,686,840	102.5
5	Commercial multiple per	0	0	0	0	0	0	0	0.0
6	Mortgage guaranty	0	0	0	0	0	0	0	0.0
8	Ocean marine	0	0	0	0	0	0	0	0.0
9	Indemnity	0	0	0	0	0	0	0	0.0
10	Financial guaranty	0	0	0	0	0	0	0	0.0
11 1	Medical practice - occurrence	0	0	0	0	0	0	0	0.0
11 2	Medical practice - commercial-made	0	0	0	0	0	0	0	0.0
12	Earthquake	0	0	0	0	0	0	0	0.0
13	Group accident and health	0	0	0	0	0	0	0	0.0
14	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15	Other accident and health	0	0	0	0	0	0	0	0.0
16	Workers' compensation	0	0	0	0	0	0	0	0.0
17 1	Other liability - occurrence	0	0	0	0	0	0	0	0.0
17 2	Other liability - commercial-made	0	0	0	0	20,562	103,628	(83,066)	(61.7)
18 1	Products liability - occurrence	0	0	0	0	0	0	0	0.0
18 2	Products liability - commercial-made	0	0	0	0	0	0	0	0.0
19 1 19 2	Private passenger automobile liability	0	0	0	0	0	0	0	0.0
19 3 19 4	Commercial automobile liability	0	0	0	0	0	0	0	0.0
21	Auto physical damage	0	0	0	0	0	0	0	0.0
22	Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23	Fidelity	0	0	0	0	0	0	0	0.0
24	Surety	0	0	0	0	0	0	0	0.0
26	Burglary and theft	0	0	0	0	0	0	0	0.0
27	Boiler and machinery	0	0	0	0	0	0	0	0.0
28	Credit	0	0	0	0	0	0	0	0.0
29	International	0	0	0	0	0	0	0	0.0
30	Reinsurance - Nonproportional Assumed Property	XXX	0	0	0	0	0	0	0.0
31	Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	0	0	0	0.0
32	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0	0	0.0
33	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
34	TOTALS	124,274,999	10,000	101,054,977	23,230,022	5,079,523	6,907,820	21,401,725	97.3
DETAILS OF WRITE-INS									
3301		0	0	0	0	0	0	0	0.0
3302		0	0	0	0	0	0	0	0.0
3303		0	0	0	0	0	0	0	0.0
3398	Summary of remaining write-ins for Line 33 from overleaf 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

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

	Line of Business	Reported Losses					Incurred But Not Reported			8	9
		1	2	3	4	5	6	7			
		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 Including (Cols 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses	
1	Fire	95,000	0	47,500	47,500	3,455	0	2,129	48,826	11,769	
2	Automobiles	138,060	0	118,060	20,000	1,003,799	0	950,799	72,360	6,286	
3	Farmowners multiple per	0	0	0	0	0	0	0	0	0	
4	Homeowners multiple per	25,218,820	0	21,989,937	3,228,883	32,740,777	0	31,031,885	4,937,775	450,455	
5	Commercial multiple per	0	0	0	0	0	0	0	0	0	
6	Mortgage guaranty	0	0	0	0	0	0	0	0	0	
8	Ocean marine	0	0	0	0	0	0	0	0	0	
9	Industrial marine	0	0	0	0	0	0	0	0	0	
10	Financial guaranty	0	0	0	0	0	0	0	0	0	
11 1	Medical malpractice - occurrence	0	0	0	0	0	0	0	0	0	
11 2	Medical malpractice - claims-made	0	0	0	0	0	0	0	0	0	
12	Earthquake	0	0	0	0	0	0	0	0	0	
13	Group accident and health	0	0	0	0	0	0	0	(a)	0	
14	Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0	
15	Other accident and health	0	0	0	0	0	0	0	(a)	0	
16	Workers' compensation	0	0	0	0	0	0	0	0	0	
17 1	Other liability - occurrence	25,010	0	10,004	15,006	10,963	0	5,407	20,562	2,936	
17 2	Other liability - claims-made	0	0	0	0	0	0	0	0	0	
18 1	Products liability - occurrence	0	0	0	0	0	0	0	0	0	
18 2	Products liability - claims-made	0	0	0	0	0	0	0	0	0	
19 1 19 2	Private passenger automobile liability	0	0	0	0	0	0	0	0	0	
19 3 19 4	Commercial automobile liability	0	0	0	0	0	0	0	0	0	
21	Automobile physical damage	0	0	0	0	0	0	0	0	0	
22	Aircraft (all perils)	0	0	0	0	0	0	0	0	0	
23	Fidelity	0	0	0	0	0	0	0	0	0	
24	Surety	0	0	0	0	0	0	0	0	0	
26	Burglary and theft	0	0	0	0	0	0	0	0	0	
27	Boiler and machinery	0	0	0	0	0	0	0	0	0	
28	Credit	0	0	0	0	0	0	0	0	0	
29	International	0	0	0	0	0	0	0	0	0	
30	Reinsurance - Nonproportional Assumed Property	XXX	0	0	0	XXX	0	0	0	0	
31	Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	XXX	0	0	0	0	
32	Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	XXX	0	0	0	0	
33	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	
34	TOTALS	25,476,890	0	22,165,501	3,311,389	33,758,354	0	31,990,220	5,079,523	471,446	
DETAILS OF WRITE-INS											
3301		0	0	0	0	0	0	0	0	0	
3302		0	0	0	0	0	0	0	0	0	
3303		0	0	0	0	0	0	0	0	0	
3398	Summary of remaining write-ins for Line 33 from over flow 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) Inc ud ng \$0 for present va ue of fe ndemn ty c a ms

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	15,944,101	0	0	15,944,101
1.2 Reinsurance assumed	9,958	0	0	9,958
1.3 Reinsurance ceded	13,086,152	0	0	13,086,152
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,867,907	0	0	2,867,907
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	4,417,520	0	4,417,520
2.2 Reinsurance assumed, excluding contingent	0	0	0	0
2.3 Reinsurance ceded, excluding contingent	0	12,549,410	0	12,549,410
2.4 Contingent-direct	0	0	0	0
2.5 Contingent-reinsurance assumed	0	0	0	0
2.6 Contingent-reinsurance ceded	0	(1,338,013)	0	(1,338,013)
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(6,793,877)	0	(6,793,877)
3. Allowances to manager and agents	0	3,187,775	0	3,187,775
4. Advertising	0	71,462	0	71,462
5. Boards, bureaus and associations	0	98,635	0	98,635
6. Surveys and underwriting reports	0	10,530	0	10,530
7. Audit of assureds' records	0	186,664	0	186,664
8. Salary and related items:				
8.1 Salaries	0	1,252,096	0	1,252,096
8.2 Payroll taxes	0	73,983	0	73,983
9. Employee relations and welfare	0	150,575	0	150,575
10. Insurance	0	66,758	0	66,758
11. Directors' fees	0	0	0	0
12. Travel and travel items	0	46,079	0	46,079
13. Rent and rent items	0	126,364	0	126,364
14. Equipment	0	4,309	0	4,309
15. Cost or depreciation of EDP equipment and software	0	102,349	0	102,349
16. Printing and stationery	0	89,106	0	89,106
17. Postage, telephone and telegraph, exchange and express	0	38,795	0	38,795
18. Legal and auditing	0	43,697	0	43,697
19. Totals (Lines 3 to 18)	0	5,549,177	0	5,549,177
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$0	0	941,722	0	941,722
20.2 Insurance department licenses and fees	0	52,058	0	52,058
20.3 Gross guaranty association assessments	0	6	0	6
20.4 All other (excluding federal and foreign income and real estate)	0	38,984	0	38,984
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,032,770	0	1,032,770
21. Real estate expenses	0	0	0	0
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured accident and health plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	0	52,965	142,115	195,080
25. Total expenses incurred	2,867,907	(158,965)	142,115	(a) 2,851,057
26. Less unpaid expenses - current year	471,446	(1,842,741)	0	(1,371,295)
27. Add unpaid expenses - prior year	530,452	2,202,165	0	2,732,617
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	2,926,913	3,885,941	142,115	6,954,969
DETAILS OF WRITE-INS				
2401. Bank/Investment Fees.....	0	0	142,115	142,115
2402. Miscellaneous Expenses.....	0	52,965	0	52,965
2403.	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	52,965	142,115	195,080

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

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....0	.....0
1.1	Bonds exempt from U.S. tax	(a).....75,976	.....19,959
1.2	Other bonds (unaffiliated)	(a).....620,599	.....596,164
1.3	Bonds of affiliates	(a).....0	.....0
2.1	Preferred stocks (unaffiliated)	(b).....0	.....0
2.11	Preferred stocks of affiliates	(b).....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0
3.	Mortgage loans	(c).....0	.....0
4.	Real estate	(d).....0	.....0
5.	Contract loans.....	.....0	.....0
6.	Cash, cash equivalents and short-term investments	(e).....576,879	.....590,858
7.	Derivative instruments	(f).....0	.....0
8.	Other invested assets .....	.....0	.....0
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,273,454	.....1,206,981
11.	Investment expenses		(g).....142,115
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....74,711
13.	Interest expense		(h).....0
14.	Depreciation on real estate and other invested assets		(i).....0
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....216,826
17.	Net Investment Income - (Line 10 minus Line 16)		990,155
DETAILS OF WRITE-INS			
0901.	.....	.....0	.....0
0902.	.....	.....0	.....0
0903.	.....	.....0	.....0
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....		.....0
1502.	.....		.....0
1503.	.....		.....0
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$8,359 accrual of discount less \$73,160 amortization of premium and less \$0 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 \$2,051 accrual of discount less \$0 amortization of premium and less \$0 paid for accrued interest on purchases.
(f) Includes \$0 accrual of discount less \$0 amortization of premium.
(g) Includes \$0 investment expenses and \$0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$0 interest on surplus notes and \$0 interest on capital notes.
(i) Includes \$0 depreciation on real estate and \$0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	.....0	.....0	.....0	.....0
1.1	Bonds exempt from U.S. tax .....	.....13,001	.....(889)	.....0	.....12,112
1.2	Other bonds (unaffiliated) .....	.....22,834	.....(20,274)	.....0	.....2,560
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0	.....0
5.	Contract loans .....	.....0	.....0	.....0	.....0
6.	Cash, cash equivalents and short-term investments .....	.....0	.....0	.....0	.....0
7.	Derivative instruments .....	.....0	.....0	.....0	.....0
8.	Other invested assets .....	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	35,835	(21,163)	0	14,672
DETAILS OF WRITE-INS					
0901.	.....	.....0	.....0	.....0	.....0
0902.	.....	.....0	.....0	.....0	.....0
0903.	.....	.....0	.....0	.....0	.....0
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	4,752	77,071	72,319
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	753,735	33,698	(720,037)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	94,936	28,877	(66,059)
19. Furniture and equipment, including health care delivery assets.....	96,112	61,291	(34,821)
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	156,314	106,440	(49,874)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,105,849	307,377	(798,472)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	1,105,849	307,377	(798,472)
DETAILS OF WRITE-INS			
0901.	0	0	0
0902.	0	0	0
0903.	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Other Assests.....	156,314	106,440	(49,874)
2302.	0	0	0
2303.	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	156,314	106,440	(49,874)

NOTES TO FINANCIAL STATEMENTS

Note 1	<p>Summary of Significant Accounting Policies</p> <p>A. Accounting Practices</p> <p>The accompanying financial statements have been completed in conformity with the <i>NAIC Accounting Practices and Procedures</i> manual and in conformity with the state laws of Florida.</p> <p>B. Use of Estimates in the Preparation of the Financial Statements</p> <p>The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.</p> <p>C. Accounting Policy</p> <p>Premiums are earned over the term of the related insurance policies. Unearned premium reserves are established to cover the unexpired portion of premiums written calculated on a pro rata basis.</p> <p>Expenses incurred in connection with acquiring new business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.</p> <p>In addition, the Company uses the following accounting policies:</p> <ol style="list-style-type: none">1. Short-term investments are stated at amortized cost.2. Bonds not backed by other loans are stated at either amortized cost, using the interest method, or the lower of amortized cost or fair market value.3. The Company does not own common stocks.4. The Company does not own preferred stock.5. The Company does not own mortgage loans.6. Loan-backed securities are stated at either amortized cost, using the interest method, or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities, EITF 99-20 eligible securities or securities where the yield had become negative, that are valued using the prospective method.7. The Company has no investments in affiliated companies.8. The Company has no investments in joint ventures, partnerships or limited liability companies.9. The Company does not invest in derivatives.10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.11. Unpaid losses and loss adjustment expenses include an amount determined on individual case basis estimates and an amount, based on past experience, for losses incurred but not reported. Management believes that such amounts are adequate, but because such liabilities are necessarily based on estimates and assumptions, the ultimate liability may be in excess of or less than the amounts provided. The process of making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.12. The Company has not changed its capitalization policy from the prior period.
Note 2	<p>Accounting Changes and Corrections of Errors</p> <p>A. The Company did not have any material changes in its financial statements as a result of a change in accounting principles or correction of errors.</p>
Note 3	<p>Business Combinations and Goodwill</p> <p>The Company did not enter into any business combinations or record any goodwill on its balance sheet in 2005 and 2004.</p> <p>The Company did not recognize any losses due to an impairment of any assets owned at December 31, 2005 and 2004.</p>
Note 4	<p>Discontinued Operations</p> <p>The Company did not discontinue any operations during 2005 and 2004.</p>
Note 5	<p>Investments</p> <p>A. Mortgage Loans</p> <p>The Company did not invest in mortgage loans in 2005 and 2004.</p> <p>B. Debt Restructuring</p> <p>The Company was not a creditor in restructured debt in 2005 and 2004.</p> <p>C. Reverse Mortgages</p> <p>The Company did not invest in reverse mortgages in 2005 and 2004.</p> <p>D. Loan-Backed Securities</p> <ol style="list-style-type: none">1. The Company uses the retrospective method to value loan-backed securities. When applying the retrospective method, the Company uses historical cash flows. There were no securities owned prior to January 1, 1999.2. Prepayment assumptions for mortgage-backed/asset-backed securities and Collateralized Mortgage Obligations were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).3. The Company used FT-Interactive, Reuters, Merrill Lynch, Bloomberg or independent security dealers in determining the market value of its loan-backed securities.4. The Company had no negative yield situations requiring a change from the retrospective to the prospective method.

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements

For repurchase agreements, Company policy requires 100% of the fair value of securities purchased under repurchase agreements to be maintained as collateral.

F. Real Estate

The Company did not have any real estate investments during the statement periods.

Note 6 Joint Ventures, Partnerships and Limited Liabilities Companies

A. The Company had no investments in Joint Ventures, Partnerships or Limited Liability Companies during the statement periods.

Note 7 Investment Income

- A. All investment income due and accrued with amounts over 90 days past due are excluded from surplus.
- B. The Company did not exclude any investment accrued during the statement periods.

Note 8 Derivative Investments

The Company did not hold or issue any derivative instruments.

Note 9 Income Taxes

A. Deferred income taxes reflect the estimated future tax effects of temporary differences between the bases of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations. The components of deferred tax assets and liabilities as of December 31, 2005 and 2004 (in thousands) are as follows:

	2005	2004
1. Total of all deferred tax assets (Admitted and nonadmitted)	\$1,475	\$1,656
2. Total of all deferred tax liabilities	\$9	\$19
3. Total of deferred tax assets nonadmitted in accordance with SSAP NO 10 Income Taxes	\$754	\$34
4. Increase (decrease) in deferred tax assets nonadmitted	\$720	\$19

- B. The Company has no unrecognized deferred tax liabilities.
- C. Current income taxes incurred consist of the following major components:

Description	2005 (In Thousands)	2004 (In Thousands)
Current Tax expense	\$(556)	\$(8,040)
(Increase) Decrease in DTA	171	(284)
Increase (Decrease) in DTL	0	0
Current Income Taxes Incurred	\$(385)	\$(8,324)

The main components of the 2005 deferred tax amounts (in thousands) are as follows:

DTAs	Statutory	Tax	Difference	Tax Effect
Discount on Unearned Premium Reserve	\$19,354	\$15,483	\$3,871	\$1,316
Discount on Losses & Loss Reserves	5,551	5,084	467	159
Total DTAs	\$24,905	\$20,567	\$4,338	\$1,475
0399. DTAs nonadmitted	\$1,093	\$1,019	\$74	\$754

NOTES TO FINANCIAL STATEMENTS

DTLs	Statutory	Tax	Difference	Tax Effect
Market Discount Accretion	\$16	\$0	\$16	\$(5)
Depreciation	\$263	\$252	\$11	\$(4)
0499. Total DTLs	\$279	\$252	\$27	\$(9)

The changes in main components of DTAs and DTLs (in thousands) are as follows:

DTAs resulting from Book/Tax Differences in :	12/31/05	12/31/04	Difference
Unearned Premium Reserve	\$1,316	\$1,443	\$(127)
Discount on Losses and Loss Reserves	159	213	(54)
Other	0	0	0
0599. Total DTAs	\$1,475	\$1,656	\$(181)
0699. DTAs nonadmitted	\$754	\$34	\$720

DTLs resulting from Book/Tax Differences in :	12/31/05	12/31/04	Difference
Market Discount Accretion	\$(5)	\$(5)	\$0
Depreciation	\$(4)	\$(14)	\$10
0599. Total DTLs	\$(9)	\$(19)	\$10

D. Among the significant book to tax adjustments were the following:

	Amount	Tax Effect
Income Before Taxes	\$(1,104)	\$(375)
Book over Tax Reserve		
Unearned Premium Reserve	(373)	(127)
Other	(159)	(54)
Total Adjustments	(532)	(181)
Taxable Income	\$(1,636)	\$(556)

- E. 1. The amount of net losses carried forward and available to offset future Federal income taxes is:
Current year \$0
First preceding year \$0
2. The amount of federal income taxes incurred and available for recoupement in the event of future losses is:
Current year \$0
First preceding year \$0
Second preceding year \$0

NOTES TO FINANCIAL STATEMENTS

- F. The Company's federal income tax return is combined with the following entities:
- a. Cypress Holdings II, Inc.
Cypress Holdings, Inc.
Cypress Texas Management, Inc.
Cypress Texas Lloyds
 - b. The Company is included in a consolidated federal income tax return with its parent Company, Cypress Holdings, Inc. & the other companies listed in (a). The Company has a written agreement, approved by its Board of Directors, which sets forth the manner in which total combined federal income tax is allocated to each entity that is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Note 10 Information Concerning Parent, Subsidiaries and Affiliates

- A. All outstanding shares of the Company are owned by Cypress Holdings, Inc. (Parent), a Delaware corporation. The Company did not pay dividends in 2005 and 2004 to its Parent. The Company has outstanding a subordinated surplus debenture, approved by the Florida Office of Insurance Regulation (OIR), payable to its Parent for \$3 million. An additional subordinated surplus debenture, which was approved by the Florida OIR, in the amount of \$2 million was issued to Parent on September 30, 2004 for cash. The interest due on these two debentures for 2005 and 2004 is not reflected in the financial statements because the terms of the debentures require that the interest can only be paid out of unassigned surplus. The amount of interest that was excluded from the financial statements for 2005 and 2004 is \$345,000 and \$244,000, respectively. Principal and/or interest payments related to these subordinated debentures may not be paid without prior approval of the Florida OIR. During 2005 and 2004 the Parent contributed additional capital of \$1.8 million and \$8.6 million, respectively.
- B. The Company incurred \$12,281,000 and \$11,346,000 in commission expense payable to Cypress Insurance Services, LLC (CIS), an affiliate, during 2005 and 2004, respectively. The Company provides administrative services to CIS, Service First Insurance Group, LLC (SFIG), Cypress Texas Management, Inc. and Cypress Texas Insurance Services, Ltd. LLP for which it was reimbursed \$1,640,000 and \$1,081,000 in 2005 and 2004, respectively. During 2005, the Boards of Directors of CIS and SFIG authorized the payment of commission subsidies to the Company totaling \$7,864,000. The Company has shown these amounts as a reduction of Other Underwriting Expenses Incurred on the Statement of Income.
- C. Net amounts due to affiliated companies were \$442,000 and \$281,000 at December 31, 2005 & 2004, respectively. The Company settles most balances on a monthly basis.
- D. The Company holds no investment in its Parent or affiliates at December 31, 2005.
- E. The Company does not own any shares in its Parent or affiliates as of December 31, 2005.
- F. The Company has no guarantees or undertakings for the benefit of an affiliate as of December 31, 2005.
- G. The Company has no investment in an SCA entity at December 31, 2005.

Note 11 All Other Debt

The Company has no other debt.

Note 12 Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

- a. The Company had no employee defined benefit or defined contribution retirement plans as of 12/31/05
- b. The Company's employees participate in a 401(K) deferred compensation plan sponsored by the Parent Company. Participation is offered to all employees who are over the age of 18 and have completed one year of full-time employment in which the employee worked at least 1000 hours. The Plan provides for Company-matching of all employee contributions up to 3% of gross compensation. The Company contributed \$34,000 and \$33,000 to this Plan in 2005 and 2004, respectively. Employees vest in these Company contributions starting after 3 years of service and are fully vested after 5 years.
- c. The Company had no postretirement benefit plan as of 12/31/05

Note 13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 7 million shares authorized, 700,000 shares issued and outstanding. All shares are Class A shares with a par value of \$1.00.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the state of Florida, the Company's state of incorporation, to \$0, an amount that is based on restrictions relating to statutory surplus.
- (4) Within the limitations of (3) above, there are no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to shareholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) There are no advances to surplus not repaid.
- (7) There is no stock held by the Company for special purposes.
- (8) There are no balances of special surplus funds as of 12/31/05.
- (9) Direct charges to surplus for non-admitted assets reduced unassigned surplus by \$798,000 and \$74,000 at December 31, 2005 and 2004, respectively. The major cause for the increase in 2005 non-admitted assets was the restriction under SSAP 10 requiring the deferred tax asset to be no greater than 10% of surplus.

NOTES TO FINANCIAL STATEMENTS

Date Issued	Interest Rate	Par Value	Principal or Interest Paid in Current Year	Date of Maturity
1/1/1999	7%	\$3,000,000	0	No fixed date
9/30/2004	6 3/4%	\$2,000,000	0	No fixed date

The surplus notes rank *pari passu* with any other future surplus notes of the parent and with other similarly subordinated claims.

Note 14 Contingent Liabilities

- Note 15 Leases

The minimum aggregate rental commitments as determined by lease agreements at December 31, 2005 are as follows:

B. Lessor Leases

A. The Company does not have any financial instruments with off-balance sheet risk.

Note 17 Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

- The Company has transferred no receivables reported as sales in accordance with SSAP No. 42, Sale of Premium Receivables.

- The Company has no transactions reportable under SSAP No. 18, Transfers and Servicing of Financial Assets and Extinguishment of Liabilities.

- The Company did not have any wash sales as defined in paragraph 7 of SSAP No. 18.

Note 18 Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company had no uninsured or partially insured A&H plans as of 12/31/05.

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

<u>Name & Address</u>	<u>FEIN</u>	<u>Exclusive Contract</u>	<u>Business Written</u>	<u>Authority Granted*</u>	<u>Direct Written Premium</u>
Cypress Insurance Services, LLC Jacksonville, FL 32224	59-3621806	Yes	Fire, Homeowners, Other Liability	P, B	\$64,640,000

B – Binding Authority

NOTES TO FINANCIAL STATEMENTS

Note 20

September 11 Events

The Company does not have any liabilities arising out of the events of September 11, 2001.

Note 21

Other Items

A. Extraordinary Items

The Company had no extraordinary items to report at December 31, 2005 under SSAP No. 24, Discontinued Operations and Extraordinary Items.

B. Troubled Debt Restructuring

There was no debt restructuring at December 31, 2005.

C. Other Disclosures

Assets in the amount of \$300,000 at December 31, 2005 and 2004 were on deposit with the Florida Department of Insurance, as required by law.

D. Uncollectible Receivables

At December 31, 2005 and 2004 the Company had admitted assets of \$2,469,000 and \$2,408,000, respectively, in uncollected premium. All premiums are direct-billed; there are no receivables from or by "Controlled or Controlling Persons". The Company routinely assesses the collectibility of these receivables. Based on Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

The Company has no receivables under SSAP No. 47, Uninsured Plans or SSAP No. 66, Retrospectively Rated Contracts.

E. Noncash Transactions

The Company has no non-cash transactions to report.

F. Business Interruption Insurance Recoveries

The Company did not have any business interruption insurance recoveries.

Note 22

Events Subsequent

The Company does not have any material subsequent events to report at 12/31/05.

Note 23

Reinsurance

A. Unsecured Reinsurance Recoverables

The Company's unsecured reinsurance balances (including ceded case and IBNR reserves) in excess of 3% of policyholders' surplus with any one reinsurer are displayed below:

NAIC Code	FEIN	Name	Amount (in thousands)
38776	13-2997499	Folksamerica Reinsurance Co	1,313
00000	AA-9991310	Florida Hurricane Catastrophe Fund	34,956
00000	AA-1127414	Ascot Ins Services Ltd./Lloyd's Syndicate # 1414	1,306
00000	AA-1128001	Lloyd's Syndicate Number 2001	3,446
00000	AA-1128010	Lloyd's Syndicate Number 2010	1,464
00000	AA-1128791	Lloyd's Syndicate Number 2791	882
00000	AA-1126566	Lloyd's Syndicate Number 566	788
00000	AA-1126780	Lloyd's Syndicate Number 780	1,520
00000	AA-1126190	Lloyd's Syndicate Number 190	981
		Total Unsecured Reinsurance Balances	46,646

B. Reinsurance Recoverable in Dispute

The Company had no reinsurance recoverable in dispute as of 12/31/05.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

	Assumed Reinsurance		Ceded Reinsurance		Net of Reinsurance	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
i. Affiliates	\$0	\$0	\$0	\$0	\$0	\$0
ii. All Other	\$0	\$0	\$17,526,000	\$8,763,000	\$(17,526,000)	\$(8,763,000)
iii. Total	\$0	\$0	\$17,526,000	\$8,763,000	\$(17,526,000)	\$(8,763,000)
iv. Direct Unearned Premium Reserve	\$35,051,000					

- a. At 12/31/05, the Company had a liability to its quota share reinsurer in the amount of \$1,338,000, as a result of unfavorable loss experience for the 2003-2005 Contract Years.

D. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance during the statement periods.

E. Commutation of Ceded Reinsurance

The Company does not have any ceded reinsurance commutations to report at 12/31/05.

F. Retroactive Reinsurance

The Company had no retroactive reinsurance agreements as of 12/31/05.

G. Reinsurance Accounted for as a Deposit

The Company had no reinsurance agreements accounted for as deposits at 12/31/05.

Note 24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

Note 25 Change in Incurred Losses and Loss Adjustment Expenses

One and Two year loss development was \$6,551,000 and \$2,311,000, respectively. The one-year development is principally the result of the unprecedented number of severe hurricanes that made landfall in Florida in 2004. Approximately 25% of the Company's policyholders incurred claims as a result of these storms. The two-year development is primarily caused by adverse development in the settlement of sinkhole claims. This increase in reserves is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes know regarding individual claims.

Note 26 InterCompany Pooling Arrangements

The Company did not participate in any intercompany pooling arrangements during the statement periods.

Note 27 Structured Settlements

The Company has no liabilities for structured settlements during the statement periods.

Note 28 Health Care Receivables

The Company had no health care receivables at 12/31/05.

Note 29 Participating Policies

The Company has no participating policies at 12/31/05.

Note 30 Premium Deficiency Reserves

The Company does not have any premium deficiency reserves at 12/31/05.

Note 31 High Deductibles

Not applicable.

Note 32 Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company did not discount any liabilities for unpaid losses or unpaid loss adjustment expenses during 2005 and 2004.

Note 33 Abestos/Environmental Reserves

The Company has no exposure to asbestos or environmental claims.

Note 34 Subscriber Savings Accounts

Not applicable.

Note 35 Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	0	0.000	0	0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	1,000,000	3.409	1,000,000	3.409
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued or guaranteed by FNMA and FHLMC	6,639,252	22.632	6,639,252	22.632
1.513 All other	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	193,407	0.659	193,407	0.659
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	0.000	0	0.000
1.523 All other	1,804,148	6.150	1,804,148	6.150
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,992,540	10.201	2,992,540	10.201
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including \$0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (including \$0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash, cash equivalents and short-term investments	16,706,122	56.949	16,706,122	56.949
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	29,335,469	100.000	29,335,469	100.000

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 [] NA []
- 1.3

State Regulating?

Florida
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004
- 3.2

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

12/31/2001
- 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).

07/03/2002
- 3.4

By what department or departments? Florida Office of Insurance Regulation
- 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 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 [X] No []

4.12 renewals?

Yes [X] No []
- 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 [X] No []

4.22 renewals?

Yes [X] No []
- 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 Company 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
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [X] No []
- 7.2

If yes,

7.21 State the percentage of foreign control;

42.8

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g , individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
Canadian	Trust

GENERAL INTERROGATORIES

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PriceWaterhouseCoopers LLP, 50 N.Laura St. Ste 3000, Jacksonville, FL 32202
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?

Michael W Whatley, ACAS, MAAA, Vice-President-Actuary, Cypress Property & Casualty Insurance Co., 13901 Sutton Park Dr. S, Suite 310, Jacksonville, FL 32224
- 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

0

11.13

Total book/adjusted carrying value

\$ 0
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA [X]

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 likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$ 0

16.12

To stockholders not officers

\$ 0

16.13

Trustees, supreme or grand (Fraternal only)

\$ 0
- 16.2

Total amount of loans outstanding at 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 of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this 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 the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$ 0

GENERAL INTERROGATORIES
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 [X] No []

20.2 If no, give full and complete information relating thereto:

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

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

21.21

Loaned to others

\$.....0

21.22

Subject to repurchase agreements

\$.....0

21.23

Subject to reverse repurchase agreements

\$.....0

21.24

Subject to dollar repurchase agreements

\$.....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 other 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 [] NA [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. \$.....0

GENERAL INTERROGATORIES

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:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Wachovia Bank, National Association.....	123 S. Broad St. Philadelphia, PA 19109.....

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:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

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:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....

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:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
105900.....	General Re/New Endland Asset Management.....	76 Batterson Park Road, Farmington CT 06032.....

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

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
25.2999 TOTAL		0

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

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	12,629,349	12,459,217	(170,132)
26.2 Preferred stocks.....	0	0	0
26.3 Totals	12,629,349	12,459,217	(170,132)

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

The fair value of bonds is based on the closing prices of publicly traded issues. The fair value of all other issues was obtained from FT-Interactive, Reuters, Merrill Lynch, Bloomberg or independent Security dealers.....

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 the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$98,635

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	2
Name	Amount Paid
Insurance Services Office.....	80,399

29.1 Amount of payments for legal expenses, if any?.....\$27,475

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	2
Name	Amount Paid
Volpe, Bajalia, Wickes & Rogerson, P.A.....	27,475

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	2
Name	Amount Paid
.....
.....
.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$0

1.31 Reason for excluding

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$0

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$0

1.6

Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

\$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		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$21,997,889	\$	.....25,677,446
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$23,076,536	\$	.....27,108,228
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

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 policies.....

\$0

3.22 Non-participating policies.....

\$0

4. For Mutual Reporting Entities and Reciprocal Exchanges Only:

4.1

Does the reporting entity issue assessable policies?.....

Yes [] No []

4.2

Does the reporting entity issue non-assessable policies?.....

Yes [] No []

4.3

If assessable policies are issued, what is the extent of the contingent liability of the policyholders?.....

0.0 %

4.4

Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums?.....

\$0

5. For Reciprocal Exchanges Only:

5.1

Does the Exchange appoint local agents?.....

Yes [] No []

5.2

If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation.....

Yes [] No [] NA [X]

5.22 As a direct expense of the Exchange.....

Yes [] No [] NA [X]

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

.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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?.....
N/A Company does not write Workers' Compensation policies.....

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.
Applied Insurance Research (AIR) determines the PML with proprietary computer modeling software approved by the Florida Department of Financial Services on the Company's homeowner & dwelling fire policies throughout the State of Florida.....

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 maximum property insurance loss?.....
The Company's program consists of FHCF protection at the 90% reimbursement option, a Quota Share treaty and a series of catastrophe reinsurance layers designed to cover the company's exposure to at least a 1 in 200 year PML

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 it s exposure to uninsured catastrophic loss.
.....

7.1

Has this 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 ratio cap, an aggregate limit or any similar provision)?.....

Yes [X] No []

7.2

If yes, indicate the number of reinsurance contracts containing such provisions:

1

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 [X]

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 the risk, or portion thereof, reinsured?.....

Yes [] No [X]

8.2

If yes, give full information
.....

9.1

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

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) An unconditional or unilateral right by either party to commute the reinsurance contract, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.....

Yes [] No [X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions under approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common 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 affiliates 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.

Do not include cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common 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.

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 principal 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 reinsurances 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 [] No [] NA [X]

11.1

Has this reporting entity guaranteed policies issued by any other entity and now in force?.....

Yes [] No [X]

11.2

If yes, give full information
.....

17.1

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

[]

NA

[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

0.0

%

12.42

To

0.0

%

12.5

Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the 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 the current year:

12.61

Letters of Credit

\$

0

12.62

Collateral and other funds

\$

0

13.1

What amount of installment notes is owned and now held by the reporting entity?

\$

0

13.2

Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?

Yes

[]

No

[X]

13.3

If yes, what amount?

\$

0

14.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$

316,000

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.

1

15.1

Is the company a cedant in a multiple cedant reinsurance contract?

Yes

[X]

No

[]

15.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:
The premium is allocated based on modeled Average Annual Loss (AAL) by State, by layer

15.3

If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes

[]

No

[X]

15.4

If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in writer agreements?

Yes

[]

No

[X]

15.5

If answer to 15.4 is no, please explain:
Premium allocation is done internally based on AAL by state, by layer as the contract does not include a provision for allocation of premium. Reinstatement premiums are paid based upon the company incurring the loss

16.1

Has the reporting entity guaranteed any financed 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
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
17.11 Home	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
17.12 Products	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
17.13 Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
17.14 Other*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

18.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5.....	\$.....	0
18.12	Unfunded portion of Interrogatory 18.11.....	\$.....	0
18.13	Paid losses and loss adjustment expenses portion of Interrogatory 18.11.....	\$.....	0
18.14	Case reverses 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 commissions portion of Interrogatory 18.11.....	\$.....	0

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

18.18	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5.....	\$.....	0
18.19	Unfunded portion of Interrogatory 18.18.....	\$.....	0
18.20	Paid losses and loss adjustment expenses portion of Interrogatory 18.18.....	\$.....	0
18.21	Case reverses 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 commissions 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)	337,429	107,240	106,719	149,005	153,147
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,306,803	1,576,925	1,313,928	1,868,449	1,693,221
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	62,995,348	58,029,132	50,992,727	38,485,403	27,084,923
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	64,639,580	59,713,297	52,413,374	40,502,857	28,931,291
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)	212,036	64,309	61,897	160,486	76,430
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	542,499	829,727	623,963	1,736,760	689,149
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	19,098,965	27,431,316	22,982,736	30,942,911	10,295,596
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	19,853,500	28,325,352	23,668,596	32,840,157	11,061,175
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8)	(2,112,778)	(25,275,125)	174,923	(195,935)	(47,956)
14. Net investment gain (Loss) (Line 11)	1,004,827	1,053,528	581,252	819,230	943,993
15. Total other income (Line 15)	3,482	0	0	3,407,499	0
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(437,133)	(8,040,367)	473,193	1,744,146	411,658
18. Net income (Line 20)	(667,336)	(16,181,230)	282,982	2,286,648	484,379
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	41,165,886	64,266,984	40,873,395	38,591,994	26,843,947
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	2,468,808	2,407,981	1,783,928	1,195,238	705,691
20.2 Deferred and not yet due (Line 13.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	33,015,892	56,244,053	27,475,093	25,699,119	16,110,275
22. Losses (Page 3, Lines 1 and 2)	5,079,523	6,907,820	3,375,417	3,516,941	1,032,716
23. Loss adjustment expenses (Page 3, Line 3)	471,446	530,452	453,839	413,682	113,173
24. Unearned premiums (Page 3, Line 9)	17,525,567	19,669,956	17,022,050	12,873,252	8,587,674
25. Capital paid up (Page 3, Lines 28 & 29)	700,000	700,000	700,000	700,000	700,000
26. Surplus as regards policyholders (Page 3, Line 35)	8,149,994	8,022,931	13,398,302	12,892,875	10,733,672
Risk-Based Capital Analysis					
27. Total adjusted capital	8,149,994	8,022,931	13,398,302	12,892,875	10,733,672
28. Authorized control level risk-based capital	2,749,659	5,522,393	2,990,535	5,281,083	2,101,288
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)	43.1	41.1	72.4	63.4	62.7
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash, cash equivalents and short-term investments (Line 5)	56.9	58.9	27.5	36.6	37.3
34. Contract loans (Line 6)	0.0	0.0	0.0	XXX	XXX
35. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Receivables for securities (Line 8)	0.0	0.0	0.1	0.0	0.0
37. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
40. Affiliated preferred stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
41. Affiliated common stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
43. Affiliated mortgage loans on real estate	0	0	0	0	0
44. All other affiliated	0	0	0	0	0
45. Total of above Lines 39 to 44	0	0	0	0	0
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)	0.0	0.0	0.0	0.0	0.0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company					
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)	0	0	0	0	0
48. Dividends to stockholders (Line 35)	0	0	0	(500,000)	0
49. Change in surplus as regards policyholders for the year (Line 38)	127,065	(5,375,372)	505,425	2,159,204	1,180,198
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)	0	187,717	13,000	317	1,000
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,408,466	6,540,314	547,676	839,390	394,022
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	120,876,533	154,943,449	14,654,048	9,383,176	6,286,512
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
55. Total (Line 34)	124,284,999	161,671,480	15,214,724	10,222,883	6,681,534
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)	0	186,397	13,000	317	500
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	590,633	581,562	346,030	839,390	191,764
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	22,639,389	32,354,369	10,059,392	9,350,080	3,053,446
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
61. Total (Line 34)	23,230,022	33,122,328	10,418,422	10,189,787	3,245,710
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)	97.3	142.8	52.6	44.4	36.9
64. Loss expenses incurred (Line 3)	13.0	5.1	8.2	5.3	4.6
65. Other underwriting expenses incurred (Line 4)	(0.7)	50.6	38.3	51.0	59.0
66. Net underwriting gain (loss) (Line 8)	(9.6)	(98.4)	0.9	(0.7)	(0.5)
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)	(0.8)	45.9	31.5	34.0	49.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	110.3	147.8	60.8	49.7	41.6
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)	243.6	353.1	176.7	254.7	103.1
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)	6,551	978	615	1,763	(13)
71. Percent of development of loss and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	81.7	7.3	4.8	16.4	(0.1)
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)	2,311	1,983	1,912	305	(285)
73. Percent of development of loss 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)	17.3	15.4	17.8	3.2	(3.1)



ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

NAIC Group Code			3456			BUSINESS IN THE STATE OF Florida				DURING THE YEAR 2005				NAIC Company Code 10953		
Line of Business			Gross Premiums Including Policy and Membership Fees		Less Return Premiums and Premiums on Policies not Taken		Dividends Paid or Credited to Policyholders on Direct Business	Direct Unearned Premium Reserves	Direct Losses Incurred (deducting salvage)	Direct Defense and Cost Expense Paid	Direct Defense and Cost Expense Incurred	Direct Defense and Cost Expense Unpaid	Commissions and Brokerage Expenses	Taxes and Licenses and Fees		
			1 Direct Premiums Written	2 Direct Premiums Earned	3 Premiums on Policies not Taken	4 Direct Premiums Earned										
1	Fire		530,806	592,875	0	259,237	0	256,008	98,455	4,817	1,817	0	(3,188)	16,119		
21	Automobiles		772,818	865,919	0	371,595	0	2,701,777	1,141,219	38,018	55,840	17,822	(4,570)	12,016		
22	Multiple crop		0	0	0	0	0	0	0	0	0	0	0	0		
23	Federal food		0	0	0	0	0	0	0	0	0	0	0	0		
3	Farmowners multiple		0	0	0	0	0	0	0	0	0	0	0	0		
4	Homeowners multiple per		62,995,348	60,734,828	0	34,200,282	0	119,632,194	57,959,597	1,170,727	1,406,220	469,504	(6,788,521)	993,519		
51	Commercial multiple per (non-automobile)		0	0	0	0	0	0	0	0	0	0	0	0		
52	Commercial multiple per (automobile)		0	0	0	0	0	0	0	0	0	0	0	0		
6	Mortgage guaranty		0	0	0	0	0	0	0	0	0	0	0	0		
8	Ocean marine		0	0	0	0	0	0	0	0	0	0	0	0		
9	Inland marine		3,179	6,251	0	956	0	0	0	0	0	0	0	0		
10	Financial guaranty		0	0	0	0	0	0	0	0	0	0	0	0		
11	Medical malpractice		0	0	0	0	0	0	0	0	0	0	0	0		
12	Earthquake		0	0	0	0	0	0	0	0	0	0	0	0		
13	Group accident and health (b)		0	0	0	0	0	0	0	0	0	0	0	0		
14	Credit A & H (group and individual)		0	0	0	0	0	0	0	0	0	0	0	0		
151	Collective renewal A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0		
152	Non-cancellable A & H (b)		0	0	0	0	0	0	0	0	0	0	(82)	86		
153	Guaranteed renewable A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0		
154	Non-renewable for stated reasons only (b)		0	0	0	0	0	0	0	0	0	0	0	0		
155	Other accident only		0	0	0	0	0	0	0	0	0	0	0	0		
156	Other A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0		
157	Federal employees health benefits program premium (b)		0	0	0	0	0	0	0	0	0	0	0	0		
16	Workers' compensation		0	0	0	0	0	0	0	0	0	0	0	0		
17	Other liability		337,429	171,831	0	219,064	0	(130,270)	35,973	233	333	100	2,484	11,030		
18	Products liability		0	0	0	0	0	0	0	0	0	0	0	0		
191	Private passenger automobile no-fault (personal injury protection)		0	0	0	0	0	0	0	0	0	0	0	0		
192	Other private passenger automobile liability		0	0	0	0	0	0	0	0	0	0	0	0		
193	Commercial automobile no-fault (personal injury protection)		0	0	0	0	0	0	0	0	0	0	0	0		
194	Other commercial automobile liability		0	0	0	0	0	0	0	0	0	0	0	0		
211	Private passenger automobile physical damage		0	0	0	0	0	0	0	0	0	0	0	0		
212	Commercial automobile physical damage		0	0	0	0	0	0	0	0	0	0	0	0		
22	Aircraft (all perils)		0	0	0	0	0	0	0	0	0	0	0	0		
23	Fidelity		0	0	0	0	0	0	0	0	0	0	0	0		
24	Surety		0	0	0	0	0	0	0	0	0	0	0	0		
26	Burglary and theft		0	0	0	0	0	0	0	0	0	0	0	0		
27	Boiler and machinery		0	0	0	0	0	0	0	0	0	0	0	0		
28	Credit		0	0	0	0	0	0	0	0	0	0	0	0		
33	Aggregate write-offs for other lines of business		0	0	0	0	0	0	0	0	0	0	0	0		
34	TOTALS (a)		64,639,580	62,371,704	0	35,051,134	0	124,274,999	59,235,244	1,213,795	1,464,210	487,426	(6,793,877)	1,032,770		
DETAILS OF WRITE-INS																
3301			0	0	0	0	0	0	0	0	0	0	0	0		
3302			0	0	0	0	0	0	0	0	0	0	0	0		
3303			0	0	0	0	0	0	0	0	0	0	0	0		
3398	Summary of remaining write-offs for Line 33 from overleaf page		0	0	0	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	0	0	0		

(a) Finance and service charges not included in Line 1 to 34 \$0
(b) For health business on indicated lines report: Number of persons insured under PPO managed care products 0 and number of persons insured under indemnity on y products 0



ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

NAIC Group Code		3456	BUSINESS IN THE STATE OF Consolidated				DURING THE YEAR 2005							NAIC Company Code 10953		
Line of Business			Gross Premiums Including Policy and Membership Fees		Less Return Premiums and Premiums on Policies not Taken		Dividends Paid or Credited to Policyholders on Direct Business	Direct Unearned Premium Reserves	Direct Losses Paid (deducting salvage)	Direct Losses Incurred	Direct Losses Unpaid	Direct Defense and Cost Expense Paid	Direct Defense and Cost Expense Incurred	Direct Defense and Cost Expense Unpaid	Commissions and Brokerage Expenses	Taxes and Licenses and Fees
			1 Direct Premiums Written	2 Direct Premiums Earned												
1	Fire		530,806	592,875	0	259,237	256,008	252,386	2,701,777	98,455	1,141,219	4,817	1,817	0	(3,188)	16,119
21	Automobiles		772,818	865,919	0	371,595	2,701,777	3,156,080	0	1,141,219	0	38,018	55,840	17,822	(4,570)	12,016
22	Multiperil crop		0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Federal food		0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Farmowners multiperil		0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Homeowners multiperil		62,995,348	60,734,828	0	34,200,282	119,632,194	120,866,533	0	57,959,597	1,170,727	1,406,220	469,504	0	(6,788,521)	993,519
51	Commercial multiperil (non-automobile)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
52	Commercial multiperil (automobile)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Mortgage guaranty		0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Ocean marine		0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Inland marine		0	0	0	956	0	0	0	0	0	0	0	0	0	0
10	Financial guaranty		0	6,251	0	0	0	0	0	0	0	0	0	0	0	0
11	Medical malpractice		0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Earthquake		0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Group accident and health (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Credit A & H (group and individual)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
151	Collective renewable A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
152	Non-cancellable A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
153	Guaranteed renewable A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
154	Non-renewable for stated reasons only (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
155	Other accident only		0	0	0	0	0	0	0	0	0	0	0	0	0	0
156	Other A & H (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
157	Federal employees health benefits program premium (b)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Workers' compensation		0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Other liability		337,429	171,831	0	219,064	(130,270)	0	35,973	233	333	100	2,484	11,030	0	0
18	Products liability		0	0	0	0	0	0	0	0	0	0	0	0	0	0
191	Private passenger automobile no-fault (personal injury protection)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
192	Other private passenger automobile		0	0	0	0	0	0	0	0	0	0	0	0	0	0
193	Commercial automobile no-fault (personal injury protection)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
194	Other commercial automobile		0	0	0	0	0	0	0	0	0	0	0	0	0	0
211	Private passenger automobile physical damage		0	0	0	0	0	0	0	0	0	0	0	0	0	0
212	Commercial automobile physical damage		0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Aircraft (all perils)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Fidelity		0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Surety		0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Burglary and theft		0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Boiler and machinery		0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Credit		0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Aggregate write-offs for other lines of business		0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	TOTALS (a)		64,639,580	62,371,704	0	35,051,134	122,459,709	124,274,999	59,235,244	1,213,795	1,464,210	487,426	(6,793,877)	1,032,770	0	0
DETAILS OF WRITE-INS																
3301			0	0	0	0	0	0	0	0	0	0	0	0	0	0
3302			0	0	0	0	0	0	0	0	0	0	0	0	0	0
3303			0	0	0	0	0	0	0	0	0	0	0	0	0	0
3398	Summary of remaining write-offs for Line 33 from overleaf page		0	0	0	0	0	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	0	0	0	0	0

(a) Finance and service charges not included in Line 1 to 34 \$0
(b) For health business on indicated lines report: Number of persons insured under PPO managed care products 0 and number of persons insured under indemnity on y products 0

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11	0
2.2 Totals, Part 3, Column 7	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7, and net of credit to permanent improvements (Column 9)	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 9	0
5. Total profit (loss) on sales, Part 3, Column 14	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 8	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	0
8. Book/adjusted carrying value at end of current period	0
9. Total valuation allowance	0
10. Subtotal (Lines 8 plus 9)	0
11. Total nonadmitted amounts	0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31, prior year	0
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions	0
2.2 Additional investment made after acquisitions	0
3. Accrual of discount and mortgage interest points and commitment fees	0
4. Increase (decrease) by adjustment	0
5. Total profit (loss) on sale	0
6. Amounts paid on account or in full during the year	0
7. Amortization of premium	0
8. Increase (decrease) by foreign exchange adjustment	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	0
12. Total nonadmitted amounts	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column).....	0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned December 31 of prior year	0
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions	0
2.2 Additional investment made after acquisitions	0
3. Accrual of discount	0
4. Increase (decrease) by adjustment	0
5. Total profit (loss) on sale	0
6. Amounts paid on account or in full during the year	0
7. Amortization of premium	0
8. Increase (decrease) by foreign exchange adjustment	0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0
10. Total valuation allowance	0
11. Subtotal (Lines 9 plus 10)	0
12. Total nonadmitted amounts	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,000,000	968,330	1,008,300	1,000,000
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	1,000,000	968,330	1,008,300	1,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	6,832,660	6,698,338	6,836,702	6,778,144
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	6,832,660	6,698,338	6,836,702	6,778,144
Public Utilities (unaffiliated)	17. United States	988,854	1,001,524	991,652	985,000
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	988,854	1,001,524	991,652	985,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	3,807,835	3,791,025	3,874,231	3,774,371
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	3,807,835	3,791,025	3,874,231	3,774,371
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	12,629,349	12,459,217	12,710,885	12,537,515
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States	0	0	0	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States	0	0	0	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	12,629,349	12,459,217	12,710,885	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks			
1. Book/adjusted carrying value of bonds and stocks, prior year.....	20,824,844	7. Amortization of premium.....	73,160
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,652,114	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	8,359	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0	9. Book/adjusted carrying value at end of current period	12,629,350
4.4 Columns 11 - 13, Part 4	0	10. Total valuation allowance	0
5. Total gain (loss), Col. 19, Part 4	14,672	11. Subtotal (Lines 9 plus 10)	12,629,350
6. Deduct consideration for bonds and stocks disposed of		12. Total nonadmitted amounts	0
Column 7, Part 4	9,797,479	13. Statement value of bonds and stocks, current period	12,629,350

SCHEDULE D - PART 1A - SECTION 1

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Co 6 as a % of Line 10 7	8 Total from Co 6 Prior Year	9 % From Co 6 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
11 C ass 1	5,848,135	.0	.0	.0	.0	5,848,135	33.4	2,951,746	14.2	5,848,135	.0
12 C ass 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13 C ass 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14 C ass 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
15 C ass 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
16 C ass 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
17 Totals	5,848,135	.0	.0	.0	.0	5,848,135	33.4	2,951,746	14.2	5,848,135	.0
2. All Other Governments, Schedules D & DA (Group 2)											
21 C ass 1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
22 C ass 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
23 C ass 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
24 C ass 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
25 C ass 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26 C ass 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
27 Totals	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
31 C ass 1	.0	.0	.0	.0	.0	.0	.0	1,389,105	6.7	.0	.0
32 C ass 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
33 C ass 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34 C ass 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
35 C ass 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
36 C ass 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
37 Totals	.0	.0	.0	.0	.0	.0	.0	1,389,105	6.7	.0	.0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
41 C ass 1	.0	.0	.0	.0	.0	.0	.0	1,310,643	6.3	.0	.0
42 C ass 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
43 C ass 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
44 C ass 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
45 C ass 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
46 C ass 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
47 Totals	.0	.0	.0	.0	.0	.0	.0	1,310,643	6.3	.0	.0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
51 C ass 1	1,173,332	3,458,865	1,774,812	425,077	574	6,832,660	39.1	9,709,459	46.6	6,832,660	.0
52 C ass 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
53 C ass 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
54 C ass 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
55 C ass 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
56 C ass 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
57 Totals	1,173,332	3,458,865	1,774,812	425,077	574	6,832,660	39.1	9,709,459	46.6	6,832,660	.0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations																							
Qua ty Rat ng per the NAIC Des gnat on		1		2		3		4		5		6		7		8		9		10		11	
		Over 1 Year or Less		Over 1 Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 Years Through 20 Years		Over 20 Years		Total Current Year		Co 6 as a % of L ne 10 7		Total from Co 6 Pr or Year		% From Co 7 Pr or Year		Total Pub c y Traded		Total Pr vate y P aced	
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)																							
61	C ass 1	199,190		492,900		0		0		0		692,090		4.0		1,000,495		4.8		692,090		0	
62	C ass 2	0		296,764		0		0		0		296,764		1.7		295,767		1.4		296,764		0	
63	C ass 3	0		0		0		0		0		0		0.0		0		0.0		0		0	
64	C ass 4	0		0		0		0		0		0		0.0		0		0.0		0		0	
65	C ass 5	0		0		0		0		0		0		0.0		0		0.0		0		0	
66	C ass 6	0		0		0		0		0		0		0.0		0		0.0		0		0	
67	Tota s	199,190		789,664		0		0		0		988,854		5.7		1,296,262		6.2		988,854		0	
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)																							
71	C ass 1	836,806		2,378,174		608,717		0		0		3,823,697		21.9		4,169,900		20.0		3,823,698		0	
72	C ass 2	0		0		0		0		0		0		0.0		0		0.0		0		0	
73	C ass 3	0		0		0		0		0		0		0.0		0		0.0		0		0	
74	C ass 4	0		0		0		0		0		0		0.0		0		0.0		0		0	
75	C ass 5	0		0		0		0		0		0		0.0		0		0.0		0		0	
76	C ass 6	0		0		0		0		0		0		0.0		0		0.0		0		0	
77	Tota s	836,806		2,378,174		608,717		0		0		3,823,697		21.9		4,169,900		20.0		3,823,698		0	
8. Credit Tenant Loans, Schedules D & DA (Group 8)																							
81	C ass 1	0		0		0		0		0		0		0.0		0		0.0		0		0	
82	C ass 2	0		0		0		0		0		0		0.0		0		0.0		0		0	
83	C ass 3	0		0		0		0		0		0		0.0		0		0.0		0		0	
84	C ass 4	0		0		0		0		0		0		0.0		0		0.0		0		0	
85	C ass 5	0		0		0		0		0		0		0.0		0		0.0		0		0	
86	C ass 6	0		0		0		0		0		0		0.0		0		0.0		0		0	
87	Tota s	0		0		0		0		0		0		0.0		0		0.0		0		0	
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)																							
91	C ass 1	0		0		0		0		0		0		0.0		0		0.0		0		0	
92	C ass 2	0		0		0		0		0		0		0.0		0		0.0		0		0	
93	C ass 3	0		0		0		0		0		0		0.0		0		0.0		0		0	
94	C ass 4	0		0		0		0		0		0		0.0		0		0.0		0		0	
95	C ass 5	0		0		0		0		0		0		0.0		0		0.0		0		0	
96	C ass 6	0		0		0		0		0		0		0.0		0		0.0		0		0	
97	Tota s	0		0		0		0		0		0		0.0		0		0.0		0		0	

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Co 6 as a % of L ne 10 7	8 Total from Co 6 Prior Year	9 % From Co 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
101 C ass 1	8,057,463	6,329,939	2,383,529	425,077	574	17,196,582	98.3	XXX	XXX	17,196,583	0
102 C ass 2	0	296,764	0	0	0	296,764	1.7	XXX	XXX	296,764	0
103 C ass 3	0	0	0	0	0	0	0.0	XXX	XXX	0	0
104 C ass 4	0	0	0	0	0	0	0.0	XXX	XXX	0	0
105 C ass 5	0	0	0	0	0	0	0.0	XXX	XXX	0	0
106 C ass 6	0	0	0	0	0	0	0.0	XXX	XXX	0	0
107 Totals	8,057,463	6,626,703	2,383,529	425,077	574	17,493,346	100.0	XXX	XXX	17,493,347	0
108 L ne 10 7 as a % of Co 6	46.1	37.9	13.6	2.4	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
111 C ass 1	8,764,248	8,264,933	2,753,405	747,883	879	XXX	XXX	20,531,348	98.6	20,531,347	0
112 C ass 2	0	295,767	0	0	0	XXX	XXX	295,767	1.4	295,767	0
113 C ass 3	0	0	0	0	0	XXX	XXX	0	0.0	0	0
114 C ass 4	0	0	0	0	0	XXX	XXX	0	0.0	0	0
115 C ass 5	0	0	0	0	0	XXX	XXX	0	0.0	0	0
116 C ass 6	0	0	0	0	0	XXX	XXX	0	0.0	0	0
117 Totals	8,764,248	8,560,700	2,753,405	747,883	879	XXX	XXX	20,827,115	100.0	20,827,114	0
118 L ne 11 7 as a % of Co 8	42.1	41.1	13.2	3.6	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
121 C ass 1	8,057,463	6,329,940	2,383,529	425,077	574	17,196,583	98.3	20,531,347	98.6	17,196,583	XXX
122 C ass 2	0	296,764	0	0	0	296,764	1.7	295,767	1.4	296,764	XXX
123 C ass 3	0	0	0	0	0	0	0.0	0	0.0	0	XXX
124 C ass 4	0	0	0	0	0	0	0.0	0	0.0	0	XXX
125 C ass 5	0	0	0	0	0	0	0.0	0	0.0	0	XXX
126 C ass 6	0	0	0	0	0	0	0.0	0	0.0	0	XXX
127 Totals	8,057,463	6,626,704	2,383,529	425,077	574	17,493,347	100.0	20,827,114	100.0	17,493,347	XXX
128 L ne 12 7 as a % of Co 6	46.1	37.9	13.6	2.4	0.0	100.0	XXX	XXX	XXX	100.0	XXX
129 L ne 12 7 as a % of L ne 10 7											
13. Total Privately Placed Bonds											
131 C ass 1	0	0	0	0	0	0	0.0	0	0.0	XXX	0
132 C ass 2	0	0	0	0	0	0	0.0	0	0.0	XXX	0
133 C ass 3	0	0	0	0	0	0	0.0	0	0.0	XXX	0
134 C ass 4	0	0	0	0	0	0	0.0	0	0.0	XXX	0
135 C ass 5	0	0	0	0	0	0	0.0	0	0.0	XXX	0
136 C ass 6	0	0	0	0	0	0	0.0	0	0.0	XXX	0
137 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
138 L ne 13 7 as a % of Co 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
139 L ne 13 7 as a % of L ne 10 7											
139 Co 6 Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ 0 free y tradab e under SEC Ru e 144 or qua f ed for resa e under SEC Ru e 144A

(b) Includes \$ 0 current year \$ 0 pr or year of bonds w th Z des gnat ons and \$ 0 current year \$ 0 pr or year of bonds w th Z* des gnat ons The etter "Z" means the NAIC des gnat on was not ass gned by the

Securt es Va uat on Off ce (SVO) at the date of the statement "Z" means the SVO cou d not eva uate the ob gat on because va uat on procedures for the secur ty c ass s under regu atory rev ew

(c) Includes \$ 0 current year \$ 0 pr or year of bonds w th 5* des gnat ons and \$ 0 current year \$ 0 pr or year of bonds w th 6* des gnat ons "5*" means the NAIC des gnat on was ass gned by the SVO n

re ance on the nsurer s cert f cat on that the ssuer s current n a pr nc pa and interest payments "6*" means the NAIC des gnat on was ass gned by the SVO due to nadequate cert f cat on of pr nc pa and interest payments

SCHEDULE D - PART 1A - SECTION 2

Distribution by Type		1	2	3	4	5	6	7	8	9	10	11
		1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Co 6 as a % of Line 10 7	Total from Co 6 Prior Year	% From Co 7 Prior Year	Total Public Traded	Total Private Placed
1. U.S. Governments, Schedules D & DA (Group 1)												
1 1	Issuer Obligations	5,848,135	0	0	0	0	5,848,135	33.4	2,951,746	14.2	5,848,135	0
1 2	Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
1 7	Totals	5,848,135	0	0	0	0	5,848,135	33.4	2,951,746	14.2	5,848,135	0
2. All Other Governments, Schedules D & DA (Group 2)												
2 1	Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2 2	Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
2 3	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
2 4	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
2 5	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
2 6	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2 7	Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)												
3 1	Issuer Obligations	0	0	0	0	0	0	0.0	1,389,105	6.7	0	0
3 2	Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
3 3	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
3 4	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
3 5	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
3 6	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3 7	Totals	0	0	0	0	0	0	0.0	1,389,105	6.7	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)												
4 1	Issuer Obligations	0	0	0	0	0	0	0.0	1,310,643	6.3	0	0
4 2	Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
4 3	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
4 4	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
4 5	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
4 6	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4 7	Totals	0	0	0	0	0	0	0.0	1,310,643	6.3	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)												
5 1	Issuer Obligations	0	0	0	0	0	0	0.0	908,297	4.4	0	0
5 2	Single Class Mortgage-Backed/Asset-Backed Securities	1,130,894	3,349,596	1,736,297	421,891	574	6,639,252	38.0	8,153,801	39.1	6,639,252	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
5 3	Deferred	42,438	109,269	38,515	3,186	0	193,408	1.1	647,361	3.1	193,408	0
5 4	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
5 5	Deferred	0	0	0	0	0	0	0.0	0	0.0	0	0
5 6	Other	0	0	0	0	0	0	0.0	0	0.0	0	0
5 7	Totals	1,173,332	3,458,865	1,774,812	425,077	574	6,832,660	39.1	9,709,459	46.6	6,832,660	0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

D s t r b u t o n b y T y p e	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Co 6 as a % of Line 10.7	8 Total from Co Prior Year	9 % From Co 7 Prior Year	10 Total Pub c y Traded	11 Total Private y Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6 1 Issuer Obligations	199,190	789,664		.0	.0	988,854	5.7	1,296,262	6.2	988,854	.0
6 2 Single Class Mortgage-Backed/Asset-Based Securities	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
6 3 Defined	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
6 4 Other	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
6 5 Defined	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
6 6 Other	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
6 7 Totals	199,190	789,664	.0	.0	.0	988,854	5.7	1,296,262	6.2	988,854	.0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7 1 Issuer Obligations	79,368	1,331,465	608,717	.0	.0	2,019,550	11.5	1,571,222	7.5	2,019,550	.0
7 2 Single Class Mortgage-Backed/Asset-Based Securities	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
7 3 Defined	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
7 4 Other	73,011	.0	.0	.0	.0	73,011	.0.4	257,528	1.2	73,011	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
7 5 Defined	11,029	426,153	.0	.0	.0	437,182	2.5	436,549	2.1	437,182	.0
7 6 Other	673,398	620,557	.0	.0	.0	1,293,955	7.4	1,904,600	9.1	1,293,955	.0
7 7 Totals	836,806	2,378,175	608,717	.0	.0	3,823,698	21.9	4,169,899	20.0	3,823,698	.0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8 1 Issuer Obligations	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
8 7 Totals	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9 1 Issuer Obligations	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
9 2 Single Class Mortgage-Backed/Asset-Based Securities	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
9 3 Defined	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
9 4 Other	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
9 5 Defined	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
9 6 Other	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0
9 7 Totals	.0	.0	.0	.0	.0	.0	.0.0	.0	.0.0	.0	.0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Distribution by Type												
10. Total Bonds Current Year												
10 1 Issuer Obligations												
10 2 Single Class Mortgage-Backed/Asset-Backed Securities												
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
10 3 Defined												
10 4 Other												
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
10 5 Defined												
10 6 Other												
10 7 Totals												
10 8 Line 10 7 as a % of Co 6												
11. Total Bonds Prior Year												
11 1 Issuer Obligations												
11 2 Single Class Mortgage-Backed/Asset-Backed Securities												
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
11 3 Defined												
11 4 Other												
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
11 5 Defined												
11 6 Other												
11 7 Totals												
11 8 Line 11 7 as a % of Co 8												
12. Total Publicly Traded Bonds												
12 1 Issuer Obligations												
12 2 Single Class Mortgage-Backed/Asset-Backed Securities												
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
12 3 Defined												
12 4 Other												
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
12 5 Defined												
12 6 Other												
12 7 Totals												
12 8 Line 12 7 as a % of Co 6												
12 9 Line 12 7 as a % of Line 10 7 Co 6 Section 10												
13. Total Privately Placed Bonds												
13 1 Issuer Obligations												
13 2 Single Class Mortgage-Backed/Asset-Backed Securities												
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES												
13 3 Defined												
13 4 Other												
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES												
13 5 Defined												
13 6 Other												
13 7 Totals												
13 8 Line 13 7 as a % of Co 6												
13 9 Line 13 7 as a % of Line 10 7 Co 6 Section 10												

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments					
	1	2	3	4	5
	Tota	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent Subsidiaries and Affiliates
1 Book/adjusted carrying value prior year	2,271	2,271	0	0	0
2 Cost of short-term investments acquired	6,796,731	6,796,731	0	0	0
3 Increase (decrease) by adjustment	0	0	0	0	0
4 Increase (decrease) by foreign exchange adjustment	0	0	0	0	0
5 Total profit (loss) on disposition of short-term investments	0	0	0	0	0
6 Consolidation received on disposition of short-term investments	6,783,139	6,783,139	0	0	0
7 Book/adjusted carrying value current year	15,863	15,863	0	0	0
8 Total valuation allowance	0	0	0	0	0
9 Subtotal (Lines 7 plus 8)	15,863	15,863	0	0	0
10 Total nonadmitted amounts	0	0	0	0	0
11 Statement value (Lines 9 minus 10)	15,863	15,863	0	0	0
12 Income collected during year	104,940	104,940	0	0	0
13 Income earned during year	118,919	118,919	0	0	0

(a) Indicate the category of such assets for example joint ventures transportation equipment:

Schedule DB - Part A - VBY
NONE

Schedule DB - Part B - VBY
NONE

Schedule DB - Part C - VBY
NONE

Schedule DB - Part D - VBY
NONE

Schedule DB - Part E - VBY
NONE

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule F - Part 1
NONE

Schedule F - Part 2
NONE

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Reinsurance Payable		18	19
Federa ID Number	NAIC Company Code	Name of Reinsurer	Dom c ary Jur sd ct ion	Reinsurance Contracts Ced ng 75% or More of Direct Prem ums Written	Re insurance Prem ums Ceded	Pad Losses	Pad LAE	Known Case Loss Reserves	Known Case LAE Reserves	IBNR Loss Reserves	IBNR LAE Reserves	Unearned Prem ums	Cont ngent Comm s ions	Co s 7 thru 14 Totals	16	17	Net Amount Recoverab e From Re nsurers Co s 15 - [16 + 17]	Funds He d By Company Under Reinsurance Treat es
0499999 - Total	- Authorized	- Affiliates				0	0	0	0	0	0	0	0	0	0	0	0	0
06-1430254	10348	Arch Reinsurance Company	NJ		(13,113)	35	13	446	74	90	0	0	0	659	427	0	232	0
13-2907499	38776	Folksamerica Reinsurance Co.	NY		476	208	270	537	246	339	0	0	0	1,600	247	0	1,353	39
0599999 - Other U.S. Unaffil Insurers (Under \$100,000)						0	0	0	0	0	0	0	0	0	0	0	0	0
0599999 - Authorized	- Other U.S. Unaffiliated Insurers				(12,638)	243	283	983	321	429	0	0	0	2,259	675	0	1,584	39
AA-9991310	00000	Florida Hurricane Cat Fund	FL		4,455	1,100	130	7,743	1,525	22,757	0	0	0	33,255	(1,701)	0	34,956	0
0699999 - Authorized	- Pools - Mandatory Pools				4,455	1,100	130	7,743	1,525	22,757	0	0	0	33,255	(1,701)	0	34,956	0
AA-1127414	00000	Ascot Insurance Service Limited	EN		320	607	9	267	45	210	0	0	0	1,138	76	0	1,063	0
AA-1120337	00000	Aspen Insurance UK Limited	EN		62	0	0	0	0	0	0	0	0	0	0	0	0	0
AA-1128001	00000	Lloyd's Syndicate Number 2001	EN		2,065	0	93	2,296	715	1,143	0	0	0	4,247	711	0	3,536	89
AA-1126780	00000	Lloyd's Syndicate Number 780	EN		783	0	43	918	303	553	0	0	0	1,818	264	0	1,554	34
AA-1126190	00000	Lloyd's Syndicate Number 190	EN		739	0	37	746	243	255	0	0	0	1,282	265	0	1,017	37
AA-1128791	00000	Lloyd's Syndicate Number 2791	EN		1,156	0	40	581	109	338	0	0	0	1,068	146	0	921	39
AA-1128010	00000	Lloyd's Syndicate Number 2010	EN		651	0	25	762	239	656	0	0	0	1,682	189	0	1,493	28
AA-1127414	00000	Lloyd's Syndicate Number 1414	EN		751	0	4	33	169	125	0	0	0	332	44	0	288	45
AA-1126566	00000	Lloyd's Syndicate Number 566	EN		340	0	11	311	244	341	0	0	0	906	114	0	792	14
AA-1126435	00000	Lloyd's Syndicate Number 0435	EN		127	0	0	0	0	0	0	0	0	12	0	0	(12)	0
AA-1128121	00000	Lloyd's Syndicate Number 2121	EN		31	0	2	9	8	16	0	0	0	35	1	0	34	0
AA-1128987	00000	Lloyd's Syndicate Number 2987	EN		277	0	0	0	0	0	0	0	0	0	0	0	0	0
AA-1126006	00000	Lloyd's Syndicate Number 4472	EN		51	0	0	0	0	0	0	0	0	0	0	0	0	0
0899999 - Other Non-U.S. Insurers (Under \$100,000)					0	0	0	0	0	0	0	0	0	0	0	0	0	0
0899999 - Authorized	- Other Non-U.S. Insurers				7,351	607	265	5,701	2,296	3,637	0	0	0	12,508	1,821	0	10,687	287
0999999 - Total	- Authorized				(832)	1,951	679	14,428	4,142	26,823	0	0	0	48,022	794	0	47,227	326
1399999 - Total	- Unauthorized				0	0	0	0	0	0	0	0	0	0	0	0	0	0
1499998 - Unauthorized	- Other U.S. Unaffiliated Insurers (Under \$100,000)				0	0	0	0	0	0	0	0	0	0	0	0	0	0
AA-3194126	00000	Arch Reinsurance LTD	BM		199	0	0	122	170	285	0	0	0	577	36	0	541	59
AA-1120126	00000	Area London LTD	EN		755	908	131	1,114	455	569	0	0	0	3,176	520	0	2,656	31
AA-3190770	00000	Ace Tempest Reinsurance Co. LTD	BM		2,817	846	124	2,143	932	1,432	0	0	0	5,479	(3,115)	0	8,594	171
AA-3194129	00000	Montpelier Reinsurance Ltd	BM		669	0	0	966	423	272	0	0	0	1,661	111	0	1,551	1081
AA-3190757	00000	XL Re Ltd	BM		1,015	0	0	1,170	352	561	0	0	0	2,083	79	0	2,004	1,099
AA-3190339	00000	Renaissance Re Ltd	BM		169	0	0	10	199	125	0	0	0	333	45	0	288	54
AA-3190551	00000	Rosemont Re. LTD	BM		237	0	0	116	51	211	0	0	0	377	0	0	377	169
AA-3194168	00000	Aspen Insurance Ltd	BM		66	0	0	190	79	50	0	0	0	320	19	0	301	208
AA-3194161	00000	Catlin Insurance Company Ltd	BM		167	0	0	17	167	116	0	0	0	299	43	0	256	59
AA-1780023	00000	Hannover Reinsurance (Ireland) Ltd	IE		39,523	1,765	262	1,890	232	1,547	0	17,526	0	23,222	3,986	0	19,236	0
1799998 - Unauthorized	- Other Non-U.S. Insurers (Under \$100,000)				0	0	0	0	0	0	0	0	0	0	0	0	0	0
1799999 - Unauthorized	- Other Non-U.S. Insurers				45,618	3,520	517	7,738	3,060	5,167	0	17,526	0	37,527	1,723	0	35,805	2,929

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses					12	13	
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domestic Jurisdiction	5	Overdue				Total Due Columns 5 + 10	Percentage Overdue Column 10/Column 11	Percentage more Than 120 Days Overdue Column 9/ Column 11
				Current	6 1 to 29 Days	7 30 - 90 Days	8 91 - 120 Days	9 Over 120 Days				10 Total Overdue Columns 6 + 7 + 8 + 9
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling				0	0	0	0	0	0	0.0	0.0
0299999 - Authorized - Affiliates - U.S. Non-Pool				0	0	0	0	0	0	0	0.0
0399999 - Authorized - Affiliates - Other (Non-U.S.)				0	0	0	0	0	0	0	0.0
0499999 - Total - Authorized - Affiliates				0	0	0	0	0	0	0	0.0
06-1430254.....10348 Arch Reinsurance Company.....			NJ	49	0	0	0	0	49	0.0	0.0
13-2997499.....3876 Folkamerica Reinsurance Co.....			NY	477	0	0	0	0	477	0.0	0.0
0599999 - Authorized - Other U.S. Unaffiliated Insurers				526	0	0	0	0	526	0.0	0.0
AA-9991310.....00000 Florida Hurricane Cat Fund.....			FL	1,230	0	0	0	0	1,230	0.0	0.0
0699999 - Authorized - Pools - Mandatory Pools				1,230	0	0	0	0	1,230	0.0	0.0
0799999 - Authorized - Pools - Voluntary Pools				0	0	0	0	0	0	0	0.0
AA-1127414.....00000 Ascot Insurance Service Limited.....			EN	616	0	0	0	0	616	0.0	0.0
AA-1128001.....00000 Lloyd's Syndicate Number 2001.....			EN	93	0	0	0	0	93	0.0	0.0
AA-1126780.....00000 Lloyd's Syndicate Number 780.....			EN	43	0	0	0	0	43	0.0	0.0
AA-1126190.....00000 Lloyd's Syndicate Number 190.....			EN	37	0	0	0	0	37	0.0	0.0
AA-1128791.....00000 Lloyd's Syndicate Number 2791.....			EN	40	0	0	0	0	40	0.0	0.0
AA-1128010.....00000 Lloyd's Syndicate Number 2010.....			EN	25	0	0	0	0	25	0.0	0.0
AA-1127414.....00000 Lloyd's Syndicate Number 1414.....			EN	4	0	0	0	0	4	0.0	0.0
AA-1126566.....00000 Lloyd's Syndicate Number 566.....			EN	11	0	0	0	0	11	0.0	0.0
AA-1128121.....00000 Lloyd's Syndicate Number 2121.....			EN	2	0	0	0	0	2	0.0	0.0
0899999 - Authorized - Other Non-U.S. Insurers				873	0	0	0	0	873	0.0	0.0
0999999 - Total - Authorized				2,629	0	0	0	0	2,629	0.0	0.0
1099999 - Unauthorized - Affiliates - U.S. Intercompany Pooling				0	0	0	0	0	0	0.0	0.0
1199999 - Unauthorized - Affiliates - U.S. Non-Pool				0	0	0	0	0	0	0.0	0.0
1299999 - Unauthorized - Affiliates - Other (Non-U.S.)				0	0	0	0	0	0	0.0	0.0
1399999 - Total - Unauthorized - Affiliates				0	0	0	0	0	0	0.0	0.0
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers				0	0	0	0	0	0	0.0	0.0
1599999 - Unauthorized - Pools - Mandatory Pools				0	0	0	0	0	0	0.0	0.0
1699999 - Unauthorized - Pools - Voluntary Pools				0	0	0	0	0	0	0.0	0.0
AA-1120126.....00000 Aliea London Ltd.....			EN	1,039	0	0	0	0	1,039	0.0	0.0
AA-3190770.....00000 Ace Tempest Reinsurance Co. Ltd.....			BM	971	0	0	0	0	971	0.0	0.0
AA-1780023.....00000 Hanover Reinsurance (Ireland) Ltd.....			IE	2,027	0	0	0	0	2,027	0.0	0.0
1799999 - Unauthorized - Other Non-U.S. Insurers				4,037	0	0	0	0	4,037	0.0	0.0
1899999 - Total - Unauthorized				4,037	0	0	0	0	4,037	0.0	0.0
1999999 - Total - Authorized and Unauthorized				6,666	0	0	0	0	6,666	0.0	0.0
2099999 - Total - Protected Cells				0	0	0	0	0	0	0.0	0.0
9999999 Totals				6,666	0	0	0	0	6,666	0.0	0.0

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance			
	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	29,335,471	0	29,335,471
2. Premiums and considerations (Line 13)	2,468,808	0	2,468,808
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1).....	6,665,788	(6,665,788)	0
4 Funds held by or deposited with reinsured companies (Line 14.2).....	0	0	0
5. Other assets	2,695,819	0	2,695,819
6. Net amount recoverable from reinsurers	0	83,031,979	83,031,979
7. Totals (Line 26)	41,165,886	76,366,191	117,532,077
LIABILITIES (Page 3)			
8. Losses and loss adjustment expenses (Lines 1 through 3)	5,550,969	61,357,739	66,908,708
9. Taxes, expenses, and other obligations (Lines 4 through 8)	1,089,774	0	1,089,774
10. Unearned premiums (Line 9)	17,525,567	17,525,566	35,051,133
11. Advance Premiums (Line 10)	1,828,199	0	1,828,199
12. Dividends declared and unpaid (Line 11.1 and 11.2)	0	0	0
13. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12)	2,517,114	(2,517,114)	0
14. Funds held by company under reinsurance treaties (Line 13)	3,255,410	0	3,255,410
15. Amounts withheld or retained by company for account of others (Line 14)	0	0	0
16. Provision for reinsurance (Line 16)	0	0	0
17. Other liabilities (Lines 15 and 17 through 23)	1,248,859	0	1,248,859
18. Total liabilities excluding protected cell business (Line 26 minus Line 25)	33,015,892	76,366,191	109,382,083
19. Surplus as regards policyholders (Line 35)	8,149,994	X X X	8,149,994
20. Totals (Line 36)	41,165,886	76,366,191	117,532,077

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [] No [X]

If yes, give full explanation:
.....

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5

NONE

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

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 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1996	0	0	0	0	0	0	0	0	0	0	0	XXX
3. 1997	0	0	0	0	0	0	0	0	0	0	0	XXX
4. 1998	0	0	0	0	0	0	0	0	0	0	0	XXX
5. 1999	18,502	13,571	4,931	6,134	3,511	187	33	678	336	0	3,118	XXX
6. 2000	19,680	12,810	6,869	4,989	2,339	216	20	664	325	80	3,184	XXX
7. 2001	25,145	15,962	9,183	7,491	2,520	247	11	679	265	102	5,621	XXX
8. 2002	35,555	7,000	28,555	12,226	0	688	0	1,122	0	66	14,037	XXX
9. 2003	45,260	25,740	19,520	18,153	8,454	820	423	1,563	625	263	11,035	XXX
10. 2004	56,278	30,601	25,677	239,114	198,884	837	589	20,907	18,791	150	42,595	XXX
11. 2005	62,372	40,374	21,998	39,004	27,060	143	72	2,462	1,798	6	12,679	XXX
12. Totals	XXX	XXX	XXX	327,111	242,767	3,138	1,148	28,076	22,141	667	92,269	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6.	6	0	0	0	7	0	0	0	2	0	0	15	XXX
7.	10	0	0	0	9	0	0	0	2	0	0	20	XXX
8.	438	0	0	0	80	0	0	0	12	0	0	529	XXX
9.	580	232	50	20	64	25	0	0	27	11	0	432	XXX
10.	3,322	2,702	4,066	3,875	252	211	0	0	751	717	0	886	XXX
11.	21,122	19,232	29,643	28,095	77	42	0	0	6,394	6,196	0	3,669	XXX
12. Totals	25,477	22,166	33,758	31,990	487	279	0	0	7,186	6,923	0	5,551	xxx

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
3.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
4.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
5.	6,999	3,881	3,118	37.8	28.6	63.2	0	0	0.0	0	0
6.	5,883	2,684	3,199	29.9	21.0	46.6	0	0	0.0	6	9
7.	8,437	2,795	5,641	33.6	17.5	61.4	0	0	0.0	10	10
8.	14,566	0	14,566	41.0	0.0	51.0	0	0	0.0	438	92
9.	21,257	9,790	11,467	47.0	38.0	58.7	0	0	0.0	378	54
10.	269,248	225,768	43,480	478.4	737.8	169.3	0	0	0.0	811	75
11.	98,844	82,496	16,348	158.5	204.3	74.3	0	0	0.0	3,437	232
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	5,080	471

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	One Year	Two Year
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	2,878	2,534	2,593	2,689	2,706	2,785	2,776	(9)	.70
6. 2000	XXX	XXX	XXX	XXX	2,521	2,449	2,671	2,678	2,820	2,859	.39	.181
7. 2001	XXX	XXX	XXX	XXX	XXX	3,483	4,927	5,052	5,187	5,226	.39	.174
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	11,319	11,786	12,798	13,432	.634	1,646
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,273	9,883	10,513	.630	.240
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.36,113	.41,330	5,218	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,486	XXX	XXX
12. Totals											6,551	2,311

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
5. 1999	XXX	XXX	XXX	1,866	2,500	2,582	2,652	2,698	2,707	2,776	XXX	XXX
6. 2000	XXX	XXX	XXX	XXX	1,643	2,352	2,552	2,635	2,769	2,846	XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX	2,514	4,309	4,905	5,040	5,207	XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	8,406	11,242	12,345	12,915	XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,424	9,380	10,097	XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,248	40,478	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,015	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	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.278	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.264	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.377	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.560	.170	.150	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.795	.142	.30
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,988	.191
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,547

SCHEDULE P - PART 1A - HOMEOWNERS/FARMOWNERS

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	0	0	0	0	0	0	0	0	0	0	0	0
4. 1998	0	0	0	0	0	0	0	0	0	0	0	0
5. 1999	17,449	12,892	4,556	5,578	3,240	140	26	624	310	0	2,767	2,129
6. 2000	18,359	11,980	6,379	4,603	2,146	211	18	606	296	80	2,960	1,262
7. 2001	23,491	14,978	8,514	6,845	2,345	244	11	632	247	28	5,118	1,757
8. 2002	33,337	6,706	26,631	11,467	0	686	0	1,069	0	66	13,222	2,362
9. 2003	43,692	24,944	18,748	17,587	8,227	803	416	1,519	608	261	10,658	2,859
10. 2004	54,727	29,850	24,877	230,135	190,597	803	557	20,174	18,098	150	41,861	19,427
11. 2005	60,735	39,572	21,163	38,093	26,594	132	66	2,404	1,761	6	12,207	10,965
12. Totals	XXX	XXX	XXX	314,307	233,149	3,019	1,094	27,029	21,320	592	88,793	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded						Direct and Assumed	Ceded
1.	0	0	0	0	0	0	0	0	0	0	0	0	0
2.	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	6	0	0	0	7	0	0	0	2	0	0	15	1
7.	10	0	0	0	9	0	0	0	2	0	0	20	1
8.	438	0	0	0	80	0	0	0	12	0	0	529	8
9.	560	224	48	19	64	25	0	0	25	10	0	418	13
10.	3,239	2,622	3,944	3,759	242	201	0	0	727	696	0	874	268
11.	20,967	19,144	28,748	27,253	69	39	0	0	6,365	6,181	0	3,533	4,558
12.	25,219	21,990	32,741	31,032	470	265	0	0	7,133	6,887	0	5,388	4,849

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
3.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
4.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
5.	6,342	3,575	2,767	36.3	27.7	60.7	0	0	0.0	0	0
6.	5,435	2,460	2,975	29.6	20.5	46.6	0	0	0.0	6	9
7.	7,741	2,604	5,138	33.0	17.4	60.3	0	0	0.0	10	10
8.	13,751	0	13,751	41.2	0.0	51.6	0	0	0.0	438	92
9.	20,606	9,530	11,076	47.2	38.2	59.1	0	0	0.0	365	53
10.	259,263	216,529	42,734	473.7	725.4	171.8	0	0	0.0	802	72
11.	96,778	81,039	15,740	159.3	204.8	74.4	0	0	0.0	3,317	215
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	4,938	450

Schedule P - Part 1B - Private Passenger
NONE

Schedule P - Part 1C - Comm Auto/Truck
NONE

Schedule P - Part 1D - Workers' Comp
NONE

Schedule P - Part 1E - Comm Multi Peril
NONE

Schedule P - Part 1F - Medical Mal Occur
NONE

Schedule P - Part 1F - Medical Mal Claim
NONE

Schedule P - Part 1G - Special Liability
NONE

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

SCHEDULE P - PART 1H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported - Direct and Assumed
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	0	0	0	0	0	0	0	0	0	0	0	0
4. 1998	0	0	0	0	0	0	0	0	0	0	0	0
5. 1999	81	41	41	13	1	29	5	1	0	0	38	1
6. 2000	110	55	55	3	2	0	0	8	4	0	6	6
7. 2001	137	69	69	38	0	1	0	1	0	0	40	3
8. 2002	168	3	164	148	0	1	0	3	0	0	151	7
9. 2003	121	51	70	0	0	0	0	0	0	0	0	3
10. 2004	107	44	63	3	1	1	0	0	0	0	3	7
11. 2005	172	37	135	0	0	0	0	0	0	0	0	2
12. Totals	XXX	XXX	XXX	206	4	32	5	14	5	0	238	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	0	0	0	0	0	0	0	0	0	0	0	0	0
2.	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	0	0	0	0	0	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	20	8	0	0	0	0	0	0	1	1	0	13	1
10.	5	2	1	0	0	0	0	0	2	0	0	5	1
11.	0	0	10	5	0	0	0	0	0	0	0	5	0
12.	25	10	11	5	0	0	0	0	3	1	0	23	2

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
3.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
4.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
5.	44	6	38	54.1	14.5	93.7	0	0	0.0	0	0
6.	11	6	6	10.1	10.1	10.2	0	0	0.0	0	0
7.	40	0	40	29.3	0.2	58.4	0	0	0.0	0	0
8.	151	0	151	90.4	0.0	92.2	0	0	0.0	0	0
9.	22	9	13	17.9	17.0	18.5	0	0	0.0	12	1
10.	12	4	8	11.2	9.1	12.7	0	0	0.0	3	2
11.	10	5	5	5.9	13.7	3.8	0	0	0.0	5	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	21	3

SCHEDULE P - PART 1H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

(\$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	
				4	5	6	7	8	9			
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported - Direct and Assumed
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	0	0	0	0	0	0	0	0	0	0	0	0
4. 1998	0	0	0	0	0	0	0	0	0	0	0	0
5. 1999	0	0	0	0	0	0	0	0	0	0	0	0
6. 2000	0	0	0	0	0	0	0	0	0	0	0	0
7. 2001	0	0	0	0	0	0	0	0	0	0	0	0
8. 2002	0	0	0	0	0	0	0	0	0	0	0	0
9. 2003	0	0	0	0	0	0	0	0	0	0	0	0
10. 2004	0	0	0	0	0	0	0	0	0	0	0	0
11. 2005	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	0	0	0	0	0	0	0	0	0	0	0	0	0
2.	0	0	0	0	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0	0	0	0	0
4.	0	0	0	0	0	0	0	0	0	0	0	0	0
5.	0	0	0	0	0	0	0	0	0	0	0	0	0
6.	0	0	0	0	0	0	0	0	0	0	0	0	0
7.	0	0	0	0	0	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	0	0	0	0	0	0	0	0	0	0	0	0	0
12.	0	0	0	0	0	0	0	0	0	0	0	0	0

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
3.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
4.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
5.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
6.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
7.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
8.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
9.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
10.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
11.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0

SCHEDULE P - PART 1I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

(\$000 Omitted)												
Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	(0)	0	0	0	1	0	0	0	XXX
2. 2004	1,444	707	737	8,976	8,286	33	31	733	693	0	732	XXX
3. 2005	1,465	764	701	911	466	11	5	58	37	0	472	XXX
4. Totals	XXX	XXX	XXX	9,887	8,752	44	37	792	731	0	1,203	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1.	0	0	2	1	0	0	0	0	0	0	0	1	0
2.	78	78	121	115	10	10	0	0	22	21	0	7	7
3.	155	88	884	837	8	4	0	0	28	15	0	132	19
4.	233	166	1,007	953	18	14	0	0	50	36	0	139	26

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1	0
2.	9,973	9,235	738	690.5	1,305.7	100.2	0	0	0.0	6	1
3.	2,055	1,452	603	140.3	189.9	86.1	0	0	0.0	115	17
4.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	121	18

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance A

NONE

Schedule P - Part 1O - Reinsurance B

NONE

Schedule P - Part 1P - Reinsurance C

NONE

Schedule P - Part 1R - Prod Liab Occur

NONE

Schedule P - Part 1R - Prod Liab Claims

NONE

Schedule P - Part 1S-Fin./Mtg. Guaranty

NONE

SCHEDULE P - PART 2A - HOMEOWNERS/FARMOWNERS

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	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	2,589	2,268	2,305	2,373	2,388	2,461	2,452	(9)	.64
6. 2000	XXX	XXX	XXX	XXX	2,281	2,247	2,476	2,482	2,625	2,664	.39	.181
7. 2001	XXX	XXX	XXX	XXX	XXX	3,238	4,477	4,581	4,712	4,751	.39	.170
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	10,590	11,065	12,020	12,670	.650	1,605
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,858	9,512	10,150	.638	.292
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34,583	40,627	.6,044	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,912	XXX	XXX
12. Totals											7,401	2,312

SCHEDULE P - PART 2B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2D- WORKERS' COMPENSATION

1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2E- COMMERCIAL MULTIPLE PERIL

1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company												
SCHEDULE P - PART 2F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE												
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	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2H - SECTION 1 - OTHER LIABILITY - OCCURRENCE												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	24	2	12	31	34	37	37	0	3
6. 2000	XXX	XXX	XXX	XXX	28	8	2	2	2	2	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	42	.0	30	39	39	0	9
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	58	97	158	149	(10)	51
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51	15	12	(2)	(39)
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	82	6	(76)	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5	XXX	XXX
12. Totals											(88)	25

SCHEDULE P - PART 2H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX	XXX
12. Totals											0	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company												
SCHEDULE P - PART 2I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)												
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	XXX	XXX	XXX	XXX	XXX	XXX	XXX	72	58	46	(11)	(25)
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,449	698	(751)	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	569	XXX	XXX
4. Totals											(762)	(25)

SCHEDULE P - PART 2J - AUTO PHYSICAL DAMAGE												
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											0	0

SCHEDULE P - PART 2K - FIDELITY, SURETY												
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											0	0

SCHEDULE P - PART 2L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)												
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											0	0

SCHEDULE P - PART 2M - INTERNATIONAL												
1. Prior	0	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											0	0

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

Schedule P - Part 2R - Prod Liab Occur

NONE

Schedule P - Part 2R - Prod Liab Claims

NONE

Schedule P - Part 2S

NONE

SCHEDULE P - PART 3A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	000.	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	1,764	2,235	2,303	2,362	2,380	2,383	2,452	1,043	1,086
6. 2000	XXX	XXX	XXX	XXX	1,471	2,156	2,356	2,440	2,574	2,650	813	448
7. 2001	XXX	XXX	XXX	XXX	XXX	2,351	3,873	4,468	4,565	4,732	1,185	571
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	7,838	10,628	11,583	12,153	1,617	737
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,116	9,030	9,747	2,009	837
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	29,700	39,784	16,741	2,418
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,564	4,770	1,637

SCHEDULE P - PART 3B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	000.	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	000.	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3D - WORKERS' COMPENSATION

1. Prior	000.	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3E - COMMERCIAL MULTIPLE PERIL

1. Prior	000.	0	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

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SCHEDULE P - PART 3F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3G - SPECIAL LIABILITY
(OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 3H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.1	.1	.5	10	34	37	37	.0	.1
6. 2000	XXX	XXX	XXX	XXX	.1	.2	.2	.2	.2	.2	.3	.3
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.39	.39	.1	.2
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.1	149	149	.4	.3
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.2
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.2	.2	.2	.4
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	2

SCHEDULE P - PART 3H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

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SCHEDULE P - PART 3I - SPECIAL PROPERTY
(FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY, AND THEFT)

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.45	.45	XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.545	.692	XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	451	XXX	XXX

SCHEDULE P - PART 3J - AUTO PHYSICAL DAMAGE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	.0	.0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3K - FIDELITY/SURETY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 3L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 3M - INTERNATIONAL

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
2. 1996	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

Schedule P - Part 3R - Prod Liab Occur

NONE

Schedule P - Part 3R - Prod Liab Claims

NONE

Schedule P - Part 3S

NONE

SCHEDULE P - PART 4A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	236	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	223	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	318	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	473	144	134	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	715	127	29
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,316	185
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,495

SCHEDULE P - PART 4B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4D - WORKERS' COMPENSATION

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4E - COMMERCIAL MULTIPLE PERIL

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

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SCHEDULE P - PART 4F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

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	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4G - SPECIAL LIABILITY
(OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	22	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	25	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	37	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	53	16	10	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	48	9	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	76	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5

SCHEDULE P - PART 4H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

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SCHEDULE P - PART 4I - SPECIAL PROPERTY
(FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	5	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42	12	1
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	596	6
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	47

SCHEDULE P - PART 4J - AUTO PHYSICAL DAMAGE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4K - FIDELITY/SURETY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4M - INTERNATIONAL

1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

Schedule P - Part 4R - Prod Liab Occur

NONE

Schedule P - Part 4R - Prod Liab Claims

NONE

Schedule P - Part 4S

NONE

SCHEDULE P - PART 5A - HOMEOWNERS/FARMOWNERS

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	995	1,369	1,391	1,398	1,405	1,042	1,043
6. 2000	XXX	XXX	XXX	XXX	867	1,040	1,053	1,062	812	813
7. 2001	XXX	XXX	XXX	XXX	XXX	1,305	1,583	1,601	1,181	1,185
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	1,710	2,192	1,610	1,617
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,267	1,984	2,009
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,206	16,741
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,770

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	282	18	4	3	2	1	0
6. 2000	XXX	XXX	XXX	XXX	157	15	7	4	2	1
7. 2001	XXX	XXX	XXX	XXX	XXX	176	16	8	7	1
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	304	25	12	8
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	329	37	13
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,094	268
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,558

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	2,396	2,702	2,711	2,720	2,728	2,129	2,129
6. 2000	XXX	XXX	XXX	XXX	1,502	1,639	1,649	1,659	1,262	1,262
7. 2001	XXX	XXX	XXX	XXX	XXX	2,107	2,342	2,364	1,757	1,757
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	2,760	3,133	2,357	2,362
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,530	2,846	2,859
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,022	19,427
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,965

Schedule P - Part 5B- SN1
NONE

Schedule P - Part 5B- SN2
NONE

Schedule P - Part 5B- SN3
NONE

Schedule P - Part 5C- SN1
NONE

Schedule P - Part 5C- SN2
NONE

Schedule P - Part 5C- SN3
NONE

Schedule P - Part 5D- SN1
NONE

Schedule P - Part 5D- SN2
NONE

Schedule P - Part 5D- SN3
NONE

Schedule P - Part 5E- SN1
NONE

Schedule P - Part 5E- SN2
NONE

Schedule P - Part 5E- SN3
NONE

Schedule P - Part 5F- SN1A
NONE

Schedule P - Part 5F- SN2A
NONE

Schedule P - Part 5F- SN3A
NONE

Schedule P - Part 5F- SN1B
NONE

Schedule P - Part 5F- SN2B
NONE

Schedule P - Part 5F- SN3B
NONE

SCHEDULE P - PART 5H - OTHER LIABILITY - OCCURRENCE

SECTION 1A										
Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	2	2	2	2	3	0	0
6. 2000	XXX	XXX	XXX	XXX	3	4	4	4	3	3
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	1	1
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	1	2	4	4
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	2
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 2A										
Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	1	1	1	1	0	0	0
6. 2000	XXX	XXX	XXX	XXX	2	3	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	1	0	1	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	2	3	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	1	1
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	1
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 3A										
Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	5	5	5	5	5	1	1
6. 2000	XXX	XXX	XXX	XXX	11	13	13	13	6	6
7. 2001	XXX	XXX	XXX	XXX	XXX	3	3	4	3	3
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	4	7	7	7
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2	3	3
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5	7
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2

Schedule P - Part 5H- SN1B
NONE

Schedule P - Part 5H- SN2B
NONE

Schedule P - Part 5H- SN3B
NONE

Schedule P - Part 5R- SN1A
NONE

Schedule P - Part 5R- SN2A
NONE

Schedule P - Part 5R- SN3A
NONE

Schedule P - Part 5R- SN1B
NONE

Schedule P - Part 5R- SN2B
NONE

Schedule P - Part 5R- SN3B
NONE

Schedule P - Part 6C - SN1
NONE

Schedule P - Part 6C - SN2
NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

SCHEDULE P - PART 6E - COMMERCIAL MULTIPLE PERIL

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

SCHEDULE P - PART 6H - OTHER LIABILITY - OCCURRENCE

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.81	.81	.81	.81	.81	.81	.81	.0
6. 2000	XXX	XXX	XXX	XXX	.110	.110	.110	.110	.110	.110	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.137	.137	.137	.137	.137	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.168	.168	.168	.168	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.121	.121	.121	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.107	.107	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.172	.172
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.172
13. Earned Premiums (Sch P, Part 1)	0	0	0	.81	.110	.137	.168	.121	.107	.172	XXX

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.41	.41	.41	.41	.41	.41	.41	.0
6. 2000	XXX	XXX	XXX	XXX	.55	.55	.55	.55	.55	.55	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.69	.69	.69	.69	.69	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.3	.3	.3	.3	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.51	.51	.51	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.44	.44	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.37	.37
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.37
13. Earned Premiums (Sch P, Part 1)	0	0	0	.41	.55	.69	.3	.51	.44	.37	XXX

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

SCHEDULE P - PART 6H - OTHER LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

SCHEDULE P - PART 6M - INTERNATIONAL

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1	2	3	4	5	6	7	8	9	10	
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	XXX

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

Schedule P - Part 6R - SN1A

NONE

Schedule P - Part 6R - SN2A

NONE

Schedule P - Part 6R - SN1B

NONE

Schedule P - Part 6R - SN2B

NONE

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS
(\$000 OMITTED)

SECTION 1

	1	2	3	4	5	6
Schedule P - Part 1	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contacts	Loss Sensitive as Percentage of Total
1. Homeowners/Farmowners	5,388	.0	.0.0	19,099	.0	.0.0
2. Private Passenger Auto Liability/Medical .....	.0	.0	.0.0	.0	.0	.0.0
3. Commercial Auto/Truck Liability/Medical .....	.0	.0	.0.0	.0	.0	.0.0
4. Workers' Compensation .....	.0	.0	.0.0	.0	.0	.0.0
5. Commercial Multiple Peril .....	.0	.0	.0.0	.0	.0	.0.0
6. Medical Malpractice - Occurrence .....	.0	.0	.0.0	.0	.0	.0.0
7. Medical Malpractice - Claims-Made .....	.0	.0	.0.0	.0	.0	.0.0
8. Special Liability .....	.0	.0	.0.0	.0	.0	.0.0
9. Other Liability - Occurrence	23	.0	.0.0	212	.0	.0.0
10. Other Liability - Claims-Made .....	.0	.0	.0.0	.0	.0	.0.0
11. Special Property	139	.0	.0.0	542	.0	.0.0
12. Auto Physical Damage .....	.0	.0	.0.0	.0	.0	.0.0
13. Fidelity/Surety .....	.0	.0	.0.0	.0	.0	.0.0
14. Other .....	.0	.0	.0.0	.0	.0	.0.0
15. International .....	.0	.0	.0.0	.0	.0	.0.0
16. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX	XXX	XXX
19. Products Liability - Occurrence .....	.0	.0	.0.0	.0	.0	.0.0
20. Products Liability - Claims-Made .....	.0	.0	.0.0	.0	.0	.0.0
21. Financial Guaranty/Mortgage Guaranty .....	.0	.0	.0.0	.0	.0	.0.0
22. Totals	5,551	0	0.0	19,854	0	0.0

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1996 .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1997	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1998	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5. 1999	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
6. 2000	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
7. 2001	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company										
SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS										
(continued)										
SECTION 4										
Years in Which Policies Were Issued	NET EARNED PREMIUMS 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	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 5										
Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS 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	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS
(\$000 OMITTED)

SECTION 1

	1	2	3	4	5	6
	Total Net Losses and Expenses Unpaid	Net Losses and Expenses Unpaid on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total	Total Net Premiums Written	Net Premiums Written on Loss Sensitive Contracts	Loss Sensitive as Percentage of Total
Schedule P - Part 1						
1. Homeowners/Farmowners	5,388	0	0.0	19,099	0	0.0
2. Private Passenger Auto Liability/Medical	0	0	0.0	0	0	0.0
3. Commercial Auto/Truck Liability/Medical	0	0	0.0	0	0	0.0
4. Workers' Compensation	0	0	0.0	0	0	0.0
5. Commercial Multiple Peril	0	0	0.0	0	0	0.0
6. Medical Malpractice - Occurrence	0	0	0.0	0	0	0.0
7. Medical Malpractice - Claims-Made	0	0	0.0	0	0	0.0
8. Special Liability	0	0	0.0	0	0	0.0
9. Other Liability - Occurrence	23	0	0.0	212	0	0.0
10. Other Liability - Claims-Made	0	0	0.0	0	0	0.0
11. Special Property	139	0	0.0	542	0	0.0
12. Auto Physical Damage	0	0	0.0	0	0	0.0
13. Fidelity/Surety	0	0	0.0	0	0	0.0
14. Other	0	0	0.0	0	0	0.0
15. International	0	0	0.0	0	0	0.0
16. Reinsurance - Nonproportional Assumed Property	0	0	0.0	0	0	0.0
17. Reinsurance - Nonproportional Assumed Liability	0	0	0.0	0	0	0.0
18. Reinsurance - Nonproportional Assumed Financial Lines	0	0	0.0	0	0	0.0
19. Products Liability - Occurrence	0	0	0.0	0	0	0.0
20. Products Liability - Claims-Made	0	0	0.0	0	0	0.0
21. Financial Guaranty/Mortgage Guaranty	0	0	0.0	0	0	0.0
22. Totals	5,551	0	0.0	19,854	0	0.0

SECTION 2

Years in Which Policies Were Issued	INCURRED LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 3

Years in Which Policies Were Issued	BULK AND INCURRED BUT NOT REPORTED RESERVES FOR LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS

(continued)

SECTION 4										
Years in Which Policies Were Issued	NET EARNED PREMIUMS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 5										
Years in Which Policies Were Issued	NET RESERVE FOR PREMIUM ADJUSTMENTS AND ACCRUED RETROSPECTIVE PREMIUMS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 6										
Years in Which Policies Were Issued	INCURRED ADJUSTABLE COMMISSIONS REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 7										
Years in Which Policies Were Issued	RESERVES FOR COMMISSION ADJUSTMENTS AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1996	0	0	0	0	0	0	0	0	0	0
3. 1997	XXX	0	0	0	0	0	0	0	0	0
4. 1998	XXX	XXX	0	0	0	0	0	0	0	0
5. 1999	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2000	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2001	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P INTERROGATORIES

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in which premiums were earned and losses were incurred		1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01	Prior	0	0	0
1.02	1996.....	0	0	0
1.03	1997.....	0	0	0
1.04	1998.....	0	0	0
1.05	1999.....	0	0	0
1.06	2000.....	0	0	0
1.07	2001.....	0	0	0
1.08	2002.....	0	0	0
1.09	2003.....	0	0	0
1.10	2004.....	0	0	0
1.11	2005.....	0	0	0
1.12	Totals	0	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Answer: Yes [] No [X]

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [] No [X]

If Yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: (in thousands of dollars)

5.1 Fidelity0

5.2 Surety0

6. Claim count information is reported per claim or per claimant (Indicate which).....CLAIM
If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [] No [X]

7.2 An extended statement may be attached.
.....

#3 Adjusting & Other expense payments and reserves are allocated to the loss years incurred based on the actual loss year in which the associated claims were incurred.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories									
States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL No	.0	.0	.0	.0	.0	.0	.0	.0
2. Alaska	AK No	.0	.0	.0	.0	.0	.0	.0	.0
3. Arizona	AZ No	.0	.0	.0	.0	.0	.0	.0	.0
4. Arkansas	AR No	.0	.0	.0	.0	.0	.0	.0	.0
5. California	CA No	.0	.0	.0	.0	.0	.0	.0	.0
6. Colorado	CO No	.0	.0	.0	.0	.0	.0	.0	.0
7. Connecticut	CT No	.0	.0	.0	.0	.0	.0	.0	.0
8. Delaware	DE No	.0	.0	.0	.0	.0	.0	.0	.0
9. District of Columbia	DC No	.0	.0	.0	.0	.0	.0	.0	.0
10. Florida	FL Yes	64,639,580	62,371,704	.0	124,274,999	122,459,709	59,235,244	.0	.0
11. Georgia	GA No	.0	.0	.0	.0	.0	.0	.0	.0
12. Hawaii	HI No	.0	.0	.0	.0	.0	.0	.0	.0
13. Idaho	ID No	.0	.0	.0	.0	.0	.0	.0	.0
14. Illinois	IL No	.0	.0	.0	.0	.0	.0	.0	.0
15. Indiana	IN No	.0	.0	.0	.0	.0	.0	.0	.0
16. Iowa	IA No	.0	.0	.0	.0	.0	.0	.0	.0
17. Kansas	KS No	.0	.0	.0	.0	.0	.0	.0	.0
18. Kentucky	KY No	.0	.0	.0	.0	.0	.0	.0	.0
19. Louisiana	LA No	.0	.0	.0	.0	.0	.0	.0	.0
20. Maine	ME No	.0	.0	.0	.0	.0	.0	.0	.0
21. Maryland	MD No	.0	.0	.0	.0	.0	.0	.0	.0
22. Massachusetts	MA No	.0	.0	.0	.0	.0	.0	.0	.0
23. Michigan	MI No	.0	.0	.0	.0	.0	.0	.0	.0
24. Minnesota	MN No	.0	.0	.0	.0	.0	.0	.0	.0
25. Mississippi	MS No	.0	.0	.0	.0	.0	.0	.0	.0
26. Missouri	MO No	.0	.0	.0	.0	.0	.0	.0	.0
27. Montana	MT No	.0	.0	.0	.0	.0	.0	.0	.0
28. Nebraska	NE No	.0	.0	.0	.0	.0	.0	.0	.0
29. Nevada	NV No	.0	.0	.0	.0	.0	.0	.0	.0
30. New Hampshire	NH No	.0	.0	.0	.0	.0	.0	.0	.0
31. New Jersey	NJ No	.0	.0	.0	.0	.0	.0	.0	.0
32. New Mexico	NM No	.0	.0	.0	.0	.0	.0	.0	.0
33. New York	NY No	.0	.0	.0	.0	.0	.0	.0	.0
34. North Carolina	NC No	.0	.0	.0	.0	.0	.0	.0	.0
35. North Dakota	ND No	.0	.0	.0	.0	.0	.0	.0	.0
36. Ohio	OH No	.0	.0	.0	.0	.0	.0	.0	.0
37. Oklahoma	OK No	.0	.0	.0	.0	.0	.0	.0	.0
38. Oregon	OR No	.0	.0	.0	.0	.0	.0	.0	.0
39. Pennsylvania	PA No	.0	.0	.0	.0	.0	.0	.0	.0
40. Rhode Island	RI No	.0	.0	.0	.0	.0	.0	.0	.0
41. South Carolina	SC No	.0	.0	.0	.0	.0	.0	.0	.0
42. South Dakota	SD No	.0	.0	.0	.0	.0	.0	.0	.0
43. Tennessee	TN No	.0	.0	.0	.0	.0	.0	.0	.0
44. Texas	TX No	.0	.0	.0	.0	.0	.0	.0	.0
45. Utah	UT No	.0	.0	.0	.0	.0	.0	.0	.0
46. Vermont	VT No	.0	.0	.0	.0	.0	.0	.0	.0
47. Virginia	VA No	.0	.0	.0	.0	.0	.0	.0	.0
48. Washington	WA No	.0	.0	.0	.0	.0	.0	.0	.0
49. West Virginia	WV No	.0	.0	.0	.0	.0	.0	.0	.0
50. Wisconsin	WI No	.0	.0	.0	.0	.0	.0	.0	.0
51. Wyoming	WY No	.0	.0	.0	.0	.0	.0	.0	.0
52. American Samoa	AS No	.0	.0	.0	.0	.0	.0	.0	.0
53. Guam	GU No	.0	.0	.0	.0	.0	.0	.0	.0
54. Puerto Rico	PR No	.0	.0	.0	.0	.0	.0	.0	.0
55. U.S. Virgin Islands	VI No	.0	.0	.0	.0	.0	.0	.0	.0
56. Canada	CN No	.0	.0	.0	.0	.0	.0	.0	.0
57. Aggregate Other Aliens	OT XXX	.0	.0	.0	.0	.0	.0	.0	.0
58. Totals	(a) 1	64,639,580	62,371,704	.0	124,274,999	122,459,709	59,235,244	.0	.0
DETAILS OF WRITE-INS									
5701.	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5702.	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5703.	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	XXX	.0	.0	.0	.0	.0	.0	.0	.0

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

Explanation of basis of allocation of premiums by states, etc.

SCHEDULE T – PART 2
INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

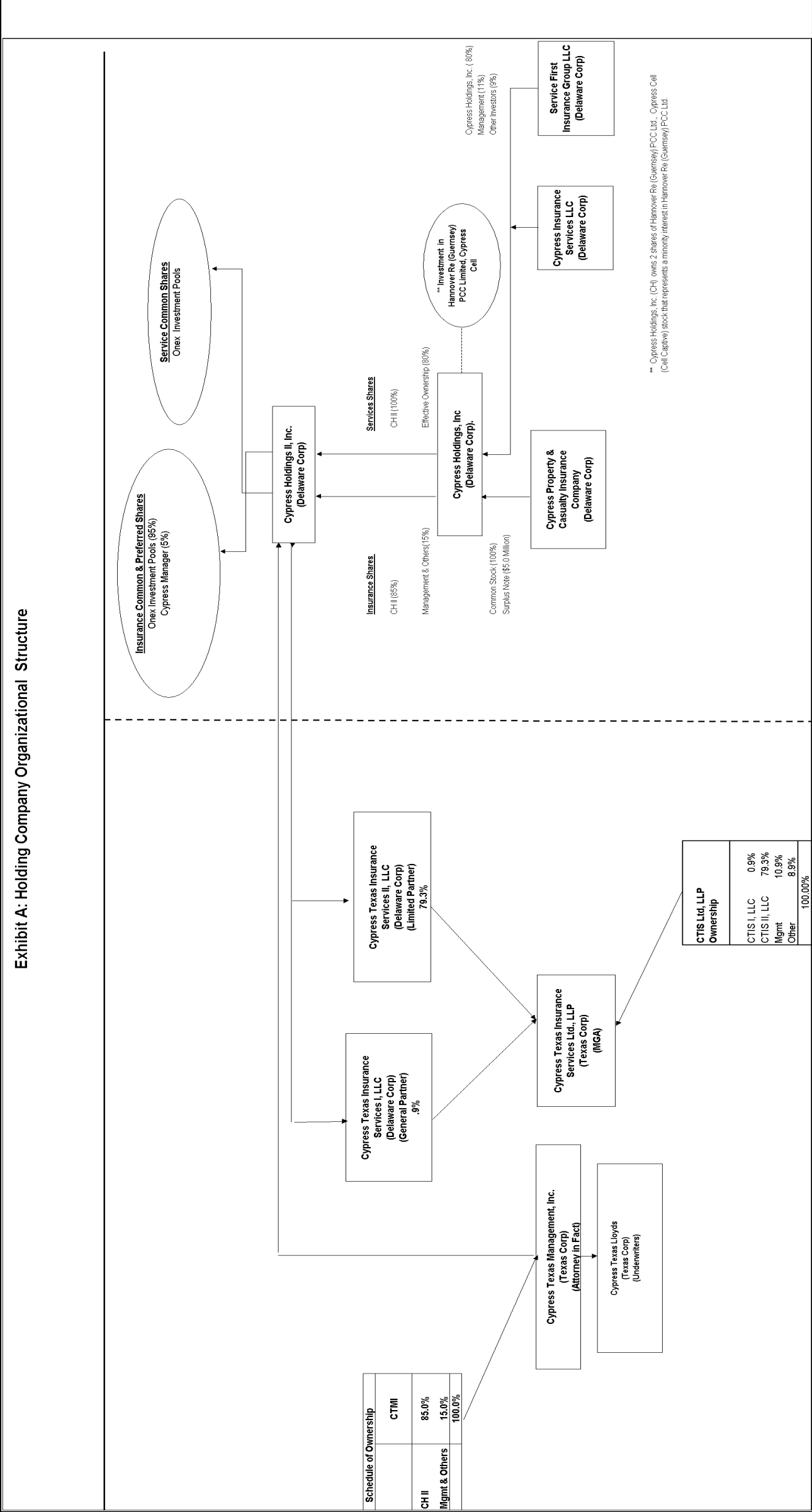
Allocated by States and Territories

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

NONE

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

PART 1 - ORGANIZATIONAL CHART



ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

RESPONSES

1.

Will an actuarial opinion be filed by March 1?

.....YES.....
2.

Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?

.....YES.....
3.

Will the Risk-based Capital Report be filed with the NAIC by March 1?

.....YES.....
4.

Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?

.....YES.....
5.

Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?

.....YES.....

APRIL FILING

6.

Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?

.....YES.....
7.

Will Management's Discussion and Analysis be filed by April 1?

.....YES.....
8.

Will the Investment Risk Interrogatories be filed by April 1?

.....YES.....

MAY FILING

9.

Will this company be included in a combined annual statement which is filed with the NAIC by May 1?

.....WAIVED.....

JUNE FILING

10.

Will an audited financial report be filed by June 1?

.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

11.

Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?

.....NO.....
12.

Will the Financial Guaranty Insurance Exhibit be filed March 1?

.....NO.....
13.

Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?

.....NO.....
14.

Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?

.....NO.....
15.

Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?

.....NO.....
16.

Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?

.....NO.....
17.

Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?

.....YES.....

APRIL FILING

18.

Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?

.....NO.....
19.

Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?

.....NO.....
20.

Will the Accident and Health Policy Experience Exhibit be filed by April 1?

.....NO.....

Explanation:

11.
12.
13.
14.
15.
16.

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company











SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

18.

19.

20.

Bar Code:

9.	 109532005201000000
11.	 109532005420000000
12.	 109532005240000000
13.	 109532005360580000
14.	 109532005450000000
15.	 109532005490000000
16.	 109532005385000000
18.	 109532005230580000
19.	 109532005330580000
20.	 109532005210000000

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3			6	7	8		9		10	11	Change n Book Adjusted Carry ng Va ue					interest			Dates	
		4	5	Bond CHAR			NA C Des gnation	Actua Cost	Rate Used to Obtain Far Va ue	Far Va ue			Par Va ue	Book/Adjusted Carry ng Va ue	Unrea zed Va uat on increase/ (Decrease)	Current Year s (Amort zation)/ Accret on	Current Year s Other Than Temporary mpa rment Recogn ized	Tota Foreign Exchange Change n B/A C V	Rate of	Effect ve Rate of	How Pa d	Adm tted Amount Due & Accrued	Gross Amt Rec Dur ng Year	Acquired	Matur ty
CUS P dent f cat on	Des cr pt on	* n	F o r e																			
3128X0-L3-1	FEDERAL HOME LOAN MORTGAGE CORPORATION			1	1	1 008 300	96 8330	96 8330	968 330	1 000 000	1 000 000	1 000 000	0	(1 307)	0	3 250	2 360	FA	11 375	32 500	03/09/2004	02/25/2008
0199999 - total	Bonds - U S Government Bonds					1 008 300	XX	XX	968 330	1 000 000	1 000 000	1 000 000	0	(1 307)	0	XX	XX	XX	11 375	32 500	XX	XX
0399999 - total	U S Government Bonds					1 008 300			968 330	1 000 000	1 000 000	1 000 000	0	(1 307)	0	XX	XX	XX	11 375	32 500	XX	XX
3128H4-HW-4	FEDERAL HOME LOAN MTG CORP #96536				1	543 672	99 0160	99 0160	530 530	535 802	543 555	543 555	0	(1 78)	0	5 000	4 510	MON	2 233	26 790	07/28/2003	03/01/2018
3129L3-E4-2	FEDERAL HOME LOAN MTG CORP #22855				1	117 085	102 7030	102 7030	120 288	117 122	117 085	117 085	0	12	0	5 000	6 440	MON	634	7 613	04/01/1999	02/01/2029
3129K4K-V7-7	FEDERAL HOME LOAN MTG CORP #E01538				1	571 877	99 0160	99 0160	556 084	561 610	570 874	570 874	0	(2 184)	0	5 000	4 460	MON	2 340	28 081	11/20/2003	12/01/2018
3129K2-DE-6	FEDERAL HOME LOAN MTG CORP #B10453				1	547 968	97 4530	97 4530	539 917	554 028	548 619	548 619	0	1 149	0	4 500	4 720	MON	2 078	24 931	10/17/2003	10/01/2018
312967-R3-8	FEDERAL HOME LOAN MTG CORP #B15006				1	817 810	98 9840	98 9840	801 858	810 089	816 956	816 956	0	(1 716)	0	5 000	4 700	MON	3 375	40 504	08/05/2004	06/01/2019
312968-FD-7	FEDERAL HOME LOAN MTG CORP #B15564				1	190 335	98 9840	98 9840	186 912	188 830	190 160	190 160	0	(281)	0	5 000	4 740	MON	787	9 442	07/08/2004	06/01/2019
312968-OA-1	FEDERAL HOME LOAN MTG CORP #B15849				1	245 317	98 9840	98 9840	240 905	243 377	245 317	245 317	0	(535)	0	5 000	4 720	MON	1 014	12 169	07/08/2004	07/01/2019
31371L-W2-2	FEDERAL NATIONAL MTG ASSOC #255177				1	761 479	98 9210	98 9210	746 852	754 991	760 761	760 761	0	(1 505)	0	5 000	4 680	MON	3 146	37 750	04/14/2004	04/01/2019
3138ZF-6F-1	FEDERAL NATIONAL MTG ASSOC #481570				1	32 457	101 0940	101 0940	33 365	33 003	32 457	32 457	0	177	0	6 000	5 740	MON	6 350	1 980	02/08/1999	02/01/2029
31388U-OA-1	FEDERAL NATIONAL MTG ASSOC #615249				1	126 301	99 0460	99 0460	126 542	128 425	129 779	128 425	0	842	0	5 000	5 740	MON	541	6 489	11/20/2001	11/01/2016
31401B-P5-8	FEDERAL NATIONAL MTG ASSOC #703444				1	589 611	98 9530	98 9530	570 251	576 284	589 020	589 020	0	(3 413)	0	5 000	4 270	MON	2 401	28 814	07/21/2003	05/01/2018
31403X-X2-3	FEDERAL NATIONAL MTG ASSOC #761296				1	383 283	97 2960	97 2960	370 204	380 489	382 845	382 845	0	(592)	0	4 500	4 250	MON	1 427	17 122	01/21/2004	02/01/2019
31404M-E5-3	FEDERAL NATIONAL MTG ASSOC #772456				1	496 091	98 9210	98 9210	494 685	500 076	496 226	496 226	0	885	0	5 000	5 120	MON	2 084	25 004	05/10/2004	03/01/2019
31405B-BG-4	FEDERAL NATIONAL MTG ASSOC #784035				1	431 791	98 9210	98 9210	420 242	424 821	430 972	430 972	0	(1 537)	0	5 000	4 500	MON	1 770	21 241	08/19/2004	06/01/2019
31405F-3X-8	FEDERAL NATIONAL MTG ASSOC #788414				1	788 910	98 9210	98 9210	766 160	774 509	788 180	788 180	0	(3 511)	0	5 000	4 420	MON	3 227	38 725	09/01/2004	08/01/2019
2899999 - total	Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities					6 643 988	XX	XX	6 506 794	6 584 812	6 639 252	6 639 252	0	(13 988)	0	XX	XX	XX	27 221	326 655	XX	XX
313580-V0-5	FEDERAL NATIONAL MTG ASSOC 92 150				1	58 145	99 0780	99 0780	60 324	60 885	58 839	58 839	0	719	0	5 500	6 570	MON	279	3 349	03/24/1999	09/25/2022
31392F-S8-1	FEDERAL NATIONAL MTG ASSOC 02 82 BE				1	134 568	99 0730	99 0730	131 220	132 447	134 568	134 568	0	(676)	0	5 000	4 080	MON	552	6 622	04/14/2003	10/25/2031
2799999 - total	Bonds - Special Revenue - Defined Multi-Class Residential Mortgage-Backed Securities					192 714	XX	XX	191 544	193 332	193 408	193 408	0	44	0	XX	XX	XX	831	9 971	XX	XX
3199999 - total	Special Revenue Bonds					6 836 702	XX	XX	6 698 338	6 778 144	6 832 660	6 832 660	0	(13 944)	0	XX	XX	XX	28 052	336 626	XX	XX
695114-BW-9	PACIFIC CORP				IFE	193 980	100 5510	100 5510	201 103	200 000	199 190	199 190	0	921	0	5 650	6 150	MON	1 883	11 300	04/27/1999	11/01/2006
737679-CH-1	POTOMAC ELECTRIC POWER COMPANY				IFE	506 621	102 1710	102 1710	495 530	485 000	492 900	492 900	0	(4 109)	0	6 250	5 280	AO	6 399	30 313	05/30/2002	10/15/2007
92781F-BP-2	VIRGINIA ELECTRIC & POWER COMPANY				2FE	291 051	101 6300	101 6300	304 891	300 000	296 764	296 764	0	997	0	5 730	6 140	JJ	8 595	17 190	04/05/1999	11/25/2008
3299999 - total	Bonds - Public Utilities - Issuer Obligations					991 652	XX	XX	1 001 524	985 000	988 854	988 854	0	(2 191)	0	XX	XX	XX	16 878	58 803	XX	XX
3899999 - total	Public Utilities Bonds					991 652	XX	XX	1 001 524	985 000	988 854	988 854	0	(2 191)	0	XX	XX	XX	16 878	58 803	XX	XX
06406H-AV-5	BANK OF NEW YORK CO INC				IFE	249 440	99 9010	99 9010	249 753	250 000	249 440	249 440	0	6	0	4 950	4 990	JJ	619	0	12/08/2005	01/14/2011
079867-AO-0	BELLSOUTH TELECOMMUNICATIONS INC				IFE	97 435	103 7380	103 7380	97 542	101 189	97 470	97 470	0	(6)	0	6 300	6 310	JD	273	6 145	05/06/1999	12/15/2015
105130-BF-7	BRANCH BANKING & TRUST				IFE	250 000	100 0280	100 0280	250 071	250 000	250 000	250 000	0		0	4 460	4 460	MUSD	960	0	12/15/2005	09/02/2008
17252K-AF-7	CINTAS CORP NO 2			1	IFE	261 870	105 7370	105 7370	264 344	250 000	261 801	261 801	0	(69)	0	6 000	5 120	JD	1 250	0	12/12/2005	06/01/2012
22541L-BJ-1	CREDIT SUISSE FB USA INC				IFE	250 200	99 9740	99 9740	249 936	250 000	250 200	250 200	0		0	4 540	4 510	FWA	1 482	0	12/02/2005	08/15/2010
263534-BW-0	DU PONT (E I) DE NEWMOURS & COMPANY GENERAL ELECTRIC CAPITAL CORPORATION			1	IFE	240 620	96 5570	96 5570	241 392	250 000	240 750	240 750	0	130	0	4 125	5 080	AO	1 747	0	12/02/2005	04/30/2010
369626-S7-0	NATIONAL CITY BANK				IFE	399 984	99 9800	99 9800	399 921	400 000	400 000	400 000	0	16	0	4 713	4 680	JAL	3 425	0	11/17/2005	10/21/2010
634302-JB-7	NATIONAL CITY BANK				IFE	253 797	95 2360	95 2360	242 419	254 545	254 019	254 019	0	159	0	2 700	2 800	FA	2 425	6 873	02/24/2004	08/24/2009
3899999 - total	Bonds - Industrial, Misc. - Issuer Obligations					2 003 346	XX	XX	1 999 025	2 002 087	2 003 687	2 003 687	0	235	0	XX	XX	XX	12 180	13 018	XX	XX
056819-XC-5	BANC ONE HOME EQ TR 99 1 A3				IFE	73 011	99 8110	99 8110	72 886	73 024	73 011	73 011	0	3	0	6 600	6 500	MON	402	4 820	03/23/1999	07/25/2026
4299999 - total	Bonds - Industrial, Misc. - Other Multi-Class Residential Mortgage-Backed Securities					73 011	XX	XX	72 886	73 024	73 011	73 011	0	3	0	XX	XX	XX	402	4 820	XX	XX
501773-CA-1	LB COMM CONDUIT MTG TR 98 C4 A1B				IFE	433 731	102 5580	102 5580	451 255	440 000	4											

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			7	Far Value		10	11	Change in Book Adjusted Carrying Value				Interest				20	21	Dates
		3	4	5		8	9			12	13	14	15	16	17	18	19			
CUSP Identification	Description				Actual Cost	Rate Used to Obtain Far Value	Far Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Years (Amortization)/ Accretion	Current Years Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B/A C/V	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt Received During Year	Acquired	Maturity
		*	n	Bond CHAR																	NA C Designation
5999999 - Total - Other Multi-Class Commercial Mortgage-Backed Securities					1,364,143	XXX	1,267,859	1,259,260	1,293,955	.0	(20,019)	.0	.0	XXX	XXX	XXX	2,099	67,469	XXX	XX
6099999 Totals					12,710,885	XXX	12,459,217	12,537,515	12,629,349	.0	(36,589)	0	0	XXX	XXX	XXX	73,263	540,561	XXX	XX

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUS P Ident- ification	Descr ption	D sposa Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Pr or Year Book/Adjusted Carrying Value	Unrea zed Value or Increase/ (Decrease)	Current Year (Amortizat on) Accretion	Current Year's Temporary Impairment Recognized	Total Change in B/A C/V (11 + 12 - 13)	Total Foreign Exchange Change in B/A C/V	Book/ Adjusted Carrying Value at D sposa Date	Foreign Exchange Gain (Loss) on D sposa	Rea zed Gain (Loss) on D sposa	Tota Gain (Loss) on D sposa	Bond Interest/Stock Dividends Received During Year	Maturity Date	
313300-MU-6	FEDERAL HOME LOAN BANK	02/08/2005	RISC SECURITIES USA INC	0	1,740,743	1,750,000	1,762,103	1,755,487	0	(603)	0	(603)	0	1,754,885	0	(14,142)	(14,142)	6,563	12/15/2005	
313444-UU-5	FEDERAL HOME LOAN MORTGAGE CORPORATION	07/12/2005	JP MORGAN SECURITIES INC	0	186,233	190,000	193,116	192,680	0	(315)	0	(315)	0	192,365	0	(6,132)	(6,132)	4,774	04/15/2009	
03999999	- Bonds - U.S. Governments				1,926,976	1,940,000	1,955,219	1,948,167	0	(918)	0	(918)	0	1,947,250	0	(20,274)	(20,274)	11,336	XX	
373382-PL-8	GEOORGIA ST	03/01/2005	MATURITY	0	350,000	350,000	379,236	352,121	0	(2,121)	0	(2,121)	0	350,000	0	0	0	10,675	03/01/2005	
646038-WD-7	NEW JERSEY ST	02/15/2005	MATURITY	0	350,000	350,000	378,427	351,553	0	(1,553)	0	(1,553)	0	350,000	0	0	0	9,844	02/15/2005	
709141-WY-7	PENNSYLVANIA ST	07/12/2005	BANK OF AMERICA	0	301,383	300,000	325,581	306,661	0	(4,779)	0	(4,779)	0	301,881	0	(498)	(498)	11,833	10/01/2005	
917056-KA-7	WISCONSIN ST	05/01/2005	MATURITY	0	375,000	375,000	402,671	378,771	0	(3,771)	0	(3,771)	0	375,000	0	0	0	9,844	05/01/2005	
1799939	- Bonds - States, Territories and Possessions				1,376,383	1,375,000	1,485,915	1,389,105	0	(12,224)	0	(12,224)	0	1,376,881	0	(498)	(498)	42,196	XX	
036303-L4-5	ANKA-HEMPIN MN INDPT SCH DIST	02/01/2005	MATURITY	0	375,000	375,000	392,565	375,679	0	(679)	0	(679)	0	375,000	0	0	0	8,438	02/01/2005	
834132-AR-3	SOLANO CNTY CA CMNTY COLLEG	02/16/2005	COMMERCE CAPITAL MARKETS INC	0	544,100	500,000	532,455	531,530	0	(431)	0	(431)	0	531,099	0	13,001	13,001	13,958	08/01/2013	
866560-FC-4	SUMTER CNTY SC	06/01/2005	MATURITY	0	400,000	400,000	421,182	403,434	0	(3,434)	0	(3,434)	0	400,000	0	0	0	8,000	06/01/2005	
24999999	- Bonds - Political Subdivisions				1,319,100	1,275,000	1,346,212	1,310,643	0	(4,544)	0	(4,544)	0	1,306,099	0	13,001	13,001	30,396	XX	
312984-RW-4	FEDERAL HOME LOAN MTG CORP #E96636	12/01/2005	PAYDOWN	0	125,490	125,490	127,333	125,671	0	(182)	0	(182)	0	125,490	0	0	0	3,385	03/07/2018	
312931-E4-2	FEDERAL HOME LOAN MTG CORP #C22855	12/01/2005	PAYDOWN	0	42,235	42,235	42,222	42,233	0	2	0	2	0	42,235	0	0	0	1,432	02/01/2029	
31294K-V7-7	FEDERAL HOME LOAN MTG CORP #E01538	12/01/2005	PAYDOWN	0	120,426	120,426	122,628	120,657	0	(231)	0	(231)	0	120,426	0	0	0	3,309	12/01/2018	
312962-DE-6	FEDERAL HOME LOAN MTG CORP #B10453	12/01/2005	PAYDOWN	0	89,275	89,275	88,298	89,188	0	87	0	87	0	89,275	0	0	0	2,172	10/01/2018	
312967-R3-8	FEDERAL HOME LOAN MTG CORP #B15006	12/01/2005	PAYDOWN	0	153,461	153,461	154,923	153,631	0	(170)	0	(170)	0	153,461	0	0	0	4,451	06/01/2019	
312968-FD-7	FEDERAL HOME LOAN MTG CORP #B15564	12/01/2005	PAYDOWN	0	30,554	30,554	30,797	30,579	0	(25)	0	(25)	0	30,554	0	0	0	799	06/01/2019	
312968-OA-1	FEDERAL HOME LOAN MTG CORP #B15849	12/01/2005	PAYDOWN	0	106,857	106,857	107,708	106,988	0	(131)	0	(131)	0	106,857	0	0	0	2,715	07/01/2019	
313580-V0-5	MA	12/01/2005	PAYDOWN	0	23,152	23,152	22,110	23,046	0	106	0	106	0	23,152	0	0	0	697	09/01/2022	
313171-M2-2	FEDERAL NATIONAL MTG ASSOC #255177	12/01/2005	PAYDOWN	0	172,291	172,291	173,772	172,474	0	(183)	0	(183)	0	172,291	0	0	0	4,441	04/01/2019	
31382F-6F-1	FEDERAL NATIONAL MTG ASSOC #481570	12/01/2005	PAYDOWN	0	14,104	14,104	13,871	14,072	0	33	0	33	0	14,104	0	0	0	412	02/01/2029	
31388U-CA-1	FEDERAL NATIONAL MTG ASSOC #615249	12/01/2005	PAYDOWN	0	39,089	39,089	38,042	38,979	0	111	0	111	0	39,089	0	0	0	1,001	11/01/2016	
31392F-S8-1	BE	12/01/2005	PAYDOWN	0	48,920	48,920	49,703	49,027	0	(108)	0	(108)	0	48,920	0	0	0	1,278	03/01/2013	
31393L-DW-2	FEDERAL HOME LOAN MTG CORP 2577 PM	11/01/2005	PAYDOWN	0	268,944	268,944	270,961	269,864	0	(920)	0	(920)	0	268,944	0	0	0	3,885	11/01/2005	
31393M-RK-7	FHLMC STRUCTURED PT SEC #007 A2	11/15/2005	VARIOUS	0	112,373	112,373	112,060	112,060	0	313	0	313	0	112,373	0	0	0	1,915	10/01/2005	
31401B-P5-8	FEDERAL NATIONAL MTG ASSOC #703444	12/01/2005	PAYDOWN	0	139,219	139,219	142,438	139,616	0	(397)	0	(397)	0	139,219	0	0	0	3,861	05/01/2018	
31403X-Y2-3	FEDERAL NATIONAL MTG ASSOC #761296	12/01/2005	PAYDOWN	0	82,162	82,162	82,765	82,232	0	(60)	0	(60)	0	82,162	0	0	0	2,038	02/01/2019	
31404U-E5-3	FEDERAL NATIONAL MTG ASSOC #772456	12/01/2005	PAYDOWN	0	104,701	104,701	103,867	104,618	0	83	0	83	0	104,701	0	0	0	3,085	03/01/2019	
31405B-BC-4	FEDERAL NATIONAL MTG ASSOC #784035	12/01/2005	PAYDOWN	0	68,638	68,638	69,704	68,766	0	(128)	0	(128)	0	68,638	0	0	0	2,097	06/01/2019	
31405F-SX-8	FEDERAL NATIONAL MTG ASSOC #784035	12/01/2005	PAYDOWN	0	210,339	210,339	214,249	210,856	0	(517)	0	(517)	0	210,339	0	0	0	3,326	08/01/2019	
349514-SU-9	FORT WORTH TX WTR & SEWER REV	02/15/2005	MATURITY	0	300,000	300,000	323,754	300,000	0	(1,271)	0	(1,271)	0	300,000	0	0	0	8,250	02/15/2005	
607142-CL-8	MOBILE AL WATER & SEWER COMMS WTR	01/01/2005	MATURITY	0	300,000	300,000	316,954	300,000	0	0	0	0	0	300,000	0	0	0	7,500	01/01/2005	
64988K-DT-0	NEW YORK ST POWER AUTH	07/12/2005	ADVEST SECURITIES	0	302,307	300,000	324,081	307,026	0	(4,328)	0	(4,328)	0	302,698	0	(391)	(391)	10,000	11/15/2005	
73999999	- Bonds - Special Revenues				2,854,536	2,852,228	2,834,301	2,862,854	0	(7,927)	0	(7,927)	0	2,854,927	0	0	0	74,050	XX	
341081-DZ-7	FLORIDA POWER & LIGHT COMPANY	07/13/2005	BARCLAYS CAPITAL	0	303,201	300,000	321,543	305,217	0	(3,091)	0	(3,091)	0	302,126	0	1,075	1,075	13,005	12/01/2005	
39999999	- Bonds - Public Utilities				303,201	300,000	321,543	305,217	0	(3,091)	0	(3,091)	0	302,126	0	1,075	1,075	13,005	XX	
058919-AC-5	BANK ONE HOME EO TR 99 1 A3	12/01/2005	PAYDOWN	0	26,134	26,134	26,130	26,133	0	1	0	1	0	26,134	0	0	0	797	03/01/2006	
079867-AO-0	BELLSOUTH TELECOMMUNICATIONS INC	12/15/2005	SINKING FUND REDEMPTION	0	6,827	6,827	6,819	6,810	0	16	0	16	0	6,827	0	0	0	324	12/15/2015	
173005E-NY-1	CITIBANK CREDIT CARD ISS TR 02 A3	05/15/2005	PAYDOWN	0	500,000	500,000	499,770	499,969	0	31	0	31	0	500,000	0	0	0	11,000	05/15/2005	
41283A-NY-1	HARLEY-DAVIDSON MOTORCYCLE TR 03 1 A2	12/15/2005	PAYDOWN	0	90,740	90,740	90,726	90,657	0	83	0	83	0	90,740	0	0	0	1,727	07/15/2007	
51488X-AE-1	LANDESBANK BADEN-WUERTTEMBERG NY	06/08/2005	SECURITY CALLED BY ISSUER	0	500,000	500,000	500,000	500,000	0	0	0	0	0	500,000	0	0	0	6,000	06/08/2006	
524601-AR-8	LEGGOTT & PLATT INCORPORATED	02/15/2005	MATURITY	0	250,000	250,000	264,570	250,558	0	(558)	0	(558)	0	250,000	0	0	0	9,563	02/15/2005	
590188-JP-4	MERRILL LYNCH & COMPANY INC	07/12/2005	BANK OF AMERICA	0	420,880	400,000	397,952	399,005	0	116	0	116	0	399,121	0	21,759	21,759	21,867	02/17/2009	
634902-JB-7	NATIONAL CITY BANK	08/24/2005	VARIOUS	0	63,636	63,636	63,449	63,512	0	124	0	124	0	63,636	0	0	0	1,289	08/24/2009	
760985-NW-9	RESIDENTIAL ASSET MTG PRUD 02 RS5 A14	05/01/2005	VARIOUS	0	159,066	159,066	157,624	158,387	0	679	0	679	0	159,066	0	0	0	1,713	05/01/2005	
45999999	- Bonds - Industrial and Miscellaneous				2,017,283	1,996,403	2,007,041	1,995,032	0	492	0	492	0	1,995,524	0	21,759	21,759	54,279	XX	
60999937																				

Schedule D - Part 5

NONE

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

Schedule DB - Part A - Section 1
NONE

Schedule DB - Part A - Section 2
NONE

Schedule DB - Part A - Section 3
NONE

Schedule DB - Part B - Section 1
NONE

Schedule DB - Part B - Section 2
NONE

Schedule DB - Part B - Section 3
NONE

Schedule DB - Part C - Section 1
NONE

Schedule DB - Part C - Section 2
NONE

Schedule DB - Part C - Section 3
NONE

Schedule DB - Part D - Section 1
NONE

Schedule DB - Part D - Section 2
NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company

SCHEDULE E - PART 2 CASH EQUIVALENTS

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Cypress Property & Casualty Insurance Company						
SCHEDULE E PART 3 - SPECIAL DEPOSITS						
States, Etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits with the State of Domicile For The Benefit of All Policyholders		All Other Special Deposits	
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama	AL .....		.0	.0	.0	0
2. Alaska	AK .....		.0	.0	.0	0
3. Arizona	AZ .....		.0	.0	.0	0
4. Arkansas	AR .....		.0	.0	.0	0
5. California	CA .....		.0	.0	.0	0
6. Colorado	CO .....		.0	.0	.0	0
7. Connecticut	CT .....		.0	.0	.0	0
8. Delaware	DE .....		.0	.0	.0	0
9. District of Columbia	DC .....		.0	.0	.0	0
10. Florida	FL	Insurance Dept. / FL RSD for P&C.	300,000	300,000	.0	0
11. Georgia	GA .....		.0	.0	.0	0
12. Hawaii	HI .....		.0	.0	.0	0
13. Idaho	ID .....		.0	.0	.0	0
14. Illinois	IL .....		.0	.0	.0	0
15. Indiana	IN .....		.0	.0	.0	0
16. Iowa	IA .....		.0	.0	.0	0
17. Kansas	KS .....		.0	.0	.0	0
18. Kentucky	KY .....		.0	.0	.0	0
19. Louisiana	LA .....		.0	.0	.0	0
20. Maine	ME .....		.0	.0	.0	0
21. Maryland	MD .....		.0	.0	.0	0
22. Massachusetts	MA .....		.0	.0	.0	0
23. Michigan	MI .....		.0	.0	.0	0
24. Minnesota	MN .....		.0	.0	.0	0
25. Mississippi	MS .....		.0	.0	.0	0
26. Missouri	MO .....		.0	.0	.0	0
27. Montana	MT .....		.0	.0	.0	0
28. Nebraska	NE .....		.0	.0	.0	0
29. Nevada	NV .....		.0	.0	.0	0
30. New Hampshire	NH .....		.0	.0	.0	0
31. New Jersey	NJ .....		.0	.0	.0	0
32. New Mexico	NM .....		.0	.0	.0	0
33. New York	NY .....		.0	.0	.0	0
34. North Carolina	NC .....		.0	.0	.0	0
35. North Dakota	ND .....		.0	.0	.0	0
36. Ohio	OH .....		.0	.0	.0	0
37. Oklahoma	OK .....		.0	.0	.0	0
38. Oregon	OR .....		.0	.0	.0	0
39. Pennsylvania	PA .....		.0	.0	.0	0
40. Rhode Island	RI .....		.0	.0	.0	0
41. South Carolina	SC .....		.0	.0	.0	0
42. South Dakota	SD .....		.0	.0	.0	0
43. Tennessee	TN .....		.0	.0	.0	0
44. Texas	TX .....		.0	.0	.0	0
45. Utah	UT .....		.0	.0	.0	0
46. Vermont	VT .....		.0	.0	.0	0
47. Virginia	VA .....		.0	.0	.0	0
48. Washington	WA .....		.0	.0	.0	0
49. West Virginia	WV .....		.0	.0	.0	0
50. Wisconsin	WI .....		.0	.0	.0	0
51. Wyoming	WY .....		.0	.0	.0	0
52. American Samoa	AS .....		.0	.0	.0	0
53. Guam	GU .....		.0	.0	.0	0
54. Puerto Rico	PR .....		.0	.0	.0	0
55. US Virgin Islands	VI .....		.0	.0	.0	0
56. Canada	CN .....		.0	.0	.0	0
57. Aggregate Other Alien	OT .....		.0	.0	.0	0
58. Total	XXX	XXX	300,000	300,000	0	0
DETAILS OF WRITE-INS						
5701. ....			.0	.0	.0	0
5702. ....			.0	.0	.0	0
5703. ....			.0	.0	.0	0
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	.0	.0	.0	0
5799. Totals (Lines 5701 through 5703 + 5798)(Line 57 above)	XXX	XXX	0	0	0	0

Board Resolution

**Cypress Property & Casualty Insurance Company
Excerpt of the Board of Directors Meeting**

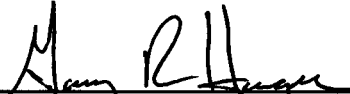
June 23, 2006

Approval of Cypress Property & Casualty Insurance Company's participation in the State Board of Administration Insurance Capital Build-Up Incentive Program

WHEREAS, the Board of Directors deems it to be in the best interests of the Company to participate in the State Board of Administration's (SBA) Insurance Capital Build-Up Incentive Program (Program) and the Board has reviewed the Surplus Note Form SBA 15-2 (Surplus Note) on the SBA website, www.sbafla.com, and affirms that the Company is able to comply and intends to comply with the requirements of the Surplus Note including the requirement that the New Capital be unencumbered.

RESOLVED that the Company is authorized to participate in the Program, and the Company is able to comply and intends to comply with the requirements of the Surplus Note including the requirement that New Capital be unencumbered and that the Company, if selected, intends to meet all the requirements of the Program, including but not limited to, obtaining the agreement of shareholders to contribute the new capital and meeting the Surplus and Writing Ratios.

I hereby certify and attest to the above.



Gary R. Harger, Acting Secretary

Officers and Board Members

Cypress Property & Casualty Insurance Company
List of Officers & Directors

Officers

Gary R. Harger, President & Treasurer
Glenn S. Lawson, Vice President - CFO & Secretary
Douglas G. Merriman, Executive Vice President & COO
Michael W. Whatley, Vice President – Actuary

Directors

Alan H. Fishman, Chairman
Gary R. Harger
Glenn S. Lawson
Marc T. Wray
Brook L. Cuddy*

* Recently resigned and will be replaced at the next meeting (2nd quarter).

Biographical Information

Biographical Information

Gary Harger

BIOGRAPHICAL AFFIDAVIT
(Print or Type)

Full Name and Address of Company/HMO (Do Not Use Group Names):

CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY
13901 Sutton Park Drive South, Suite 310
Jacksonville, Florida 32224-0228

In connection with the above-named company/HMO, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any questions fully.)

IF ANSWER IS "NO" OR "NONE", SO STATE.

1. Affiant's Full Name (Initials Not Acceptable): **Gary Russell Harger**
2. a. Have you ever had your name changed? N If yes, give reason for the change: _____

b. Maiden Name (if female) _____

c. Other names used at any time _____

3. Affiant's Social Security Number*: **046-38-1167**

4. Date and Place of Birth: **Hartford, CT**

5. Affiant's Business Address: **13901 Sutton Park Drive South, Suite 310 Jacksonville, FL 32224**
Business Telephone: **(904) 992-4492**

6. List your residences for the last ten (10) years starting with your current address, giving:

<u>DATES</u>	<u>ADDRESS</u>	<u>CITY AND STATE</u>	<u>ZIP CODE</u>
12/99 - present	4632 Swilcan Bridge Lane South	Jacksonville, FL	32224
08/98 - 12/99	13810 Sutton Park Drive North, Apt. 412	Jacksonville, FL	32224
06/95 - 08/98	106 Wood Duck Road	Columbia, SC	29223

7. Education: Dates, Names, Locations and Degrees

9/68 - 9/72 College Babson College, Wellesley, Massachusetts BSBA

Graduate Studies _____

Others **1974 - Certified Public Accountant (CPA); NASD Registered Representative (Series 7) - Inactive; Chartered Life Underwriter (CLU) - 9 of 10 exams; Fellow Life Management Institute (FLMI)**

8. List Membership in Professional Societies and Associations: **Fellow Life Management Institute (FLMI); CPA - CT; Chartered Life Underwriter (CLU)**

9. Present or Proposed Position with the Applicant Company/HMO: **President and Treasurer**

10. List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past twenty (20) years:

<u>DATES</u>	<u>EMPLOYER AND ADDRESS</u>	<u>TITLE</u>
5/1/98 to present	Cypress P & C Ins. Co. 13901 Sutton Park Drive S. Jacksonville, FL	Pres & Treas
10/94 - 9/98	Policy Mgmt Systems PO Box 10 Columbia, SC	VP Bus Development
2/91 - 11/93	Travelers Ins. Corp. Hartford, CT	VP Finance - P&C Claim
1977 - 2/91	Cigna Corp (Ins.) Hartford, CT	VP Corp Audit

11. Present employer may be contacted: Yes No (Circle One)

Former employers may be contacted: Yes No (Circle One)

12. a. Have you ever been in a position which required a fidelity bond? **No** If any claims were made on the bond, give details: _____

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond cancelled or revoked? _____
If yes, give details: _____

* Refer to P.L. 93-579, Disclosure of Social Security Account Number.

13. List any professional, occupational or vocational licenses issued by any public or governmental licensing agency or regulatory authority which you presently hold or have held in the past. (State date license was issued, issuer of license, date terminated, reasons for termination): **CPA - CT**
14. During the last ten (10) years, have you ever been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, or has such license held by you ever been suspended or revoked? **No** If yes, give details:
15. List any insurers which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock (in voting power): **None**
- If any of the stock is pledged or hypothecated in any way, give details:
16. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant insurance company/HMO or its affiliates? **Yes** If any of the shares of stock are pledged or hypothecated in any way, give details:
Own 8.95% of Cypress Group Companies
17. Have you ever been adjudged a bankruptcy? **No**
18. a. Have you ever been convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or nolo contendere to any information or indictment charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been the subject of any disciplinary proceedings of any federal or state regulatory agency? **No**
If yes, give details:
- b. Has the company/HMO been so charged allegedly as a result of any action or conduct on your part? If yes, give details:
19. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any insurer, which, while you occupied any such position or capacity with respect to it, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation or conservatorship? **No**
20. Has the certificate of authority or license to do business of any insurance company/HMO of which you were an officer, director or key management person ever been suspended or revoked while you occupied such position? **No** If yes, give details:
21. Are you now, or have you been, within the past five years, a plaintiff or defendant in any lawsuit? **Yes** If so, please furnish details: **In 2005, I was sued as the seller of a stucco home in Columbia, SC along with the stucco manufacturer, stucco application company, builder, etc. The suit has been settled and I have no liability related to the suit.**

Dated and signed this 28 day of June, 2006, at Jacksonville, Florida.

I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

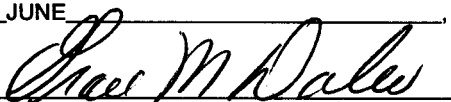

(Signature of Affiant)

State of **Florida**
County of **Duval**

Personally appeared before me the above named **GARY RUSSELL HARGER** personally known to me, who, being duly sworn, deposes and says that he/she executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 28 day of JUNE, 2006.




(Notary Public)
My commission expires 11-14-08

Biographical Information

Douglas Merriman

BIOGRAPHICAL AFFIDAVIT
Douglas Granville Merriman

Full Name and Address of Company/HMO (Do Not Use Group Names):

CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY
13901 Sutton Park Drive South, Suite 310
Jacksonville, Florida 32224-0228

In connection with the above-named company/HMO, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any questions fully.)

IF ANSWER IS "NO" OR "NONE", SO STATE.

1. Affiant's Full Name (Initials Not Acceptable): **Douglas Granville Merriman**

2. a. Have you ever had your name changed? No If yes, give reason for the change: _____

b. Maiden Name (if female) _____

c. Other names used at any time _____

3. Affiant's Social Security Number*: **277-58-5024**

4. Date and Place of Birth: **January 15, 1960 Cincinnati, Ohio**

5. Affiant's Business Address: **13901 Sutton Park Drive South, Ste. 310, Jacksonville, FL 32224**
Business Telephone: **(904) 371-2512**

6. List your residences for the last ten (10) years starting with your current address, giving:

<u>DATES</u>	<u>ADDRESS</u>	<u>CITY AND STATE</u>	<u>ZIP CODE</u>
5/06 to present	632 Remington Court	St. Augustine, Florida	32092
10/05 – 5/06	731 South 1 st St. Unit 3-F	Jacksonville, Florida	32250
10/99 – 10/05	4321 Flippen Trail	Norcross, Georgia	30092
2/99 – 10/99	724 Dorgene	Cincinnati, Ohio	45244
3/94 – 2/99	5778 Sheed Road	Cincinnati, Ohio	45247

7. Education: Dates, Names, Locations and Degrees

College **The Ohio State University, Columbus, OH 9/78 – 9/82 BSBA**

Graduate Studies _____

Others **Chartered Property Casualty Underwriter (CPCU) 1992**

8. List Membership in Professional Societies and Associations: **CPCU Society**

9. Present or Proposed Position with the Applicant Company/HMO: **Executive VP & COO**

10. List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past twenty (20) years:

<u>DATES</u>	<u>EMPLOYER AND ADDRESS</u>	<u>TITLE</u>
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See attached list.

11. Present employer may be contacted: Yes No (Circle One)

Former employers may be contacted: Yes No (Circle One)

12. a. Have you ever been in a position which required a fidelity bond? Yes If any claims were made on the bond, give details: **NONE**

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond cancelled or revoked? **NO**

If yes, give details: _____

* Refer to P.L. 93-579, Disclosure of Social Security Account Number.

13. List any professional, occupational or vocational licenses issued by any public or governmental licensing agency or regulatory authority which you presently hold or have held in the past. (State date license was issued, issuer of license, date terminated, reasons for termination): _____
14. During the last ten (10) years, have you ever been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, or has such license held by you ever been suspended or revoked? NO If yes, give details: _____
15. List any insurers which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock (in voting power): **NONE**
- If any of the stock is pledged or hypothecated in any way, give details: _____
16. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant insurance company/HMO or its affiliates? NO If any of the shares of stock are pledged or hypothecated in any way, give details: _____
17. Have you ever been adjudged a bankruptcy? **NO**
18. a. Have you ever been convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or nolo contendere to any information or indictment charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny, or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been the subject of any disciplinary proceedings of any federal or state regulatory agency? _____
If yes, give details: _____
- b. Has the company/HMO been so charged allegedly as a result of any action or conduct on your part? _____ If yes, give details: _____
19. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any insurer, which, while you occupied any such position or capacity with respect to it, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation or conservatorship? **NO**
20. Has the certificate of authority or license to do business of any insurance company/HMO of which you were an officer, director or key management person ever been suspended or revoked while you occupied such position? **NO** If yes, give details: _____
21. Are you now, or have you been, within the past five years, a plaintiff or defendant in any lawsuit? **NO** If so, please furnish details: _____

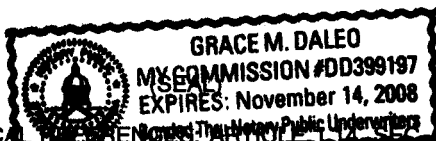
Dated and signed this 28th day of June, 2006, at Jacksonville FL.
I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.


(Signature of Affiant)

State of **Florida**
County of **Duval**

Personally appeared before me the above named **DOUGLAS GRANVILLE MERRIMAN** personally known to me, who, being duly sworn, deposes and says that he executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 28th day of June, 2006.




(Notary Public)
My commission expires 11-14-08

BIOGRAPHICAL AFFIDAVIT
Supplemental Information

(Print or Type)

To the extent permitted by law, this affidavit will be kept confidential by the state insurance regulatory authority.

Full Name, Address, and telephone number of the present or proposed entity under which this biographical statement is being required (Do Not Use Group Names).

**Cypress Property & Casualty Insurance Company
13901 Sutton Park Drive South, Ste 310
Jacksonville, Florida 32224-0228
(904) 992-4492**

1. a. Affiant's Full Name (Initials Not Acceptable). **DOUGLAS GRANVILLE MERRIMAN**
b. Maiden Name (if applicable) _____
2. Affiant's Social Security Number **277-58-5024**
3. Government Identification Number if not a U.S. Citizen _____
4. Foreign Student ID# (if applicable) _____
5. Date of Birth: (MM/DD/YY) **01/15/60** Birth: **Cincinnati**
State/Province **Ohio** _____ Country **USA** _____
6. Name of Affiant's Spouse (if applicable) **Stacie Lynn Merriman** _____
7. List your residences for the last ten (10) years starting with your current address, giving:

Beginning/Ending

<u>Dates</u> <u>(MM/YY)</u>	<u>Address</u>	<u>City</u>	<u>State/ Province</u>	<u>Country</u>	<u>Postal Code</u>
05/06 – present	632 Remington Court	St. Augustine	FL	USA	32092
10/05 – 05/06	731 South 1st Street	Jacksonville Beach	FL	USA	32250
10/99 – 10/05	4321 Flippen Trail	Norcross	GA	USA	30092
2/99 – 10/99	724 Dorgene	Cincinnati	OH	USA	45244
3/94 – 2/99	5778 Sheed Road	Cincinnati	OH	USA	45247 __

Biographical Information

Glenn Lawson

STATE OF FLORIDA
DEPARTMENT OF INSURANCE
DIVISION OF INSURER SERVICES
TALLAHASSEE, FLORIDA 32399-0300
BIOGRAPHICAL STATEMENT AND AFFIDAVIT

All questions on this form should be answered fully. If more space is needed, attach additional sheets. If a question is not applicable, please put "Not Applicable" or "N/A". Please print or type all answers.

QUESTIONS

1. (a) Full Name GLENN STANLEY LANSOL (b) Maiden Name —
(c) Date of Birth NOVEMBER 13, 1957 (d) Place of Birth NEW YORK, NY
(e) Social Security Number 071-56-3551 (f) Occupation or Profession —

2. Full name, address, and telephone number of the present or proposed entity for which this biographical statement is being required.

CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY
13901 SUTTON PARK DRIVE SOUTH, SUITE 310
JACKSONVILLE, FL 32224
(904) 992-4492

3. Type of entity (i.e. insurance company, health maintenance organization, premium finance company, CCRC, etc.):

INSURANCE COMPANY

4. Your current or proposed position with the present or proposed entity.

CHIEF FINANCIAL OFFICER

5. List your residence for the last ten (10) years starting with your current address and going backward, giving:

Dates	Address	City, County, State	Telephone
<u>6/00 - PRESENT</u>	<u>617 ACORN COURT</u>	<u>JACKSONVILLE, FL 32259</u>	<u>(904) 230-0887</u>
<u>1/99 - 5/00</u>	<u>11247 SAN JOSE BLVD #809</u>	<u>JACKSONVILLE, FL 32223</u>	
<u>1/84 - 1998</u>	<u>11725 DUNED WAY DR NORTH</u>	<u>JACKSONVILLE, FL 32216</u>	<u>(904) 641-8886</u>

6. Education. Please list the most recent education first.

(a) College/University	Dates Attended	Type of Degree Obtained
<u>UNIVERSITY OF NORTH FLORIDA</u>	<u>1982-84</u>	<u>BBA - ACCOUNTING</u>
<u>STETSON UNIVERSITY</u>	<u>1975-79</u>	<u>BA - HISTORY</u>

(b) Other Training

—

7. (a) Business and employment record for past ten (10) years. Please list the most recent first. Include all director and officer positions held, including current position.

Dates	Employer's Name	Address & Telephone	Offices/Positions Held
6/03 - PRESENT	CYPRESS GROUP	18901 SUTTON PARK DR S, SUITE 310 JACKSONVILLE, FL 32224 (904) 992-4992	CHIEF FINANCIAL OFFICER
5/02 - 5/03	GLENN LANSON	617 ACORN COURT JAX, FL 32259 (904) 230-0887	
6/01 - 4/02	MPS GROUP	1 INDEPENDENT DR JACKSONVILLE, FL 32202	
1997 - 2001	PRICEMAN/PRICE GROUP LLC	60 NORTH LAURA ST (904) 389-0671 JACKSONVILLE, FL 32202	

(b) May present employer be contacted? Yes ☒ No ☐

8. List all other current business activities: _____

9. (a) Have you or your spouse ever been affiliated or associated with or in any way connected with an insurance entity regulated by the Florida Department of Insurance or any other state? Yes ☒ No ☐

(b) If "Yes", please list all such entities: I WORKED W/ BLUE CROSS BLUE SHIELD OF FLORIDA AS AN ANALYST (1997-98)

10. (a) Do you or members of your immediate family have or expect to have an ownership interest of any kind in the present or proposed entity? Yes ☐ No ☒

(b) If "Yes", list all such ownership interests and give full details. If the ownership interest is pledged or hypothecated in any way, give full details.

N/A

11. (a) Have you ever used any other name or an alias? Yes ☐ No ☒

(b) If "Yes", list all other names used and give full explanation.

12. (a) Have you ever been bonded? Yes ☒ No ☐

(b) If "Yes":

1. Were any claims ever made or attempted to be made against your bond? Yes ☐ No ☒

2. Has your bond ever been canceled or revoked? Yes ☐ No ☒

3. Has your application for bond been declined? Yes ☐ No ☒

4. If the response to 1, 2, or 3 is "Yes", please provide reasons. _____

13. (a) Have you ever been licensed as an insurance agent, broker, solicitor, adjuster, or claims investigator in Florida or any other state? Yes ☐ No ☒

(b) If "Yes":

1. State(s) _____

2. Dates license(s) held _____

3. License number(s) _____

4. Name of issuer of license(s) _____

7 (a) Business and employment record for the past ten (10) years. Please list the most recent first. Include all director and officer positions held, including current position.

<u>Dates</u>	<u>Employers Name</u>	<u>Address</u>	<u>Offices/Positions Held</u>
1995-1996	Blue Cross Blue Shield of Florida	8381 Dix Ellis Trail Road Jacksonville, FL 32256	
1991-1994	Deloitte & Touche LLP	1 Independent Drive - Suite 2800 Jacksonville, FL 32202	

14. (a) Have you ever been licensed to sell securities?

Yes [] No [X]

(b) If "Yes":

1. By whom (state[s] and/or federal) _____
2. Dates license(s) held _____
3. License number(s) _____
4. Name of issuer of license(s) _____

15. List any other occupational, professional, or vocational licenses you have ever held and identify the state(s), the dates license(s) held, type of license, and the license number(s). Identify and provide the name, address and telephone number of the licensing authority or regulatory body having jurisdiction over the license (s) issued.

CERTIFIED PUBLIC ACCOUNTANT - FLORIDA (1987 - PRESENT) LICENSE # AC0018389
FLORIDA BOARD OF ACCOUNTANCY / 240 NW 76TH DR, SUITE A / GAINESVILLE, FL 32607 / (813) 487-1391

16. List any entities regulated by the Florida Department of Insurance in which you control directly or indirectly or own legally or beneficially ten (10) percent or more of the outstanding stock (in voting power).

NONE

If any of the stock is pledged or hypothecated in any way, give details. _____

N/A

17. List memberships in professional societies and associations: _____

18. (a) Are you a citizen of any country other than the United States?

Yes [] No [X]

If Yes, what country? _____

(b) Have you ever violated any of the U.S. Immigration and Naturalization laws?

Yes [] No [X]

19. (a) Have you ever:

- | | | | | |
|--|-----|-----|----|-----|
| (1) Been refused an occupational, professional, or vocational license or permit by any regulatory authority, or any public, administrative, or governmental licensing agency? | Yes | [] | No | [X] |
| (2) Had any occupational, professional, or vocational license or permit you hold, or have held, been subject to any judicial administrative, regulatory, or disciplinary action? | Yes | [] | No | [X] |
| (3) Been placed on probation or had a fine levied against you or your occupational, professional, or vocational license or permit in any judicial, administrative, regulatory, or disciplinary action? | Yes | [] | No | [X] |
| (4) Been charged with, or indicted for, any criminal offense(s) other than minor traffic offenses(s)? | Yes | [] | No | [X] |
| (5) Pled guilty, or nolo contendere, or been convicted, of any criminal offense(s) other than minor traffic offenses? | Yes | [] | No | [X] |
| (6) Had adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation, for any criminal offense(s) other than minor traffic offenses? | Yes | [] | No | [X] |
| (7) Been subject to any federal bankruptcy proceeding, state insolvency, supervision, receivership, rehabilitation, liquidation, or conservatorship proceeding, or any other similar proceeding? | Yes | [] | No | [X] |
| (8) Been subject to a cease and desist letter or order, or enjoined, either temporarily or permanently, in any judicial, administrative, regulatory, or disciplinary action, from violating any federal or state law regulating the business of insurance, securities or banking, or from carrying out any particular practice or practices in the course of the business of insurance, securities or banking? | Yes | [] | No | [X] |
| (9) Been, within the last ten (10) years, a party to any civil action other than for minor traffic offenses? | Yes | [] | No | [X] |

(10) Had a finding made by the Comptroller of any state or the Federal Government that you have violated any provision of small loan laws, banking or trust company laws, or credit union laws, or that you have violated any rule or regulation lawfully made by the Comptroller of any state or the Federal Government? Yes [] No [X]

(11) Had a lien, judgment or foreclosure action filed against you or any entity while you were associated with that entity? Yes [] No [X]

(b) If the response to any question in #19 above is answered "Yes", please provide full details including dates, locations, dispositions, etc. (Attach a copy of the complaint and final adjudication or settlement as appropriate.)

20. (a) For the purpose of this question, if you hold or have held any of the following positions with any entity whether regulated or not regulated by the Florida Department of Insurance, please indicate below:

1. Incorporator or organizer	Yes	[]	No	[X]
2. Administrator, manager or operator	Yes	[]	No	[X]
3. Subscriber of a corporation, reciprocal, or limited reciprocal	Yes	[]	No	[X]
4. Director, officer, or trustee	Yes	[]	No	[]
5. Owner, if not a corporation, sole proprietor	Yes	[]	No	[X]
6. Partner, including all general and limited partners of a limited partnership, joint venturer	Yes	[]	No	[]
7. Stockholder owning or holding ten (10) percent or more of the outstanding stock of a stock corporation	Yes	[]	No	[X]
8. Member of a non-stock corporation	Yes	[]	No	[X]
9. Person associated or to be associated with the formation or financing of an underwriting member on an Insurance Exchange in any state or country	Yes	[]	No	[X]
10. Attorney-in-fact or attorney for a reciprocal insurer or a limited reciprocal insurer	Yes	[]	No	[X]
11. Any position, other than one listed above, which you held in an insurance related entity	Yes	[X]	No	[]

If the response to any question in #20 (a) above is answered "yes", please provide full details.

CFO - CYPRESS TEXAS MANAGEMENT, INC., ATTORNEY-IN-FACT FOR CYPRESS TEXAS LLOYDS

CFO - CYPRESS INSURANCE SERVICES, SERVICE FIRST INSURANCE GROUP LLC, CYPRESS TEXAS INSURANCE SERVICES LTD., LLP, CYPRESS HOLDINGS, INC., CYPRESS TEXAS INSURANCE SERVICES I LLC

20. (b) To your knowledge, has any entity while you were associated with that entity or within twelve (12) months after you left:

1. Been refused a permit, license, or certificate of authority by any regulatory authority, or governmental licensing agency?	Yes	[]	No	[X]
2. Had its permit, license, or certificate of authority suspended, revoked, canceled, non-renewed, investigated, or subjected to any judicial, administrative, regulatory, or disciplinary action?	Yes	[]	No	[X]
3. Been placed on probation or had a fine levied against it or against its permit, license, or certificate of authority in any judicial, administrative, regulatory, or disciplinary action?	Yes	[]	No	[X]
4. Been charged with, or indicted for, any criminal offense?	Yes	[]	No	[X]
5. Pled guilty to, or nolo contendere to, or been convicted of any criminal offense?	Yes	[]	No	[X]
6. Had an adjudication of guilt withheld, had a sentence imposed or suspended, had pronouncement of a sentence suspended, or been pardoned, fined, or placed on probation for any criminal offense?	Yes	[]	No	[X]

7. Been insolvent or impaired? Yes [] No [X]
8. Been subject to any federal bankruptcy proceeding, state insolvency, supervision, receivership, rehabilitation, liquidation, or conservatorship proceeding, or any other similar proceeding? Yes [] No [X]
9. Been enjoined, either temporarily or permanently, in any judicial, administrative, regulatory or disciplinary action from violating any federal or state law regulating the business of insurance, securities, or banking, or from carrying out any particular practice or practices in the course of business insurance, securities, or banking? Yes [] No [X]
10. Been within the last ten (10) years a party to any civil action? Yes [] No [X]

If the response to any question above in # 20 (b) is answered "Yes", please provide full details below:

I HEREBY CERTIFY, under penalty of perjury, that the foregoing answers, statements, and information are true and correct to the best of my knowledge.

I, the undersigned affiant, under penalty of perjury, do declare that I have carefully examined each of the questions asked in this BIOGRAPHICAL STATEMENT AND AFFIDAVIT and each of my responses thereto, and do solemnly swear or affirm that all of my responses, information, exhibits, and documentary evidence submitted in support thereof are true and correct.

GLENN STANLEY LAWSON
(Typed Name)

Glenn Stanley Lawson
(Signature)

11-21-03

(Date)

State of Florida

County of Duval

BEFORE ME this day personally appeared GLENN STANLEY LAWSON (Typed name of Affiant) who, being duly sworn, deposes and says that he/she executed the above BIOGRAPHICAL STATEMENT AND AFFIDAVIT and that the answers, statements, and information contained in this statement are true and correct.

Sworn to and subscribed before me this 21 day of November 1st 2003

(Notary Seal)



Connie L. Hill
My Commission DD235327
Expires July 29, 2007

Connie L. Hill
Notary Public

My commission expires: July 29, 2007

PLEASE DO NOT RETYPE THIS BIOGRAPHICAL FORM

Signed Copy of Attestation Page

**STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION**

State Board of Administration of Florida
c/o The Florida Hurricane Catastrophe Fund
P.O. Box 13300
Tallahassee, FL 32317-3300

Part IX: Attestation

To be eligible and to be considered for participation in the Program, Applicants must meet each of the statutory requirements listed below. To certify that the Applicant meets each requirement, check each of the boxes which follow the list of requirements.

The Surplus Note amount sought by the Applicant, or if the Applicant is part of a group, the amount sought by all group members when added together, does not exceed \$50 million.

1. An Applicant filing an application prior to July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed equals the amount of the approved Surplus Note. The New Capital contributed must be in the form of Cash* or Cash Equivalents* as defined in Rule 19ER06-3, F.A.C.
2. An Applicant filing applications after July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed is twice the amount of the approved Surplus Note. The New Capital must be in the form of Cash or Cash Equivalents.
3. Applicant's Surplus, New Capital contributions, and the Surplus Note must total at least \$50 million.

Applicant must be willing to commit to meeting a Minimum Writing Ratio of Net Written Premium to Surplus of 2:1 for the 20-year term of the Surplus Note.

- ☒ Affirms Applicant meets minimum qualifications.
- ☒ Affirms Surplus Note, Form SBA 15-2, has been reviewed and terms and conditions contained therein can be met by Applicant.
- ☒ Acknowledges and accepts all terms and conditions of Surplus Note.

We are each, respectively, executive officers of the Insurer making this application, acting within our authority in making the declarations listed in this application.

BY: 

TYPED NAME: Gary R. Harger

TITLE: President & Treasurer

DATE: June 28, 2006

BY: 

TYPED NAME: Douglas G. Merriman

TITLE: Chief Operating Officer

DATE: June 28, 2006

THERE ARE NO ITEMS NOT LISTED.