



# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2004  
OF THE CONDITION AND AFFAIRS OF THE

## LUMBERMENS MUTUAL CASUALTY COMPANY

NAIC Group Code 0108 0108 NAIC Company Code 22977 Employer's ID Number 36-1410470  
(Current Period) (Prior Period)

Organized under the Laws of Illinois, State of Domicile or Port of Entry Illinois

Country of Domicile United States of America

Incorporated 11/18/1912 Commenced Business 11/25/1912

Statutory Home Office 1 Kemper Drive, Long Grove, IL 60049-0001  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1 Kemper Drive Long Grove, IL 60049-0001 847-320-2000  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1 Kemper Drive, Long Grove, IL 60049-0001  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Kemper Drive Long Grove, IL 60049-0001 847-320-3021  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.kemperinsurance.com

Statutory Statement Contact Dennis Andrew Wong 847-320-3021  
(Name) (Area Code) (Telephone Number) (Extension)  
dwong@kemperinsurance.com 847-320-3818  
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Policyowner Relations Contact Customer Relations, 1 Kemper Dr, ML-11SE Long Grove, IL 60049-0001 800-833-0355  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

### OFFICERS

Name	Title	Name	Title
<u>Zachary Layne Stamp #</u>	<u>Acting CEO and President</u>	<u>Douglas Sean Andrews #</u>	<u>Chief Operating Officer</u>
<u>John Keating Conway</u>	<u>Secretary</u>	<u>Dennis Andrew Wong #</u>	<u>Treasurer</u>

### OTHER OFFICERS

<u>Douglas Sean Andrews #</u>	<u>Senior Vice President</u>	<u>Frederick Otto Kist</u>	<u>Senior Vice President</u>
<u>Benjamin David Schwartz #</u>	<u>Senior Vice President</u>		

### DIRECTORS OR TRUSTEES

<u>John Thomas Chain Jr.</u>	<u>Jerome Reed Coleman</u>	<u>James Robert Edgar</u>	<u>Peter Bannerman Hamilton</u>
<u>Roberta Segal Karmel</u>	<u>George Ralph Lewis</u>	<u>David Barrett Mathis</u>	

State of Illinois

ss

County of Lake

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.

Douglas Sean Andrews  
Chief Operating Officer

John Keating Conway  
Secretary

Frederick Otto Kist  
Senior Vice President

Subscribed and sworn to before me this  
8th day of November, 2004

- a. Is this an original filing? Yes [  ] No [  ]
- b. If no,
1. State the amendment number \_\_\_\_\_
  2. Date filed \_\_\_\_\_
  3. Number of pages attached \_\_\_\_\_

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	1,348,863,354		1,348,863,354	1,673,351,862
2. Stocks:				
2.1 Preferred stocks .....	94,378		94,378	13,388,287
2.2 Common stocks .....	251,336,716		251,336,716	268,718,684
3. Mortgage loans on real estate:				
3.1 First liens .....	13,604,913		13,604,913	16,891,939
3.2 Other than first liens .....	196,948		196,948	255,711
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....	34,965,386		34,965,386	40,855,789
5. Cash (\$ .....363,487,807 ), cash equivalents (\$ .....637,358 ) and short-term investments (\$ .....897,553,398 ) .....	1,261,678,563		1,261,678,563	1,870,573,731
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets .....	51,557,858	1,304	51,556,554	104,331,557
8. Receivable for securities .....	3,250,000		3,250,000	3,287,363
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	2,965,548,116	1,304	2,965,546,812	3,991,654,923
11. Investment income due and accrued .....	11,226,931		11,226,931	14,827,958
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....	221,068,129	89,155,943	131,912,186	164,086,680
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	138,124,787	45,740,462	92,384,325	145,990,451
12.3 Accrued retrospective premiums .....	103,426,087	3,804,012	99,622,075	157,532,537
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....	346,403,647		346,403,647	347,048,068
13.2 Funds held by or deposited with reinsured companies .....	16,076,613		16,076,613	19,418,156
13.3 Other amounts receivable under reinsurance contracts .....			0	0
14. Amounts receivable relating to uninsured plans .....			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
15.2 Net deferred tax asset .....	645,419,867	645,419,867	0	0
16. Guaranty funds receivable or on deposit .....	415,757		415,757	529,146
17. Electronic data processing equipment and software .....	3,107,070		3,107,070	2,643,386
18. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
20. Receivables from parent, subsidiaries and affiliates .....	23,430,072		23,430,072	20,562,031
21. Health care (\$ ..... ) and other amounts receivable .....			0	0
22. Other assets nonadmitted .....	28,467	28,467	0	0
23. Aggregate write-ins for other than invested assets .....	310,905,795	32,745,332	278,160,463	365,648,301
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	4,785,181,338	816,895,387	3,968,285,951	5,229,941,637
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	4,785,181,338	816,895,387	3,968,285,951	5,229,941,637
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
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. Reinsurance accounted for as a deposit .....	43,011,255		43,011,255	55,190,454
2302. Advance to claims service provider .....	18,356,832		18,356,832	34,542,835
2303. Insurance recoveries related to UBIC .....	11,675,000		11,675,000	12,400,000
2398. Summary of remaining write-ins for Line 23 from overflow page .....	237,862,708	32,745,332	205,117,376	263,515,012
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	310,905,795	32,745,332	278,160,463	365,648,301

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 45,968,000 )	2,218,560,894	3,094,210,933
2. Reinsurance payable on paid losses and loss adjustment expenses	73,936,611	70,032,122
3. Loss adjustment expenses	779,332,106	729,758,862
4. Commissions payable, contingent commissions and other similar charges	8,222,112	9,049,177
5. Other expenses (excluding taxes, licenses and fees)	48,949,592	140,695,970
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	58,583,923	35,849,671
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	22,200,519	22,803,106
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 32,376,588 and including warranty reserves of \$ 14,882,371 )	48,627,295	111,595,492
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	0	22,228,022
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,259,176	6,844,721
13. Funds held by company under reinsurance treaties	13,606,609	34,078,748
14. Amounts withheld or retained by company for account of others	228,213,187	289,257,547
15. Remittances and items not allocated	56,743,844	69,487,545
16. Provision for reinsurance		0
17. Net adjustments in assets and liabilities due to foreign exchange rates	7,123,941	12,602,499
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Payable for securities	1,106	128
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	322,913,478	379,021,129
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	3,888,274,393	5,027,515,672
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	3,888,274,393	5,027,515,672
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock		0
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	1,500,000	1,500,000
31. Surplus notes	698,355,598	698,355,598
32. Gross paid in and contributed surplus		0
33. Unassigned funds (surplus)	(619,844,040)	(497,429,633)
34. Less treasury stock, at cost		
34.1 shares common (value included in Line 28 \$ )		0
34.2 shares preferred (value included in Line 29 \$ )		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34)	80,011,558	202,425,965
36. TOTALS	3,968,285,951	5,229,941,637
<b>DETAILS OF WRITE-INS</b>		
2301. Retroactive reinsurance recoverable	0	(11,233,487)
2302. Minimum pension liability	120,157,685	128,479,243
2303. Reinsurance funds held related to retroactive reinsurance and deposit accounting	38,970,170	63,600,832
2398. Summary of remaining write-ins for Line 23 from overflow page	163,785,623	198,174,541
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	322,913,478	379,021,129
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001. Guaranty fund	1,500,000	1,500,000
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	1,500,000	1,500,000

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ ..... 27,613,107 )	82,524,676	767,491,834	760,204,824
1.2 Assumed (written \$ ..... 21,835,265 )	161,653,764	1,641,966,383	1,880,708,663
1.3 Ceded (written \$ ..... 51,030,160 )	178,267,560	2,045,436,962	2,242,533,178
1.4 Net (written \$ ..... (1,581,788) )	65,910,880	364,021,255	398,380,309
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ ..... 64,859,000 ):			
2.1 Direct .....	(168,906,927)	(451,344,834)	743,921,455
2.2 Assumed .....	100,012,144	(123,928,465)	163,127,316
2.3 Ceded .....	38,452,920	(334,352,202)	928,709,583
2.4 Net .....	(107,347,703)	(240,921,097)	(21,660,812)
3. Loss expenses incurred .....	317,344,356	84,505,961	(25,391,745)
4. Other underwriting expenses incurred .....	44,475,911	268,181,553	335,801,727
5. Aggregate write-ins for underwriting deductions .....	(2,981,449)	0	7,806,675
6. Total underwriting deductions (Lines 2.4 thru 5) .....	251,491,115	111,766,417	296,555,845
7. Net income of protected cells .....	0	0	0
8. Net underwriting gain or (loss) (Line 1.4 minus Line 6 + Line 7) .....	(185,580,235)	252,254,838	101,824,464
<b>INVESTMENT INCOME</b>			
9. Net investment income earned .....	48,951,034	82,261,761	101,308,546
10. Net realized capital gains (losses) .....	(11,331,215)	(314,900,906)	(490,960,882)
11. Net investment gain (loss) (Lines 9 + 10) .....	37,619,819	(232,639,145)	(389,652,336)
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... 226,508 amount charged off \$ ..... 4,776,725 ) .....	(4,550,217)	(10,655,492)	(14,244,815)
13. Finance and service charges not included in premiums .....	26,654	1,000,460	1,102,932
14. Aggregate write-ins for miscellaneous income .....	9,166,317	(447,624,569)	(226,604,058)
15. Total other income (Lines 12 through 14) .....	4,642,754	(457,279,601)	(239,745,941)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15) .....	(143,317,662)	(437,663,908)	(527,573,813)
17. Dividends to policyholders .....	(22,774,418)	22,328,936	16,972,607
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	(120,543,244)	(459,992,844)	(544,546,420)
19. Federal and foreign income taxes incurred .....	(1,859,811)	(21,800,751)	(27,168,635)
20. Net income (Line 18 minus Line 19)(to Line 22) .....	(118,683,433)	(438,192,093)	(517,377,785)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year .....	202,425,965	696,846,043	696,846,043
<b>GAINS AND (LOSSES) IN SURPLUS</b>			
22. Net income (from Line 20) .....	(118,683,433)	(438,192,093)	(517,377,785)
23. Change in net unrealized capital gains or losses .....	3,575,749	61,445,445	107,581,822
24. Change in net unrealized foreign exchange capital gain (loss) .....	5,638,667	(736,510)	3,626,227
25. Change in net deferred income tax .....	32,091,932	31,189,517	119,349,325
26. Change in nonadmitted assets .....	(33,432,592)	(317,991,042)	(253,496,319)
27. Change in provision for reinsurance .....	0	0	84,106,200
28. Change in surplus notes .....	0	0	0
29. Surplus (contributed to) withdrawn from protected cells .....	0	0	0
30. Cumulative effect of changes in accounting principles .....	0	0	0
31. Capital changes:			
31.1 Paid in .....	0	0	0
31.2 Transferred from surplus (Stock Dividend) .....	0	0	0
31.3 Transferred to surplus .....	0	0	0
32. Surplus adjustments:			
32.1 Paid in .....	0	0	0
32.2 Transferred to capital (Stock Dividend) .....	0	0	0
32.3 Transferred from capital .....	0	0	0
33. Net remittances from or (to) Home Office .....	0	0	0
34. Dividends to stockholders .....	0	0	0
35. Change in treasury stock .....	0	0	0
36. Aggregate write-ins for gains and losses in surplus .....	(11,604,730)	21,764,987	(38,209,548)
37. Change in surplus as regards policyholders (Lines 22 through 36) .....	(122,414,407)	(642,519,696)	(494,420,078)
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37) .....	80,011,558	54,326,347	202,425,965
<b>DETAILS OF WRITE-INS</b>			
0501. Change in premium deficiency reserve .....	(2,981,449)	0	7,806,675
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	(2,981,449)	0	7,806,675
1401. Finance and service charges not included in premiums - intercompany pool .....		197,970	217,932
1402. Retroactive reinsurance gain/(loss) .....	838,570	(469,585,213)	(470,605,704)
1403. Other income .....	8,327,747	21,762,674	14,600,546
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	229,183,168
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	9,166,317	(447,624,569)	(226,604,058)
3601. Change in minimum pension liability .....		21,764,987	31,790,452
3602. Correction of errors .....	1,518,394	0	0
3603. Reinsurance allowance .....	(13,123,124)	0	(70,000,000)
3698. Summary of remaining write-ins for Line 36 from overflow page .....	0	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above) .....	(11,604,730)	21,764,987	(38,209,548)

## CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	88,439,059	(176,569,523)
2. Net investment income.....	54,486,094	93,484,788
3. Miscellaneous income.....	7,984,297	(251,607,137)
4. Total (Lines 1 to 3).....	150,909,450	(334,691,872)
5. Benefits and loss related payments.....	763,753,425	(328,566,582)
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions.....	378,708,429	438,290,399
8. Dividends paid to policyholders.....	(61,564,657)	56,349,208
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses)	(1,257,224)	(21,470,303)
10. Total (Lines 5 through 9).....	1,079,639,973	144,602,722
11. Net cash from operations (Line 4 minus Line 10).....	(928,730,523)	(479,294,594)
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	590,037,820	986,642,235
12.2 Stocks.....	77,013,520	1,101,055,536
12.3 Mortgage loans.....	3,345,788	40,127,929
12.4 Real estate.....	0	36,337,105
12.5 Other invested assets.....	61,722,018	68,069,854
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(183,121)	(15,000,020)
12.7 Miscellaneous proceeds.....	46,783	0
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	731,982,808	2,217,232,639
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	267,156,731	1,252,477,030
13.2 Stocks.....	53,662,884	257,074,538
13.3 Mortgage loans.....	0	4,349,116
13.4 Real estate.....	0	268,216
13.5 Other invested assets.....	27,206,632	68,408,229
13.6 Miscellaneous applications.....	0	153,659,310
13.7 Total investments acquired (Lines 13.1 to 13.6).....	348,026,247	1,736,236,439
14. Net increase (or decrease) in policy loans and premium notes.....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	383,956,561	480,996,200
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds.....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	0	0
16.5 Dividends to stockholders.....	0	0
16.6 Other cash provided (applied).....	(64,121,206)	764,326,229
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	(64,121,206)	764,326,229
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17).....	(608,895,168)	766,027,835
19. Cash and short-term investments:		
19.1 Beginning of period.....	1,870,573,731	1,104,545,896
19.2 End of period (Line 18 plus Line 19.1).....	1,261,678,563	1,870,573,731

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No change.

### 2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

No change.

### 3. BUSINESS COMBINATIONS AND GOODWILL

No change.

### 4. DISCONTINUED OPERATIONS

No change.

### 5. INVESTMENTS

No change.

### 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No change.

### 7. INVESTMENT INCOME

No change.

### 8. DERIVATIVE INSTRUMENTS

Not applicable.

### 9. INCOME TAXES

A. No change.

C2. No change.

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

		September 30, 2004
Provision computed at statutory rate	\$	(42,190,135)
Prior period adjustment		31,255
Foreign income taxes		(707,974)
Net operating loss adjustment		41,007,043
Merger of subsidiary		(32,091,932)
Total	\$	(33,951,743)
Federal and foreign income taxes incurred	\$	(1,859,811)
Change in net deferred income taxes		(32,091,932)
Total statutory income taxes	\$	(33,951,743)

E. No change.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

#### *Sale of Kemper Mexico*

On April 30, 2004, the Company closed the sale of 100% of the stock of Kemper de Mexico, Compania de Seguros, S.A. The sale resulted in no gain or loss in 2004.

#### *Subsidiary Mergers*

On August 31, 2004, three indirect wholly owned subsidiaries of the Company, Kemper Indemnity Insurance Company, Kemper Surplus Lines Insurance Company, and Pacific Eagle Insurance Company, merged with and into another wholly owned subsidiary of the Company, American Motorists Insurance Company ("AMICO"). AMICO was the surviving entity in the mergers. Subject to regulatory approvals, the Company is planning to merge into AMICO on December 31, 2004 two other subsidiaries, American Protection Insurance Company and Specialty National Insurance Company.

#### *Renewal Rights Transactions*

As previously reported, prior to 2004, the Company entered into various renewal rights transactions pursuant to which the Company and its affiliates are or were to receive then current and/or future commissions in return for the purchasing companies' acquisitions of the rights and information necessary

## NOTES TO FINANCIAL STATEMENTS

to renew business that the Company and its affiliates could no longer write due to various business factors, including ratings, deteriorating financial condition, and regulatory concerns. Renewal rights revenue earned by the Company in the first nine months of 2004 totaled \$44.4 million.

The nine-month 2004 renewal rights revenue total includes \$35.4 million received from Unitrin, Inc. related to the 2002 sale of the Company's and its affiliates' U.S. personal lines business. \$31.5 million of the Unitrin amount was received in the third quarter. The amounts paid by Unitrin in the third quarter were primarily due to a mutual agreement, approved by the Illinois insurance regulators, to settle future contingent commission payment obligations. This surplus-enhancing transaction resulted in a benefit to the Company's surplus and liquidity at September 30, 2004 of approximately \$31.5 million.

The nine-month 2004 renewal rights revenue total also includes \$7.6 million related to the May 2003 sale to the St. Paul Companies of renewal rights for small business and middle market commercial insureds. This amount, plus another \$10.0 million earned in 2003, became payable in 2004. The amounts payable by the St. Paul Companies, although they are not disputed, have not been paid. They are reflected as a receivable on the Company's September 30, 2004 balance sheet. The St. Paul Companies are withholding payment as an asserted offset on amounts they claim are due to other St. Paul Companies on entirely unrelated matters. This dispute is currently the subject of negotiations.

### *SeaBright Insurance Company*

Following the September 30, 2003 sale of Kemper Employers Insurance Company ("KEIC") to SeaBright Insurance Holdings, Inc., the purchaser renamed KEIC as SeaBright Insurance Company. As part of the 2003 sale transaction, the Company provided a stop loss reinsurance agreement to KEIC, now SeaBright, and collateralized that reinsurance with a collateral trust in the amount of \$1.6 million (in addition to an escrow in the amount of \$4.0 million). The amount in the trust is subject to adjustment in the event of adverse development of pre-sale KEIC reserves. SeaBright has asserted that the trust should be increased by approximately \$900 thousand. This dispute is currently the subject of an agreed third-party actuary's determination expected to be received in the fourth quarter of 2004.

### *Natlsco, Inc.*

The Company sold its Natlsco, Inc. subsidiary and related claim service operations to Broadspire LLC in July 2003. Based on purchase price adjustment provisions in the sale contract, the Company has asserted a claim against Broadspire for \$22.9 million and is carrying most of that amount as an asset on the Company's September 30, 2004 balance sheet. Broadspire disputed that amount and asserted a \$12.8 million claim against the Company under the same provisions. This dispute is currently the subject of litigation. In connection with the sale agreement, Broadspire did pay to the Company \$36.8 million during the third quarter of 2004.

## 11. DEBT

Not applicable.

## 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

### **A. Employee Retirement Plans**

As of the end of the second quarter of 2004, the Company carried a \$33.2 million liability for its non-qualified supplemental retirement plan and related liabilities ("SRP") which historically provided the promise of future benefits to certain highly compensated employees in excess of retirement payments provided under the Company's qualified retirement plan. Former employees represented the predominate portion of the accrued SRP liabilities. In the third quarter of 2004, in light of the Company's financial condition and with the approval of the Illinois Department of Financial and Professional Regulation - Division of Insurance (the Department), the Company offered to pay to the current and former employees who had vested SRP benefits a discounted present value of those benefits. As a result, in the third quarter of 2004, the Company paid to SRP participants \$4.6 million, reflecting an average discount of over 86%, and the Company recorded a benefit increasing policyholders surplus by \$28.6 million.

Similar to the SRP buyout, the Company paid a substantially discounted present value of \$2.3 million in the third quarter to buyout \$11.7 million of long-term disability obligations owed to certain employees. As a result, the Company recognized a surplus benefit of \$9.4 million.

Year-to-date through October 2004, the Company funded a total of \$13.5 million into its non-contributory qualified defined benefit pension plans, as required to meet its federally required minimum funding obligations. As previously reported at December 31, 2003, the Company had recorded directly against surplus a minimum pension liability of \$128.5 million, reflecting the difference between the pension plans' accumulated benefit obligation and the market value of the pension plans' assets at that time.

On Tuesday, October 19, 2004, the Pension Benefit Guaranty Corporation (the "PBGC"), the federal corporation responsible for guaranteeing payment of pension benefits, notified the Company that the PBGC would move to take control of the Company's defined benefit pension plans effective Thursday,

## NOTES TO FINANCIAL STATEMENTS

October 21, 2004. The benefits under the pension plans are insured through the PBGC; the benefit levels for the majority of the approximately 12 thousand plan participants will not be significantly affected by this development, and payments to retirees will continue uninterrupted. Future retirees will receive their pension from the PBGC when they are eligible to retire.

The Company is not contesting the PBGC's action; however, the Company is being required to fund a final additional payment to the PBGC. That payment is expected to be less than \$8 million, subject to final agreement with the PBGC. The Company's surplus in the fourth quarter of 2004 will reflect the benefit of the release of the minimum pension liability previously recorded at December 31, 2003, less the sum of the fundings in July and October and the final additional payment expected to be made in the fourth quarter of 2004.

### B. Deferred Compensation Plans

#### *Profit Sharing Plan*

On October 14, 2004, the Company announced that while the Company's 401(k) plan will continue, the Company will no longer provide a matching contribution after the end of 2004. The Company had previously terminated any discretionary profit sharing; this announcement reflected an amendment of the profit sharing plan to eliminate a previously mandatory feature pursuant to which the Company had matched each participating employee's contributions up to 4% of the employee's salary.

### 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

No change.

### 14. CONTINGENCIES

#### D. All Other Contingencies

#### *Risk of Insolvency*

#### *Management Overview*

On March 19, 2004, the Company and the other Illinois-domiciled Kemper Insurance Companies filed a commercial run-off plan with the Department. On June 9, 2004, the Department gave the Kemper Insurance Companies permission to proceed with the run-off plan as submitted. Details of the plan are confidential, pursuant to the state's risk-based capital statute. The plan is designed to help the Company meet its goal of resolving, to the maximum extent possible, all valid policyholder claims.

Risks and uncertainties involved in implementing the plan include the needs to achieve significant policy buybacks and novations, to commute reinsurance agreements, to conclude other surplus-enhancing transactions, to hire and retain the staff and resources necessary to implement the plan, to further reduce expenses, and to consummate agreements with regulators and other third parties. Realizing the projections in the run-off plan requires the consummation of agreements with insureds for policy buybacks and novations, the timely performance of payment and other contractual obligations owed to the Company by various third parties, including reinsurers as well as insureds and agents, and the absence of significant additional disputes not only with reinsurers but also with creditors, including insureds and certain states, which could involve judicial or other actions to seek either to force the Company to collateralize its unsecured obligations or to not timely release collateral back to the Company. Therefore, no assurance can be given that the plan will be successfully implemented.

The Department continues to closely monitor the Company's progress in achieving the objectives of the run-off plan. As has been the case for almost two years, the Department retains the discretion at any time to seek to place the Company in a formal proceeding (conservatorship or receivership, rehabilitation or liquidation). As previously disclosed, the risk of a proceeding would be exacerbated if the Company fails to have sufficient liquid assets to meet its current obligations, or if the Company's reported liabilities at any time exceed its reported assets, or if the Company fails to meet the surplus and liquidity projections set forth in the plan.

Having entered into voluntary run-off in the first half of 2003, the Company then also entered into certain agreed corrective orders with the Department, pursuant to which the Company has ceased to write virtually all insurance business and is settling its liabilities under the administrative supervision of the Department. The Company has also entered into consent agreements with certain states under which the Company agreed to cease writing business in those jurisdictions. In addition, regulatory agencies in Florida and Tennessee have sought to unilaterally suspend the Company's certificates of authority in those two states. The Company has resisted those unilateral actions as not being in the best interests of the Company's policyholders or claimants.



## NOTES TO FINANCIAL STATEMENTS

### ***Management Changes***

On August 5, 2004, the Company's acting president, acting chief executive officer, and acting chief financial officer, Michael A. Coutu, resigned, and the Company and Kenning Financial Advisors, LLC by mutual agreement terminated the contract under which Kenning had provided management services for Kemper's run-off planning and operations since October 2003. The Company continues to implement steps set forth in the run-off plan substantially as previously submitted to the Department. Two former members of the Kenning team, who had been serving as officers of the Company while providing services under the Kenning contract, joined the Company as its chief operating officer and its chief transactional counsel, respectively, to assist in the Company's and its affiliates' ongoing run off.

On September 14, 2004, the Company announced that its board had elected a new interim chief executive officer to guide the Company's run-off efforts while the search for a permanent CEO continues. On October 12, 2004, the Company announced the election of a new acting chief accounting officer. The Company's workforce had decreased to approximately 370 employees at September 30, 2004, slightly below the headcount anticipated in the run-off plan for that date. To help stabilize the workforce, the Company in the third quarter implemented a retention plan providing for, among other things, scheduled quarterly bonuses patterned on similar plans implemented by other distressed insurance companies. See also Note 12.

### ***Managing Surplus***

The Company's operating and other expenses (including amortization of the discount on loss reserves) currently exceed operating revenue (investment income, earned premium, and other income) by approximately \$15 million per month. In addition, in light of current market conditions and the Company's anticipated liquidity needs, management currently projects that the Company's investment portfolio return will be below the previously projected 3.1% over the time horizon of the run-off plan. In the third quarter of 2004, however, the Company successfully executed certain planned policy buybacks and novations, as well as other surplus-enhancing initiatives, that together produced approximately \$150 million of surplus and thereby more than covered the surplus reductions caused by expenses exceeding revenues and by additions to loss reserves. Although involving use of significant liquidity (see *Managing Liquidity* below), policy buybacks and other settlements by the Company of liabilities for substantially less than carried reserves remain a primary focus of the Company's management and its run-off plan at this time.

In the third quarter of 2004, as a result of concluding a previously announced review of reserves during the quarter, the Company added approximately \$70.6 million to its reserves, net of reinsurance, and net of the 4.2% discount permitted pursuant to an accounting allowance from the Department. This amount was in addition to \$57.9 million added to reserves during the first six months of the year. The cumulative adverse development of \$128.5 million during the first nine months of 2004 includes \$65.8 million in additions to net reserves for assumed reinsurance liabilities. Despite the reserve strengthening during the first nine months of 2004 and the reserve additions of prior periods, there can be no assurance that additional material reserve strengthening will not be required in future periods.

At September 30, 2004, the Company's reported results show that its assets exceed its liabilities by \$80.1 million, a \$61.5 million improvement in surplus from the level reported three months earlier. The current level of surplus is closer to the projections set forth in its confidential run-off plan than surplus was of \$18.6 million at June 30, 2004. Management believes that successful surplus-enhancing initiatives in the fourth quarter of 2004 will continue to more than offset the monthly surplus reductions caused by expenses exceeding revenues, although there can be no assurance that success will continue longer term at such levels or at any level. The Company's fourth-quarter surplus will also reflect a significant benefit due to the PBGC take-over of the Company's defined benefit plan on October 21, 2004. See Note 12.

Gross liabilities owed to policyholders (loss and loss adjustment expenses) totaled approximately \$7 billion at September 30, 2004. This amount was a decrease of approximately \$2 billion from the level of such liabilities at December 31, 2003, reflecting the Company's payments of claims and management of other liabilities, in part through policy buybacks. Such policyholder liabilities net of reinsurance totaled \$3.2 billion at September 30, 2004, down from \$3.8 billion at December 31, 2003.

### ***Managing Liquidity***

The Company is addressing its future liquidity concerns by taking a number of actions, including but not limited to seeking to obtain releases of assets encumbered with various governmental agencies, merging subsidiaries, converting illiquid assets to liquid status, continuing to collect on its existing reinsurance, and pursuing certain reinsurance commutations. State (and to a much lesser extent, foreign and U.S. Department of Labor) deposits totaled \$1.1 billion at September 30, 2004. California, with \$825.5 million of the Company's encumbered assets at the end of the third quarter of 2004, accounts for the majority of state deposits. The Company continues to communicate with various insurance regulators regarding release of deposits.

In the third quarter, the Company signed an agreement, subject to regulatory approval, to sell its home office complex in Long Grove, Illinois, and to lease back a fraction of that office space for the Company's current operations. In connection with the sale, the Company recorded a reduction in the carrying value of the property and in the third quarter recognized approximately a \$5 million surplus

## NOTES TO FINANCIAL STATEMENTS

detriment. The Company expects to receive a liquidity benefit in the fourth quarter of approximately \$30 million from the sale.

Also to supplement liquidity, the Company merged three of its subsidiaries into another wholly owned subsidiary, AMICO, on August 31, 2004, and, subject to regulatory approval, is planning to merge two others into AMICO on December 31, 2004. See Note 10. The liquidity benefits from the mergers in the third quarter prospectively include minor reductions in expenses from not needing to maintain corporate entities. They also include releases of certain state deposits, which releases totaled \$5.3 million early in the fourth quarter. AMICO cedes 100% of its policy liabilities to the Company and therefore has no net liabilities to policyholders. Subject to Illinois regulatory approval, the Company plans to seek extraordinary dividends from AMICO, as surplus at AMICO increased to \$99.1 million following the mergers.

Prompt collection of reinsurance recoverables is a primary driver of the Company's liquidity at all times. Reinsurance provided approximately \$800 million of liquidity to the Company during the first nine months of 2004. Gross reinsurance recoverables totaled \$3.5 billion at September 30, 2004 (net of an \$83.1 million bad debt reserve), down from \$3.8 billion at December 31, 2003, largely due to claim payments and the Company managing down its policyholder liabilities.

The Company is also planning on certain reinsurance commutations that if successful could substantially increase liquidity. Reinsurance commutations, however, would be anticipated to decrease surplus, since commutations involve present value or other discounting in return for cash. Management remains focused on managing liquidity, surplus, and the balance between them.

While there can be no assurance that the Company's liquidity-enhancing actions will be fully and timely successful, management's planning currently projects that the Company will be able to maintain sufficient liquidity to pay valid policyholder claims and expected operating expenses as they become due in the ordinary course through the end of 2005 and potentially beyond.

**15. LEASES**

No change.

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

Not applicable.

**17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES**

No change.

**18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS**

Not applicable.

**19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS**

Not applicable.

**20. SEPTEMBER 11 EVENTS**

No change.

**21. OTHER ITEMS**

No change.

**22. EVENTS SUBSEQUENT**

No change.

**23. REINSURANCE**

No change.

**24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION**

No change.

**25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

No change.

**26. INTERCOMPANY POOLING ARRANGEMENTS**

No change.

## NOTES TO FINANCIAL STATEMENTS

**27. STRUCTURED SETTLEMENTS**

No change.

**28. HEALTH CARE RECEIVABLES**

Not applicable.

**29. PARTICIPATING POLICIES**

Not applicable.

**30. PREMIUM DEFICIENCY RESERVES**

As of September 30, 2004, the Company had liabilities of \$5,504,067 related to premium deficiency reserves compared to \$8,485,516 as of December 31, 2003. This reduction is a factor of the associated decline in the unearned premium reserve balance through September 30, 2004.

**31. HIGH DEDUCTIBLES**

No change.

**32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSE**

No change.

**33. ASBESTOS/ENVIRONMENTAL RESERVES**

No change.

**34. SUBSCRIBER SAVINGS ACCOUNT**

Not applicable.

**35. MULTIPLE PERIL CROP INSURANCE**

Not applicable.

## GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

### PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? ..... Yes  No
- 1.2 If yes, explain:  
.....
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes  No
- 2.2 If yes, has the report been filed with the domiciliary state? ..... Yes  No
- 3.1 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
- 3.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes  No   
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes  No
- 5.2 If yes, provide the name of 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. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes  No  NA   
If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2000
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/2000
- 7.3 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). .... 11/18/2003
- 7.4 By what department or departments?  
Illinois, Delaware, Mississippi and Nevada.....
- 8.1 Has this 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
- 8.2 If yes, give full information:  
Information is provided in Financial Note 14 in the Management Overview Section.....
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?..... Yes  No
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.  
.....
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes  No
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

## GENERAL INTERROGATORIES INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]

10.2 If yes, explain:  
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:  
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0

13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [X] No [ ]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....260,674,361	\$ .....244,946,106
14.24 Short-term Investments .....	\$ .....	\$ .....
14.25 Mortgages, Loans or Real Estate .....	\$ .....19,082,580	\$ .....18,270,350
14.26 All Other .....	\$ .....32,287,543	\$ .....27,418,218
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....312,044,484	\$ .....290,634,674
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

16. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
Bank of New York Midwest Trust Company.....	209 W. Jackson Blvd., Suite 800, Chicago, IL 60606.....

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

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

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
104518.....	Deutsche Investment Mgmt Americas, Inc.....	222 S. Riverside Plaza, Chicago, IL 60606-5808.....

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted.)

**PART 2**

**PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [X] NA [ ]

If yes, attach an explanation.

2. Has the 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]

If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [X]

3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? ..... Yes [X] No [ ]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
1. Homeowners/Far mowners.....		4.200			731,042	731,042			(339,944)	(339,944)
2. Private Passenger Auto Liability.....		4.200			10,463,606	10,463,606			(200,631)	(200,631)
3. Commercial Auto Liability.....		4.200			21,607,797	21,607,797			2,344,284	2,344,284
4. Workers Compensation.....		4.200			418,541,745	418,541,745			153,661,848	153,661,848
5. Commercial Multiple Peril.....		4.200			35,348,205	35,348,205			4,417,661	4,417,661
7. Medical Malpractice - Claims Made.....		4.200			1,027,585	1,027,585			255,708	255,708
8. Special Liability.....		4.200			804,330	804,330			164,075	164,075
9. Other Liability - Occurrence.....		4.200			56,755,135	56,755,135			(28,611,578)	(28,611,578)
11. Special Property.....		4.200			990,854	990,854			(240,343)	(240,343)
12. Auto Physical Damage.....		4.200			(54,713)	(54,713)			9,156	9,156
13. Fidelity/Surety.....		4.200			8,906,349	8,906,349			1,313,897	1,313,897
14. Other.....		4.200			4,166,121	4,166,121			356,910	356,910
19. Product Liability.....		4.200			152,979,174	152,979,174			(30,549,454)	(30,549,454)
<b>TOTAL</b>			<b>0</b>	<b>0</b>	<b>712,267,230</b>	<b>712,267,230</b>	<b>0</b>	<b>0</b>	<b>102,581,589</b>	<b>102,581,589</b>

**SCHEDULE A - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	40,855,789	109,803,151
2. Increase (decrease) by adjustment .....	(5,890,402)	(47,464,167)
3. Cost of acquired .....	0	0
4. Cost of additions to and permanent improvements .....	0	268,216
5. Total profit (loss) on sales .....	0	14,585,694
6. Increase (decrease) by foreign exchange adjustment .....	0	0
7. Amount received on sales .....	0	36,337,105
8. Book/adjusted carrying value at end of current period .....	34,965,386	40,855,789
9. Total valuation allowance .....	0	0
10. Subtotal (Lines 8 plus 9) .....	34,965,386	40,855,789
11. Total nonadmitted amounts .....	0	0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	34,965,386	40,855,789

**SCHEDULE B – VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	17,147,650	54,213,531
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....		4,349,116
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 .....		(1,287,068)
5. Total profit (loss) on sale .....		0
6. Amounts paid on account or in full during the period .....	3,345,788	40,127,929
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 .....	13,801,862	17,147,650
10. Total valuation allowance .....		0
11. Subtotal (Lines 9 plus 10) .....	13,801,862	17,147,650
12. Total nonadmitted amounts .....		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	13,801,862	17,147,650

**SCHEDULE BA – VERIFICATION****Other Invested Assets Included in Schedule BA**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	107,344,600	159,278,263
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....	23,685,723	2,854,298
2.2. Additional investment made after acquisitions .....	3,520,909	65,553,931
3. Accrual of discount .....		0
4. Increase (decrease) by adjustment .....	(18,471,355)	(52,272,039)
5. Total profit (loss) on sale .....		0
6. Amounts paid on account or in full during the period .....	61,722,018	68,069,854
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 .....	54,357,858	107,344,600
10. Total valuation allowance .....	(2,800,000)	(2,800,000)
11. Subtotal (Lines 9 plus 10) .....	51,557,858	104,544,600
12. Total nonadmitted amounts .....	1,304	213,043
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	51,556,554	104,331,557

**SCHEDULE D - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	1,955,458,832	2,719,447,047
2. Cost of bonds and stocks acquired .....	320,819,615	1,509,551,567
3. Accrual of discount .....	415,197	2,911,647
4. Increase (decrease) by adjustment .....	(8,564,130)	(105,653,806)
5. Increase (decrease) by foreign exchange adjustment .....	(64,850)	114,319
6. Total profit (loss) on disposal .....	7,391,857	(73,406,005)
7. Consideration for bonds and stocks disposed of .....	667,051,339	2,087,697,770
8. Amortization of premium .....	8,110,734	9,808,167
9. Book/adjusted carrying value, current period .....	1,600,294,448	1,955,458,832
10. Total valuation allowance .....		0
11. Subtotal (Lines 9 plus 10) .....	1,600,294,448	1,955,458,832
12. Total nonadmitted amounts .....		0
13. Statement value	1,600,294,448	1,955,458,832

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 .....	2,469,128,851	977,798,209	1,251,563,931	(2,083,730)	2,834,794,693	2,469,128,851	2,193,279,399	3,254,704,086
2. Class 2 .....	29,003,211	18,169,480	.0	(143,338)	31,919,760	29,003,211	47,029,353	47,540,759
3. Class 3 .....	.0	.0	.0	.0	.0	.0	.0	.0
4. Class 4 .....	.0	.0	.0	.0	.0	.0	.0	.0
5. Class 5 .....	10,227,322	.0	1,445,288	(2,782,034)	10,494,876	10,227,322	6,000,000	11,373,516
6. Class 6 .....	108,000	0	0	0	108,000	108,000	108,000	428,000
7. Total Bonds	2,508,467,385	995,967,688	1,253,009,220	(5,009,101)	2,877,317,330	2,508,467,385	2,246,416,752	3,314,046,361
<b>PREFERRED STOCK</b>								
8. Class 1 .....	.0	.0	.0	.0	.0	.0	.0	.0
9. Class 2 .....	2,907,000	.0	.0	(2,907,000)	13,289,947	2,907,000	.0	13,289,947
10. Class 3 .....	.0	.0	.0	.0	.0	.0	.0	.0
11. Class 4 .....	.0	.0	.0	.0	.0	.0	.0	.0
12. Class 5 .....	68,089	.0	.0	.0	68,089	68,089	68,089	72,051
13. Class 6 .....	26,289	0	0	0	26,289	26,289	26,289	26,289
14. Total Preferred Stock	3,001,378	0	0	(2,907,000)	13,384,325	3,001,378	94,378	13,388,287
15. Total Bonds and Preferred Stock	2,511,468,763	995,967,688	1,253,009,220	(7,916,101)	2,890,701,655	2,511,468,763	2,246,511,130	3,327,434,648



**SCHEDULE DA - PART 1****Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	897,553,398	XXX	897,805,493	7,896,768	1,182,107

**SCHEDULE DA - PART 2- Verification****Short-Term Investments Owned**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	1,640,694,500	419,577,356
2. Cost of short-term investments acquired .....	2,592,148,537	7,737,539,354
3. Increase (decrease) by adjustment .....	494,949	1,356,191
4. Increase (decrease) by foreign exchange adjustment .....		0
5. Total profit (loss) on disposal of short-term investments .....	(183,121)	(20)
6. Consideration received on disposal of short-term investments .....	3,335,601,467	6,517,778,383
7. Book/adjusted carrying value, current period .....	897,553,398	1,640,694,500
8. Total valuation allowance .....		(15,000,000)
9. Subtotal (Lines 7 plus 8) .....	897,553,398	1,625,694,500
10. Total nonadmitted amounts .....	0	0
11. Statement value (Lines 9 minus 10) .....	897,553,398	1,625,694,500
12. Income collected during period .....	8,550,226	12,110,202
13. Income earned during period .....	9,844,488	12,516,301

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule F

**NONE**

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

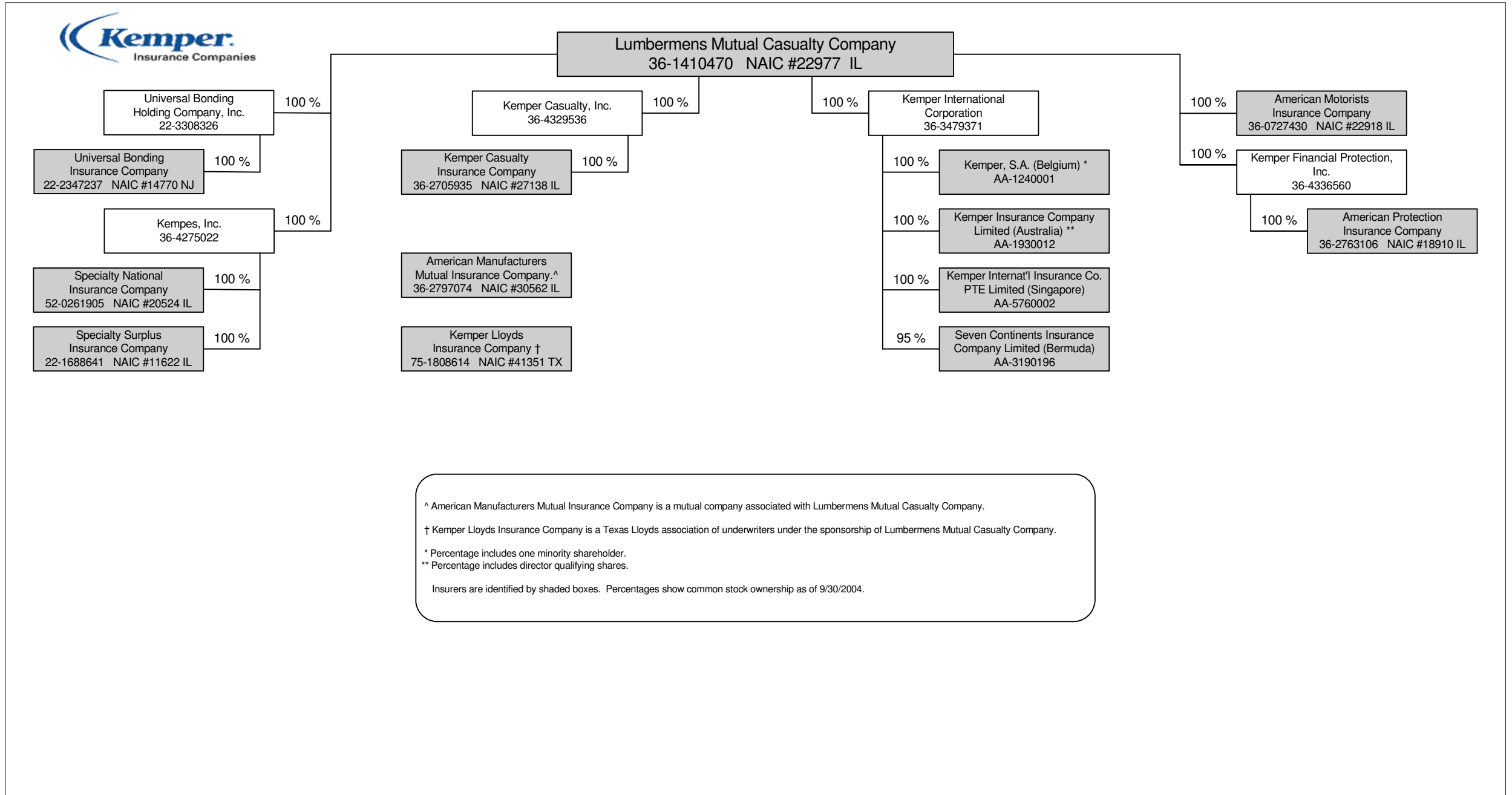
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	Yes	(704,387)	536,866	2,057,407	4,121,464	18,383,405	16,380,824
2. Alaska	AK	Yes	312,062	256,011	(226,287)	14,776,073	2,636,533	(5,569,140)
3. Arizona	AZ	Yes	(613,992)	2,548,743	9,559,960	8,027,990	12,328,193	15,412,432
4. Arkansas	AR	Yes	29,878	(659,211)	261,799	2,871,654	4,572,457	2,646,438
5. California	CA	Yes	(2,041,599)	60,457,184	68,334,214	153,498,240	274,028,541	193,540,829
6. Colorado	CO	Yes	2,570,800	1,337,075	4,301,246	733,282	4,750,292	9,721,085
7. Connecticut	CT	Yes	(98,108)	(1,646,526)	17,272,948	16,901,996	40,785,343	81,857,491
8. Delaware	DE	Yes	(319,565)	98,658	1,174,756	560,483	1,806,668	3,322,999
9. District of Columbia	DC	Yes	119,923	320,519	2,282,191	2,094,837	16,214,712	17,269,362
10. Florida	FL	Yes	11,237,578	45,476,948	35,383,180	29,978,326	64,769,081	47,218,456
11. Georgia	GA	Yes	1,510,505	16,750,372	14,192,022	105,323,386	29,375,158	14,078,926
12. Hawaii	HI	Yes	293,736	3,496,118	1,299,177	1,455,223	4,806,837	3,242,457
13. Idaho	ID	Yes	191,216	703,785	198,412	1,277,369	879,410	795,017
14. Illinois	IL	Yes	2,250,326	(30,515,969)	56,065,612	73,385,605	261,619,592	107,998,913
15. Indiana	IN	Yes	(57,933)	1,186,750	434,095	6,486,645	5,055,344	8,488,490
16. Iowa	IA	Yes	(49,299)	407,733	4,239,674	3,630,878	5,546,812	7,557,020
17. Kansas	KS	Yes	240,464	(1,360,896)	942,556	476,983	5,552,581	2,867,852
18. Kentucky	KY	Yes	173,567	3,028,156	3,951,041	3,889,270	42,930,363	32,494,910
19. Louisiana	LA	Yes	1,475,222	3,597,390	9,486,159	3,981,420	13,856,280	13,669,612
20. Maine	ME	Yes	2,173	(26,419)	1,954,731	423,553	(356,777)	(593,791)
21. Maryland	MD	Yes	673,966	(30,591,041)	17,442,553	48,317,380	55,674,268	548,116
22. Massachusetts	MA	Yes	348,729	(2,567,891)	9,707,095	11,904,199	59,987,049	52,865,870
23. Michigan	MI	Yes	697,283	8,628,789	4,710,919	18,335,696	19,679,094	47,011,446
24. Minnesota	MN	Yes	(410,820)	3,782,020	6,086,549	6,624,496	34,697,451	27,683,122
25. Mississippi	MS	Yes	(17,417)	2,455,268	1,995,823	5,398,586	2,507,327	1,931,085
26. Missouri	MO	Yes	419,466	3,189,503	4,517,452	6,672,356	12,008,997	12,717,873
27. Montana	MT	Yes	37,565	363,221	379,658	1,211,193	1,258,751	3,006,481
28. Nebraska	NE	Yes	(339,732)	1,684,131	425,319	1,396,683	4,229,901	3,851,285
29. Nevada	NV	Yes	(711,883)	2,933,530	5,635,157	4,346,384	9,031,156	10,257,715
30. New Hampshire	NH	Yes	80,106	487,683	664,887	970,239	8,584,902	5,728,864
31. New Jersey	NJ	Yes	2,095,146	(65,990,204)	11,471,504	47,273,523	166,442,403	98,196,349
32. New Mexico	NM	Yes	(38,942)	815,219	1,814,334	2,949,546	2,778,833	5,512,072
33. New York	NY	Yes	5,803,616	57,524,445	78,188,346	132,198,103	295,792,562	337,869,572
34. North Carolina	NC	Yes	3,131	16,879,988	12,303,281	26,014,591	23,924,517	24,048,951
35. North Dakota	ND	Yes	(20,831)	276,358	4,515	314,261	39,497	283,049
36. Ohio	OH	Yes	3,146,308	5,209,632	7,179,980	9,856,695	33,204,904	39,673,173
37. Oklahoma	OK	Yes	(173,242)	(678,901)	1,065,017	3,855,807	572,068	6,550,982
38. Oregon	OR	Yes	421,811	(884,961)	3,196,640	3,585,636	14,540,591	11,328,879
39. Pennsylvania	PA	Yes	(795,782)	902,689	17,435,560	(32,761,069)	34,103,284	15,831,591
40. Rhode Island	RI	Yes	6,679	299,201	540,396	1,043,455	6,517,102	6,865,150
41. South Carolina	SC	Yes	(799,907)	6,426,054	5,015,031	8,792,341	19,586,804	7,869,214
42. South Dakota	SD	Yes	(41,920)	150,841	15,032,936	240,573	464,546	10,175,462
43. Tennessee	TN	Yes	(635,125)	4,919,757	6,453,514	4,126,630	23,013,425	18,251,735
44. Texas	TX	Yes	(498,301)	(8,036,263)	33,506,216	161,481,102	141,285,179	172,899,574
45. Utah	UT	Yes	(166,768)	694,782	1,555,011	2,854,664	1,297,128	7,295,454
46. Vermont	VT	Yes	(41,690)	181,797	269,255	344,865	1,140,732	8,838
47. Virginia	VA	Yes	(988,283)	6,145,891	11,313,409	13,697,732	36,758,460	25,000,472
48. Washington	WA	Yes	(447,853)	3,325,238	5,022,019	11,159,858	13,951,885	44,793,790
49. West Virginia	WV	Yes	54,362	257,878	71,304	181,702	124,570	94,762
50. Wisconsin	WI	Yes	3,953,509	290,772	10,539,762	15,549,519	27,352,827	13,729,435
51. Wyoming	WY	Yes	(439,699)	557,639	18,472	(47,760)	81,297	650,260
52. American Samoa	AS	Yes		0		0		0
53. Guam	GU	Yes		44,394		2,090		38,363
54. Puerto Rico	PR	Yes	41,953	9,429	3,395,099	10,517,836	4,585,973	(10,601,753)
55. U.S. Virgin Islands	VI	Yes	(27)	17,561		0	22	(26,405)
56. Canada	CN	Yes	(178,672)	1,677,364	739,512	7,606,436	13,186,012	15,114,058
57. Aggregate Other Aliens	OT	XXX	53,804	(3,031,508)	23,113,284	2,134,585	14,352,787	24,492,254
58. Totals	(a)	55	27,613,107	124,343,592	533,974,702	972,044,610	1,892,297,129	1,613,947,320
<b>DETAILS OF WRITE-INS</b>								
5701. Asia	XXX		(54,994)	(653,771)	1,451,715	1,197,611	3,027,660	10,164,799
5702. Australia	XXX		54,041	421,572		0	(4,632)	1,442,807
5703. Europe	XXX		54,657	657,704	21,661,569	507,788	11,286,149	11,748,599
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		100	(3,457,013)	0	429,186	43,610	1,136,049
5799. Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)	XXX		53,804	(3,031,508)	23,113,284	2,134,585	14,352,787	24,492,254

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

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



^ American Manufacturers Mutual Insurance Company is a mutual company associated with Lumbermens Mutual Casualty Company.  
 † Kemper Lloyds Insurance Company is a Texas Lloyds association of underwriters under the sponsorship of Lumbermens Mutual Casualty Company.  
 \* Percentage includes one minority shareholder.  
 \*\* Percentage includes director qualifying shares.  
 Insurers are identified by shaded boxes. Percentages show common stock ownership as of 9/30/2004.

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire	634,606	(3,010,460)	(474.4)	656.8
2. Allied Lines	377,557	(1,496,523)	(396.4)	88.5
3. Farmowners multiple peril		430	0.0	0.0
4. Homeowners multiple peril	7,998,749	(16,429,706)	(205.4)	(11.6)
5. Commercial multiple peril	1,071,318	3,982,356	371.7	54.2
6. Mortgage guaranty		0.0	0.0	0.0
8. Ocean marine	363,644	(134,586)	(37.0)	161.0
9. Inland marine	2,882,421	(6,463,165)	(224.2)	50.8
10. Financial guaranty		0.0	0.0	0.0
11.1 Medical malpractice - occurrence	58,818	(35,128)	(59.7)	19.8
11.2 Medical malpractice - claims-made	466,661	1,888,806	404.7	14.0
12. Earthquake	48,185	(28,261)	(58.7)	(39.4)
13. Group accident and health	7,945,969	(237,632)	(3.0)	21.2
14. Credit accident and health		0.0	0.0	0.0
15. Other accident and health	(942)	(956,376)	101,526.1	376.5
16. Workers' compensation	12,668,995	45,556,375	359.6	(112.8)
17.1 Other liability - occurrence	8,602,723	(203,712,672)	(2,368.0)	(190.3)
17.2 Other liability - claims-made	8,051,211	187,633,901	2,330.5	19.9
18.1 Products liability - occurrence	(2,921,020)	(58,152,531)	1,990.8	(438.4)
18.2 Products liability - claims-made		(32,987,730)	0.0	(123.9)
19.1,19.2 Private passenger auto liability	17,527,439	29,674,444	169.3	(3.4)
19.3,19.4 Commercial auto liability	1,442,333	(133,060,554)	(9,225.4)	34.2
21. Auto physical damage	6,430,118	(3,210,685)	(49.9)	49.8
22. Aircraft (all perils)	779	(140,248)	(18,003.6)	0.0
23. Fidelity	545,177	1,092,388	200.4	21.3
24. Surety	7,694,012	29,220,193	379.8	52.1
26. Burglary and theft	5,010	79,705	1,590.9	15.1
27. Boiler and machinery	81,450	(9,011,030)	(11,063.3)	(95.9)
28. Credit	549,463	1,031,762	187.8	21.0
29. International		0.0	0.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business	0	0	0.0	0.0
34. Totals	82,524,676	(168,906,927)	(204.7)	(58.8)
<b>DETAILS OF WRITE-INS</b>				
3301.			0.0	0.0
3302.				
3303.				
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

**PART 2 - DIRECT PREMIUMS WRITTEN**

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire	40,808	189,930	(500,942)
2. Allied Lines	31,058	93,622	1,369,667
3. Farmowners multiple peril	0	0	0
4. Homeowners multiple peril	158,204	835,457	19,947,307
5. Commercial multiple peril	(1,341,671)	(2,605,095)	29,344,652
6. Mortgage guaranty	0	0	0
8. Ocean marine	17,605	126,229	1,239,845
9. Inland marine	47,289	12,017	27,445,538
10. Financial guaranty	0	0	0
11.1 Medical malpractice - occurrence	0	10,463	430,345
11.2 Medical malpractice - claims-made	6,156	(35,036)	3,183,977
12. Earthquake	908	(1,370)	501,402
13. Group accident and health	1,729,359	7,945,969	53,550,090
14. Credit accident and health	0	0	0
15. Other accident and health	0	(942)	35,507
16. Workers' compensation	7,158,286	8,597,043	65,149,733
17.1 Other liability - occurrence	(3,902,063)	3,219,651	12,231,370
17.2 Other liability - claims-made	58,922	(1,901)	(31,595,483)
18.1 Products liability - occurrence	(2,014,207)	(2,939,370)	(2,267,675)
18.2 Products liability - claims-made	0	0	135,137
19.1,19.2 Private passenger auto liability	(220,165)	7,871,953	43,812,563
19.3,19.4 Commercial auto liability	(637,941)	(298,666)	24,708,345
21. Auto physical damage	33,729	1,902,925	27,176,936
22. Aircraft (all perils)	0	0	(676,412)
23. Fidelity	(7,996)	(70,230)	794,705
24. Surety	1,055,483	2,371,142	9,557,521
26. Burglary and theft	(163)	(2,638)	8,808
27. Boiler and machinery	0	71,474	137,242
28. Credit	0	320,480	268,314
29. International	0	0	0
30. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
31. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business	0	0	(161,644,900)
34. Totals	2,213,601	27,613,107	124,343,592
<b>DETAILS OF WRITE-INS</b>			
3301. Novated Premiums	0	0	(161,644,900)
3302.			
3303.			
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	(161,644,900)

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	2004 Loss and LAE Payments on Claims Reported as of Prior Year-End	2004 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2004 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (b) (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (c) (Cols. 11 + 12)
1. 2001 + Prior	2,192,740	466,621	2,659,361	628,062	34,260	662,322	2,026,076	68,375	136,234	2,230,685	461,398	(227,752)	233,646
2. 2002	365,774	251,278	617,052	180,252	3,225	183,477	260,920	13,551	101,968	376,439	75,398	(132,534)	(57,136)
3. Subtotals 2002 + Prior	2,558,514	717,899	3,276,413	808,314	37,485	845,799	2,286,996	81,926	238,202	2,607,124	536,796	(360,286)	176,510
4. 2003	166,566	380,993	547,559	133,449	4,145	137,594	155,386	7,805	181,596	344,787	122,269	(187,447)	(65,178)
5. Subtotals 2003 + Prior	2,725,080	1,098,892	3,823,972	941,763	41,630	983,393	2,442,382	89,731	419,798	2,951,911	659,065	(547,733)	111,332
6. 2004	XXX	XXX	XXX	XXX	52,680	52,680	XXX	21,627	24,355	45,982	XXX	XXX	XXX
7. Totals	2,725,080	1,098,892	3,823,972	941,763	94,310	1,036,073	2,442,382	111,358	444,153	2,997,893	659,065	(547,733)	111,332
8. Prior Year-End's Surplus As Regards Policyholders	202,426										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1. 24.2	2. (49.8)	3. 2.9
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4. 55.0

(a) Should Equal Prior Year-End Annual Statement; Page 3, Col. 1, Lines 1 + 3

(b) Should Equal Q.S. Page 3, Col. 1, Lines 1 and 3.

(c) Should Also Equal Cols. 6 + 10 less Col. 3 for Lines 1 through 5 only.

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## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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 on "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 question.

RESPONSES

- |  |               |
|--|---------------|
| 1. Will the SVO Compliance Certification be filed with this statement?                                       | .....YES..... |
| 2. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? | .....NO.....  |
| 3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?            | .....YES..... |

**Explanations:**

2.

**Bar Codes:**

2.



OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 23.

*ASSETS				
2304. Rabbi Trust assets.....	11,104,112		11,104,112	21,622,250
2305. Other admitted assets.....	192,371,838	24,964,622	167,407,216	223,984,462
2306. Amounts receivable under high deductible policies.....	34,386,758	7,780,710	26,606,048	17,908,300
2397. Summary of remaining write-ins for Line 23 from Page 02	237,862,708	32,745,332	205,117,376	263,515,012

PQ003 Additional Aggregate Lines for Page 03 Line 23.

*LIAB			
2304. Accounts payable and other liabilities.....		163,785,623	198,174,541
2397. Summary of remaining write-ins for Line 23 from Page 03		163,785,623	198,174,541

PQ004 Additional Aggregate Lines for Page 04 Line 14.

*UNINEX			
1404. Income related to reinsurance transaction.....		0	229,183,168
1497. Summary of remaining write-ins for Line 14 from Page 04		0	229,183,168

PQ015 Additional Aggregate Lines for Page 15 Line 57.

*SCT							
5704. South America.....	.XXX	(835)	(239,203)		429,186	10,446	2,792,194
5705. Africa.....	.XXX	935	(3,217,810)		0	33,164	(1,656,145)
5797. Summary of remaining write-ins for Line 57 from Page 15	.XXX	100	(3,457,013)	0	429,186	43,610	1,136,049



STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**SCHEDULE A - PART 2**

Showing All Real Estate ACQUIRED During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2 City	3 State						
<b>NONE</b>								
9999999 - Totals								

**SCHEDULE A - PART 3**

Showing All Real Estate SOLD during the Current Quarter, including Payments during the Final Year on "Sales under Contract"

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Expended for Additions, Permanent Improvements and Changes in Encumbrances	10 Book/Adjusted Carrying Value Less Encumbrances	11 Amounts Received	12 Foreign Exchange Profit (Loss) on Sale	13 Realized Profit (Loss) on Sale	14 Total Profit (Loss) on Sale	15 Gross Income Earned Less Interest Incurred on Encumbrances	16 Taxes, Repairs and Expenses Incurred
	2 City	3 State													
<b>NONE</b>															
9999999 Totals															

EO1

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**SCHEDULE B - PART 1**

Showing All Mortgage Loans ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9	10	11
Loan Number	2 City	3 State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation
<b>NONE</b>										
9999999 Totals										XXX

**SCHEDULE B - PART 2**

Showing All Mortgage Loans SOLD, Transferred or Paid in Full During the Current Quarter

1	Location		4	5	6	7	8	9	10	11	12	13
Loan Number	2 City	3 State	Loan Type	Date Acquired	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
1505	Marlton	NJ		04/08/1987	43,948			42,682				
1606	El Dorado Hills	CA		10/08/1990	175,627			173,344				
1879	Charlotte	NC	E	08/23/1996	199,338			197,194				
1941	Abingdon	VA		12/19/1997	30,186			23,503				
2035	Simsbury	CT		04/23/1999	127,374			126,569				
2041	Phoenix	AZ		05/27/1999	173,241			169,799				
0199999 - Mortgages closed by repayment					749,714			733,092				
9999999 Totals					749,714			733,092				

E02

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**SCHEDULE BA - PART 1**

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 Number of Units and Description	2 Location		4 Name of Vendor	5 Date Acquired	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment
	2 City	3 State							
<b>Fixed or Variable Rate - Other Fixed Income</b>									
Community Eldercare Services, LLC, Prime & 3% Note due 2/8/05	Tupelo	MS	Direct	08/04/2004	4,070,723			(1,770,723)	
JMG/IC Insurance Agency, Inc., LIBOR & 3% Note due 8/30/04	Nacogdoches	TX	Direct	08/27/2004	19,615,000				
0699999 - Fixed or Variable Rate - Other Fixed Income					23,685,723			(1,770,723)	
9999999 Totals					23,685,723			(1,770,723)	

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 Number of Units and Description	2 Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										
<b>Fixed or Variable Rate - Other Fixed Income</b>												
JMG/IC Insurance Agency, Inc., LIBOR & 3% Note due 8/30/04	Nacogdoches	TX	Final Paydown	08/27/2004	0	(14,639,518)		4,975,482				
0699999 - Fixed or Variable Rate - Other Fixed Income						(14,639,518)		4,975,482				
<b>Joint Venture Interests - Fixed Income</b>												
JH Whitney Mezzanine Fd LP, 3.45% Interest	Stamford	CT	Symmetry Secondary Fd 2004 LP	07/30/1998	2,918,521	(52,421)		2,866,100	2,866,100			
WCAS Capital Partners II LP, 1.69% Interest	New York	NY	Symmetry Secondary Fd 2004 LP	10/03/1990	1,118,466	(20,089)		1,098,376	1,098,376			
WCAS Capital Partners III LP, .59% Interest	New York	NY	Symmetry Secondary Fd 2004 LP	05/30/1997	4,312,485	(77,458)		4,235,027	4,235,027			
0799999 - Joint Venture Interests - Fixed Income					8,349,471	(149,968)		8,199,503	8,199,503			
<b>Joint Venture Interests - Common Stock</b>												
Adams Capital Management, 5.46% LP Interest	Sewickley	PA	Symmetry Secondary Fd 2004 LP	09/12/1997	451,728	(8,114)		443,614	443,614			
Asset Management Associates 1996, 1.20% LP Interest	Palo Alto	CA	Symmetry Secondary Fd 2004 LP	12/15/1995	487,549	(8,757)		478,792	478,792			
AMA 1998 Corporate, 28.93% LP Interest	Palo Alto	CA	Symmetry Secondary Fd 2004 LP	08/31/1998	735,826	(13,216)		722,610	722,610			
Capital Z Financial Services Fund II, 1.84% LP Interest	New York	NY	Symmetry Secondary Fd 2004 LP	07/31/1998	14,224,920	(268,610)		14,255,701	14,255,701			
Century Capital Partners II, 10.19% LP Interest	Boston	MA	Symmetry Secondary Fd 2004 LP	11/17/1997	7,350,142	(132,019)		7,218,124	7,218,124			
Credit Suisse First Boston Equity, 0.53% LP Interest	Boston	MA	Symmetry Secondary Fd 2004 LP	07/17/1998	888,552	(15,960)		917,674	917,674			
Delphi Management Partners, 0.00% LP Interest	Menlo Park	CA	Final Distribution	01/01/2003		.11		.11				

E03

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 Number of Units and Description	2 Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/ Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/ Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	City	State										
Edison Venture Fund II, 7.19% LP Interest..	Lawrenceville.....	NJ.....	Symmetry Secondary Fd 2004 LP.....	12/03/1990.....	130,597	(2,346)		128,252	128,252			
Gilbert Global Equity Fund, .62% LP Interest.....	New Canaan.....	CT.....	Symmetry Secondary Fd 2004 LP.....	05/28/1998.....	1,387,475	(24,921)		2,026,076	2,026,076			
Green Equity Investors, 3.17% LP Interest..	Los Angeles.....	CA.....	Symmetry Secondary Fd 2004 LP.....	12/29/1989.....	885,778	(15,910)		869,869	869,869			
H & Q Ventures IV, 2.40% LP Interest.....	San Francisco.....	CA.....	Symmetry Secondary Fd 2004 LP.....	09/30/1985.....	16,375	(294)		16,081	16,081			
Interwest Partners IV, 3.05% LP Interest...	Menlo Park.....	CA.....	Symmetry Secondary Fd 2004 LP.....	06/16/1989.....	36,852	(662)		36,190	36,190			
McCown De Leeuw & Co. IV, .68% LP Interest	Menlo Park.....	CA.....	Symmetry Secondary Fd 2004 LP.....	07/03/1997.....	1,474,873	(26,491)		1,448,382	1,448,382			
MedVenture Associates II, 3.06% LP Interest.....	Orinda.....	CA.....	Symmetry Secondary Fd 2004 LP.....	05/31/1995.....	67,583	(1,214)		66,369	66,369			
MedVenture Associates III, 4.03% LP Interest.....	Orinda.....	CA.....	Symmetry Secondary Fd 2004 LP.....	06/04/1998.....	1,719,575	(30,886)		1,688,689	1,688,689			
NJTC Venture Fund, 8.21% LP Interest.....	Mount Laurel.....	NJ.....	Symmetry Secondary Fd 2004 LP.....	06/28/2002.....	359,817	(6,463)		353,354	353,354			
Phillips-Smith 2001 II, 7.19% LP Interest..	Dallas.....	TX.....	Symmetry Secondary Fd 2004 LP.....	12/31/2001.....	126,987	(2,317)		126,670	126,670			
Phillips-Smith Specialty Retail Group, 4.88% LP Interest.....	Dallas.....	TX.....	Symmetry Secondary Fd 2004 LP.....	01/01/2003.....	22,115	(397)		21,718	21,718			
Scudder Venture Partnership Fund, 43.35 LP Interest.....	Chicago.....	IL.....	Symmetry Secondary Fd 2004 LP.....	01/19/2001.....	5,693,023	(102,254)		7,706,364	7,706,364			
Sentinel Capital Partners II, 3.97% LP Interest.....	New York.....	NY.....	Symmetry Secondary Fd 2004 LP.....	06/12/1998.....	1,891,958	(33,982)		2,255,295	2,255,295			
Sigma Partners II, 4.66% LP Interest.....	Menlo Park.....	CA.....	Symmetry Secondary Fd 2004 LP.....	04/10/1989.....	367,701	(6,604)		361,096	361,096			
Welsh, Carson, Anderson & Stowe VIII LP, .19% LP Interest.....	New York.....	NY.....	Symmetry Secondary Fd 2004 LP.....	07/01/1998.....	2,879,830	(51,726)		2,828,104	2,828,104			
0899999 - Joint Venture Interests - Common Stock					41,201,256	(753,132)		43,969,035	43,969,024			
<b>9999999 Totals</b>					<b>49,550,727</b>	<b>(15,542,617)</b>		<b>57,144,019</b>	<b>52,168,527</b>			

E03.1

**STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

**SCHEDULE D - PART 3**

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator <sup>(a)</sup>
US Governments									
United States									
912828-BJ-3	United States Treasury Nts 1.875% 12/31/05		08/05/2004	Morgan Stanley & Co.		19,878,125	20,000,000	37,704	1FE
Total United States						19,878,125	20,000,000	37,704	XXX
0399999 - Total - Bonds - U.S. Government						19,878,125	20,000,000	37,704	XXX
Special Revenue & Assessment									
United States									
3133M0-3S-1	Federal Home Loan Bank Ser 322 3.250% 08/15/05		08/09/2004	UBS Securities		9,147,661	9,045,000	142,898	1FE
76116E-BH-2	Resolution Fdg Corp Cpn Strips Generic Int Pmt 0.000% 10/15/05		08/05/2004	UBS Securities		24,359,675	25,000,000		1FE
Total United States						33,507,336	34,045,000	142,898	XXX
3199999 - Total - Bonds - Special Revenue						33,507,336	34,045,000	142,898	XXX
Public Utilities (unaffiliated)									
United States									
362333-AG-1	GTE FLA Inc Deb Ser D 6.250% 11/15/05		08/18/2004	UBS Securities		2,514,096	2,400,000	40,833	1FE
Total United States						2,514,096	2,400,000	40,833	XXX
3899999 - Total - Bonds - Public Utilities						2,514,096	2,400,000	40,833	XXX
Industrial & Miscellaneous									
United States									
02635K-CL-6	American General Fin Corp Sr Notes 5.875% 12/15/05		08/18/2004	UBS Securities		1,045,340	1,000,000	11,097	1FE
02687Q-BB-3	American Intl Group Inc Bond Ser F 2.850% 12/01/05		08/18/2004	UBS Securities		2,315,134	2,300,000	14,931	1FE
084670-C@-5	Berkshire Hathaway, Inc. Bonding Facility Agreement 1.640% 07/01/33		07/06/2004	Direct		1,300,000	1,300,000	3,097	1
084670-C@-5	Berkshire Hathaway, Inc. Bonding Facility Agreement 1.640% 07/01/33		09/16/2004	Direct		777,765	777,765	2,126	1
172967-AG-6	Citigroup Inc Bond 6.625% 09/15/05		08/18/2004	UBS Securities		1,306,666	1,249,000	36,316	1FE
172967-BA-8	Citigroup Inc Sr Notes 6.750% 12/01/05		08/18/2004	UBS Securities		1,572,159	1,490,000	22,909	1FE
211177-AJ-9	Continental Cablevision Inc Bond 8.875% 09/15/05		08/18/2004	UBS Securities		1,869,035	1,750,000	68,165	2FE
51803@-AB-6	LaSalle Bank Ctf Dep # 4802932311 3.020% 04/03/05		01/03/2004	Direct		(192)	(192)		1
745867-AC-5	Pulte Corp Bond 7.300% 10/24/05		08/18/2004	UBS Securities		1,055,990	1,000,000	24,131	2FE
923446-AK-2	Verizon Global Fdg Corp Bond 6.750% 12/01/05		08/18/2004	UBS Securities		527,570	500,000	7,688	1FE
Total United States						11,769,467	11,366,573	190,459	XXX
4599999 - Total - Bonds - Industrial, Misc.						11,769,467	11,366,573	190,459	XXX
6099997 - Total - Bonds - Part 3						67,669,024	67,811,573	411,895	XXX
6099999 - Total - Bonds						67,669,024	67,811,573	411,895	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	XXX
Parents, Subsidiaries, & Affiliates									
02761*-10-5	American Motorists Insurance Company		08/31/2004	Merger		53,633,027			
6999999 - Total - Common Stocks - Parent, Subsidiaries, Affiliates						53,633,027	XXX		XXX
7299997 - Total - Common Stocks - Part 3						53,633,027	XXX		XXX
7299999 - Total - Common Stocks						53,633,027	XXX	0	XXX
7399999 - Total - Preferred and Common Stocks						53,633,027	XXX	0	XXX
7499999 - Totals						121,302,051	XXX	411,895	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

E04

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Maturity Date	22 NAIC Designation or Market Indicator (a)
										11 Unrealized Valuation Increase/(Decrease)	12 Current Year's (Amortization)/Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B/A. C.V. (11 + 12 - 13)	15 Total Foreign Exchange Change in B/A. C.V.							
US Governments																					
United States																					
912827-08-8	United States Treasury Nts 7.250% 08/15/04		08/15/2004	Maturity		535,000	535,000	555,228	552,128		(17,128)		(17,128)		535,000		0	0	19,394	08/15/2004	XXX
Total United States						535,000	535,000	555,228	552,128	0	(17,128)	0	(17,128)	0	535,000	0	0	0	19,394	XXX	XXX
0399999 - Bonds - U.S. Governments						535,000	535,000	555,228	552,128	0	(17,128)	0	(17,128)	0	535,000	0	0	0	19,394	XXX	XXX
All Other Governments																					
135087-WU-4	Canada Govt CS Bond Ser WU42 5.000% 09/01/04	C	09/01/2004	Maturity		8,500,000	8,500,000	8,610,600	8,532,298		(32,298)		(32,298)		8,500,000			0	425,000	09/01/2004	1FE
1099999 - Bonds - All Other Governments						8,500,000	8,500,000	8,610,600	8,532,298		(32,298)		(32,298)		8,500,000			0	425,000	XXX	XXX
State, Territories and Possessions																					
Canada																					
803854-FK-9	Saskatchewan PROV GO USS Nt 8.000% 07/15/04	C	07/15/2004	Maturity		1,665,000	1,665,000	1,721,760	1,712,873		(47,873)		(47,873)		1,665,000			0	66,600	07/15/2004	1
Total Canada						1,665,000	1,665,000	1,721,760	1,712,873	0	(47,873)	0	(47,873)	0	1,665,000	0	0	0	66,600	XXX	XXX
1799999 - Bonds - States, Territories and Possessions						1,665,000	1,665,000	1,721,760	1,712,873	0	(47,873)	0	(47,873)	0	1,665,000	0	0	0	66,600	XXX	XXX
Special Revenue & Assessment																					
United States																					
3128GH-ZN-4	FHLMC Pass Thru E81649 6.500% 10/01/15		07/01/2004	Paydown		55	55	58	58		(3)		(3)		55			0	2	10/01/2015	1
3128GH-ZN-4	FHLMC Pass Thru E81649 6.500% 10/01/15		07/13/2004	Credit Suisse First Boston		2,773	2,625	2,758	2,791		(22)		(22)		2,769		4	4	109	10/01/2015	1
312925-W7-1	FHLMC Note 5.125% 08/20/12		07/07/2004	UBS Warburg LLC		7,008,750	7,000,000	7,238,420	7,133,806		(108,893)		(108,893)		7,024,913		(16,163)	(16,163)	316,896	08/20/2012	1FE
312925-W7-1	FHLMC Note 5.125% 08/20/12		08/20/2004	Call 100.0000		7,300,000	7,300,000	7,464,250	7,356,940		(56,940)		(56,940)		7,300,000			0	187,063	08/20/2012	1FE
312925-W7-1	FHLMC Note 5.125% 08/20/12		08/20/2004	Call 100.0000		20,000,000	20,000,000	19,858,000	19,875,256		5,614		5,614		19,880,869		119,131	119,131	512,500	08/20/2012	1FE
3133TG-Y9-4	FHLMC Multiclass Mtg Partn Ctf Ser 2098 CI PG 6.000% 11/15/27		07/01/2004	Paydown		390,221	390,221	393,392	390,413		(192)		(192)		390,221			0	9,756	11/15/2027	1
3133TG-Y9-4	FHLMC Multiclass Mtg Partn Ctf Ser 2098 CI PG 6.000% 11/15/27		08/01/2004	Paydown		237,483	237,483	239,412	237,599		(117)		(117)		237,483			0	7,124	11/15/2027	1
3133TG-Y9-4	FHLMC Multiclass Mtg Partn Ctf Ser 2098 CI PG 6.000% 11/15/27		09/01/2004	Paydown		252,204	252,204	254,253	252,328		(124)		(124)		252,204			0	8,827	11/15/2027	1
3133TJ-A5-2	FHLMC Multiclass Mtg Partn Ctf Ser 2121 CI MF 6.000% 05/15/27		07/01/2004	Paydown		1,189,404	1,189,404	1,216,452	1,198,258		(8,855)		(8,855)		1,189,404			0	29,735	05/15/2027	1
3133TJ-A5-2	FHLMC Multiclass Mtg Partn Ctf Ser 2121 CI MF 6.000% 05/15/27		08/01/2004	Paydown		1,097,739	1,097,739	1,122,703	1,105,912		(8,172)		(8,172)		1,097,739			0	32,932	05/15/2027	1
3133TJ-A5-2	FHLMC Multiclass Mtg Partn Ctf Ser 2121 CI MF 6.000% 05/15/27		09/01/2004	Paydown		839,427	839,427	858,517	845,677		(6,249)		(6,249)		839,427			0	29,380	05/15/2027	1
3133TJ-RL-9	FHLMC Multiclass Mtg Partn Ctf Ser 2137 CI TM 6.500% 01/15/28		07/01/2004	Paydown		292,431	292,431	293,345	293,345		(914)		(914)		292,431			0	7,920	01/15/2028	1
3133TJ-RL-9	FHLMC Multiclass Mtg Partn Ctf Ser 2137 CI TM 6.500% 01/15/28		08/01/2004	Paydown		165,781	165,781	166,299	166,299		(518)		(518)		165,781			0	5,388	01/15/2028	1
3133TJ-RL-9	FHLMC Multiclass Mtg Partn Ctf Ser 2137 CI TM 6.500% 01/15/28		09/01/2004	Paydown		153,955	153,955	154,436	154,436		(481)		(481)		153,955			0	5,837	01/15/2028	1
3133TK-R0-5	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		07/01/2004	Paydown		258,512	258,512	263,913	263,913		(5,401)		(5,401)		258,512			0	5,596	07/15/2027	1
3133TK-R0-5	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		07/01/2004	Paydown		780,705	780,705	797,016	797,016		(16,312)		(16,312)		780,705			0	19,896	07/15/2027	1

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STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than 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 Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
3133TK-R0-5..	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		08/01/2004	Paydown		460,851	460,851	470,480	470,480		(9,629)		(9,629)		460,851			0	13,476	07/15/2027	1
3133TK-R0-5..	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		08/01/2004	Paydown		152,600	152,600	155,788	155,788		(3,188)		(3,188)		152,600			0	4,660	07/15/2027	1
3133TK-R0-5..	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		09/01/2004	Paydown		445,345	445,345	454,650	454,650		(9,305)		(9,305)		445,345			0	15,273	07/15/2027	1
3133TK-R0-5..	FHLMC Multiclass Mtg Partn Ctf Ser 2155 CI 2155 6.000% 07/15/27		09/01/2004	Paydown		147,465	147,465	150,546	150,546		(3,081)		(3,081)		147,465			0	5,249	07/15/2027	1
3133TL-EJ-3..	FHLMC Multiclass Mtg Partn Ctf Ser 2165 CI PD 6.000% 02/15/28		07/01/2004	Paydown		493,932	493,932	499,334	494,433		(501)		(501)		493,932			0	12,348	02/15/2028	1
3133TL-EJ-3..	FHLMC Multiclass Mtg Partn Ctf Ser 2165 CI PD 6.000% 02/15/28		08/01/2004	Paydown		312,216	312,216	315,631	312,533		(317)		(317)		312,216			0	9,366	02/15/2028	1
3133TL-EJ-3..	FHLMC Multiclass Mtg Partn Ctf Ser 2165 CI PD 6.000% 02/15/28		09/01/2004	Paydown		289,906	289,906	293,077	290,200		(294)		(294)		289,906			0	10,147	02/15/2028	1
3134A3-5H-5..	Federal Home Loan Mtg Corp Bd 6.875% 09/15/10 FNMA Gtd Remic Pass Thru Ctf Ser 2000-31 CI PR		07/07/2004	Credit Suisse First Boston		679,922	600,000	733,878	725,532		(8,696)		(8,696)		716,837		(36,915)	(36,915)	33,573	09/15/2010	1FE
31358S-NE-7..	FNMA Gtd Remic Pass Thru Ctf Ser 2000-31 CI PR 6.500% 06/25/27		07/01/2004	Paydown		119,241	119,241	120,051	119,058		183		183		119,241			0	3,229	06/25/2027	1
31358S-NE-7..	FNMA Gtd Remic Pass Thru Ctf Ser 2000-31 CI PR 6.500% 06/25/27		08/01/2004	Paydown		87,038	87,038	87,629	86,904		134		134		87,038			0	2,829	06/25/2027	1
31358S-NE-7..	FNMA Gtd Remic Pass Thru Ctf Ser 2000-31 CI PR 6.500% 06/25/27		09/01/2004	Paydown		66,704	66,704	67,158	66,602		102		102		66,704			0	2,529	06/25/2027	1
31359K-KH-9..	FNMA Gtd Remic Pass Thru Ctf Ser 1996-28 CI PH 6.500% 04/25/24		07/01/2004	Paydown		582,506	582,506	588,889	588,889		(6,383)		(6,383)		582,506			0	15,776	04/25/2024	1
31359K-KH-9..	FNMA Gtd Remic Pass Thru Ctf Ser 1996-28 CI PH 6.500% 04/25/24		08/01/2004	Paydown		409,824	409,824	414,315	414,315		(4,491)		(4,491)		409,824			0	13,319	04/25/2024	1
31359K-KH-9..	FNMA Gtd Remic Pass Thru Ctf Ser 1996-28 CI PH 6.500% 04/25/24		09/01/2004	Paydown		361,701	361,701	365,665	365,665		(3,964)		(3,964)		361,701			0	13,715	04/25/2024	1
31359M-GJ-6..	FNMA Pass Thru 252808 Nts 6.625% 11/15/10		07/07/2004	Morgan Stanley & Company		672,083	600,000	725,250	717,662		(7,948)		(7,948)		709,713		(37,631)	(37,631)	25,727	11/15/2010	1
31371H-YD-4..	FNMA Pass Thru 252808 7.000% 08/01/29		07/01/2004	Paydown		1,149	1,149	1,114	1,112		37		37		1,149			0	47	08/01/2029	1
31371H-YD-4..	FNMA Pass Thru 252808 7.000% 08/01/29		08/01/2004	Paydown		1,123	1,123	1,088	1,086		37		37		1,123			0	52	08/01/2029	1
31371H-YD-4..	FNMA Pass Thru 252808 7.000% 08/01/29		09/01/2004	Paydown		26,651	26,651	25,827	25,782		869		869		26,651			0	1,399	08/01/2029	1
31392D-XH-0..	FNMA Ser 2002-48 CI PE 6.000% 03/25/29		07/01/2004	Paydown		3,663,670	3,663,670	3,792,019	3,726,244		(62,574)		(62,574)		3,663,670			0	91,592	03/25/2029	1
31392D-XH-0..	FNMA Ser 2002-48 CI PE 6.000% 03/25/29		08/01/2004	Paydown		1,711,875	1,711,875	1,771,847	1,741,113		(29,238)		(29,238)		1,711,875			0	51,356	03/25/2029	1
31392D-XH-0..	FNMA Ser 2002-48 CI PE 6.000% 03/25/29		09/01/2004	Paydown		2,419,409	2,419,409	2,504,167	2,460,731		(41,323)		(41,323)		2,419,409			0	84,679	03/25/2029	1
31392P-RZ-0..	FHLMC Ser 2484 CI PC 6.000% 02/15/28		07/01/2004	Paydown		1,413,933	1,413,933	1,456,020	1,427,003		(13,070)		(13,070)		1,413,933			0	35,348	02/15/2028	1
31392P-RZ-0..	FHLMC Ser 2484 CI PC 6.000% 02/15/28		08/01/2004	Paydown		1,387,685	1,387,685	1,428,990	1,400,512		(12,827)		(12,827)		1,387,685			0	41,631	02/15/2028	1
31392P-RZ-0..	GNMA Ser 2002-57 CI PJ 6.000% 01/20/29		09/01/2004	Paydown		1,045,812	1,045,812	1,076,941	1,055,479		(9,667)		(9,667)		1,045,812			0	36,603	02/15/2028	1
38373V-EH-9..	GNMA Ser 2002-57 CI PJ 6.000% 01/20/29		07/01/2004	Paydown		1,367,175	1,367,175	1,425,612	1,425,612		(58,438)		(58,438)		1,367,175			0	34,179	01/20/2029	1
38373V-EH-9..	GNMA Ser 2002-57 CI PJ 6.000% 01/20/29		08/01/2004	Paydown		1,178,321	1,178,321	1,228,686	1,228,686		(50,365)		(50,365)		1,178,321			0	35,350	01/20/2029	1
38373V-EH-9..	GNMA Ser 2002-57 CI PJ 6.000% 01/20/29		09/01/2004	Paydown		1,117,202	1,117,202	1,164,955	1,164,955		(47,753)		(47,753)		1,117,202			0	39,102	01/20/2029	1

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STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than 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 Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		07/01/2004	Paydown		260,569	260,569	267,868	262,865		(2,295)		(2,295)		260,569			0	5,023	02/20/2028	1
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		07/01/2004	Paydown		1,693,700	1,693,700	1,741,139	1,708,619		(14,919)		(14,919)		1,693,700			0	39,557	02/20/2028	1
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		08/01/2004	Paydown		207,567	207,567	213,381	209,396		(1,828)		(1,828)		207,567			0	4,975	02/20/2028	1
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		08/01/2004	Paydown		1,349,187	1,349,187	1,386,977	1,361,071		(11,884)		(11,884)		1,349,187			0	37,835	02/20/2028	1
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		09/01/2004	Paydown		1,394,057	1,394,057	1,433,104	1,406,337		(12,280)		(12,280)		1,394,057			0	44,631	02/20/2028	1
38373X-3E-4.	GNMA Ser 2002-51 CI MT 5.500% 02/20/28		09/01/2004	Paydown		214,470	214,470	220,477	216,360		(1,889)		(1,889)		214,470			0	7,033	02/20/2028	1
38373X-5V-4.	6.000% 07/20/29		09/01/2004	Paydown		3,444,236	3,444,236	3,554,021	3,496,144		(51,908)		(51,908)		3,444,236			0	120,548	07/20/2029	1
745181-NR-4.	Puerto Rico Commonwealth Hwy Ref Serial Z 6.250%		07/01/2004	Maturity		500,000	500,000	533,925	503,298		(3,298)		(3,298)		500,000			0	15,625	07/01/2004	1FE
Total United States						69,648,566	69,487,664	70,993,725	70,309,711	0	(689,570)	0	(689,570)	0	69,620,140	0	28,425	28,425	2,086,743	XXX	XXX
3199999 - Bonds - Special Revenues						69,648,566	69,487,664	70,993,725	70,309,711	0	(689,570)	0	(689,570)	0	69,620,140	0	28,425	28,425	2,086,743	XXX	XXX
Industrial & Miscellaneous United States																					
097014-AE-4.	Boeing Capital Corp Note 5.650% 05/15/06		07/26/2004	Call	104.8100	1,074,303	1,025,000	1,107,687	1,093,659		(16,019)		(16,019)		1,077,641		(3,338)	(3,338)	40,378	05/15/2006	1FE
12489W-CM-4.	Credit-Based Asst Srv & Sec Ser 2000-CB3 CI M2 8.478% 03/25/34		07/08/2004	Direct		4,076,789	3,850,000	3,941,183	3,912,686		44,887		44,887		3,957,573		119,216	119,216	201,644	03/25/2034	1FE
12489W-CT-9.	Credit-Based Asst Srv & Sec Ser 2000-CB4 CI M2 7.915% 11/25/31		07/08/2004	Direct		4,160,000	4,000,000	4,108,150	4,079,520		41,189		41,189		4,120,710		39,290	39,290	195,237	11/25/2031	1FE
199328-AC-9.	Columbus Loan Fdg Ltd Residual Interest 0.000% 10/12/12		07/12/2004	Redemption	100.0000	218,936		218,936	218,936		0		0		218,936			0		10/12/2012	5*
199328-AC-9.	Columbus Loan Fdg Ltd Residual Interest 0.000% 10/12/12		07/21/2004	CitiGroup Global Markets		1,620,000		831,918	831,918		0		0		831,918		788,082	788,082		10/12/2012	5*
20825C-AE-4.	Conocophillips Bond 4.750% 10/15/12		07/19/2004	Direct		9,537,408	9,600,000	9,580,224	9,582,263		916		916		9,583,179		(45,771)	(45,771)	350,867	10/15/2012	1FE
263534-BK-4.	Du Pont E I De Nemours & Co Notes 4.750% 11/15/12		07/19/2004	Direct		11,357,938	11,375,000	11,514,446	11,508,052		(7,031)		(7,031)		11,501,022		(143,084)	(143,084)	370,714	11/15/2012	1FE
393505-BY-7.	Green Tree Finl Corp Ser 1994-1 CI A5 7.650%		07/08/2004	Direct		12,790,990	11,954,196	12,757,643	12,576,089		(34,359)		(34,359)		12,541,730		249,259	249,259	528,375	04/15/2019	1FE
45578V-AC-2.	Indosuez Capital Fdg VI Ltd Residual Interest 0.000% 09/14/12		09/14/2004	Redemption	100.0000	394,435		394,435	394,435		0		0		394,435			0		09/14/2012	5*
590188-HW-1.	Merrill Lynch & Co Inc Nt 6.550% 08/01/04		08/01/2004	Maturity		4,500,000	4,500,000	4,790,025	4,592,095		(92,095)		(92,095)		4,500,000			0	147,375	08/01/2004	1FE
674135-AC-2.	Oakwood Mortgage Investors Inc Ser 1994-A CI A3 9.100% 02/15/15		07/15/2004	Paydown		101,480	101,480	105,422	105,272		(3,793)		(3,793)		101,480			0	5,387	02/15/2015	1FE
674135-AC-2.	Oakwood Mortgage Investors Inc Ser 1994-A CI A3 9.100% 02/15/15		08/15/2004	Paydown		80,421	80,421	83,545	83,426		(3,006)		(3,006)		80,421			0	4,879	02/15/2015	1FE
674135-AC-2.	Oakwood Mortgage Investors Inc Ser 1994-A CI A3 9.100% 02/15/15		09/15/2004	Paydown		104,327	104,327	108,381	108,226		(3,899)		(3,899)		104,327			0	7,120	02/15/2015	1FE
805564-CZ-2.	Saxon Asset Securities Tr Ser 1999-1 CL MF1 6.645% 02/25/29		07/08/2004	Direct		2,258,307	2,246,723	2,324,235	2,310,208		5,326		5,326		2,315,534		(57,227)	(57,227)	92,065	02/25/2029	1FE
86357U-AJ-0.	Structured Enhanced Rtn Veh Tr Residual Interest Ser 1993-3 8.429%		05/28/2004	Redemption	130.3965	101,552							0					101,552	101,552	05/01/2011	5*

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STATEMENT AS OF SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than 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 Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
87612E-AH-9.	Target Corporation Note 5.875% 03/01/12		07/19/2004	Direct		11,851,247	11,075,000	11,867,117	11,792,260		(40,421)		(40,421)		11,751,838		99,408	99,408	580,168	03/01/2012	1FE	
921796-KP-2.	Vanderbilt Mtg & Fin Inc Ser 2000-D Cl A5 8.04% 12/07/30		07/12/2004	Direct		4,403,750	4,000,000	4,209,560	4,204,723		(5,634)		(5,634)		4,199,089		204,661	204,661	200,107	12/07/2030	1FE	
Total United States						68,631,881	63,912,145	67,942,905	67,393,772	0	(113,939)	0	(113,939)	0	67,279,832	0	1,352,048	1,352,048	2,724,316	XXX	XXX	
4599999 - Bonds - Industrial and Miscellaneous						68,631,881	63,912,145	67,942,905	67,393,772	0	(113,939)	0	(113,939)	0	67,279,832	0	1,352,048	1,352,048	2,724,316	XXX	XXX	
6099997 - Bonds - Part 4						148,980,446	144,099,803	149,824,218	148,500,781	0	(900,809)	0	(900,809)	0	147,599,973	0	1,380,473	1,380,473	5,322,053	XXX	XXX	
6099999 - Total - Bonds						148,980,446	144,099,803	149,824,218	148,500,781	0	(900,809)	0	(900,809)	0	147,599,973	0	1,380,473	1,380,473	5,322,053	XXX	XXX	
6599999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
COMMON STOCK																						
Banks, Trust & Insurance Companies																						
United States																						
744320-10-2.	Prudential Financial Inc.		09/22/2004	Goldman Sachs	15,000,000	700,309	488,232	626,550	626,550	(138,318)			(138,318)		488,232		212,077	212,077				
Total United States						700,309	XXX	488,232	626,550	(138,318)	0	0	(138,318)	0	488,232	0	212,077	212,077	0	XXX	XXX	
6799999 - Common Stocks - Banks, Trust and Insurance Companies						700,309	XXX	488,232	626,550	(138,318)	0	0	(138,318)	0	488,232	0	212,077	212,077	0	XXX	XXX	
Industrial & Miscellaneous																						
United States																						
816196-10-9.	Select Medical Corporation		09/22/2004	Goldman Sachs	26,814,000	339,840	428,547	436,532	436,532	(7,985)			(7,985)		428,547		(88,707)	(88,707)	2,413			
913016-30-9.	United Surgical Partners Int.		09/10/2004	Goldman Sachs	1,536,000	54,898	55,171	55,737	55,737	(566)			(566)		55,171		(272)	(272)				
Total United States						394,738	XXX	483,717	492,269	(8,552)	0	0	(8,552)	0	483,717	0	(88,979)	(88,979)	2,413	XXX	XXX	
Other Country																						
602602-10-3.	Amdocs Ltd US\$ Shares	F	09/10/2004	Goldman Sachs	7,562,000	160,988	160,888	169,994	169,994	(9,106)			(9,106)		160,888		100	100	0	XXX	XXX	
Total Other Country						160,988	XXX	160,888	169,994	(9,106)	0	0	(9,106)	0	160,888	0	100	100	0	XXX	XXX	
6899999 - Common Stocks - Industrial and Miscellaneous						555,726	XXX	644,605	662,263	(17,658)	0	0	(17,658)	0	644,605	0	(88,879)	(88,879)	2,413	XXX	XXX	
Parent, Subsidiaries and Affiliates																						
48850#-10-6.	Kemper Casualty, Inc.		08/31/2004	Merger		44,483,898	44,483,898	44,483,898	44,483,898				0	44,483,898			0				A	
48851#-10-5.	Kemper Employers Group, Inc.		08/31/2004	Merger		9,149,129	9,149,129	9,149,129	9,149,129				0	9,149,129			0					A
48848*-10-5.	Kemper Enterprise Group, Inc.		08/31/2004	Disposal Adjustment		(923,562)							0				(923,562)	(923,562)			A	
48854@-10-4.	Kemper Realty Corp.		07/31/2004	Capital Distribution		652							0				652	652			A	
50185@-10-0.	LGA-1, Inc.		07/31/2004	Capital Distribution		325,147							0				325,147	325,147			A	
6999999 - Common Stocks - Parent, Subsidiaries and Affiliates						53,035,264	XXX	53,633,027	53,633,027					53,633,027		(597,763)	(597,763)			XXX	XXX	
7299997 - Common Stocks - Part 4						54,291,300	XXX	54,765,864	54,921,840	(155,976)	0	0	(155,976)	0	54,765,864	0	(474,564)	(474,564)	2,413	XXX	XXX	
7299999 - Total - Common Stocks						54,291,300	XXX	54,765,864	54,921,840	(155,976)	0	0	(155,976)	0	54,765,864	0	(474,564)	(474,564)	2,413	XXX	XXX	
7399999 - Total - Preferred and Common Stocks						54,291,300	XXX	54,765,864	54,921,840	(155,976)	0	0	(155,976)	0	54,765,864	0	(474,564)	(474,564)	2,413	XXX	XXX	
7499999 Totals						203,271,746	XXX	204,590,082	203,422,621	(155,976)	(900,809)	0	(1,056,785)	0	202,365,837	0	905,909	905,909	5,324,466	XXX	XXX	

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

E05.3

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**





**SUPPLEMENT FOR SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

Designate the type of health care providers reported on this page  
Physicians

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate Other Aliens OT	0	0	0	0	0	0	0	0
58. Totals	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>								
5701. ....								
5702. ....								
5703. ....								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0	0	0

**NONE**



**SUPPLEMENT FOR SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

Designate the type of health care providers reported on this page  
Hospitals

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate Other Aliens OT	0	0	0	0	0	0	0	0
58. Totals	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>								
5701. ....								
5702. ....								
5703. ....								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0	0	0

**NONE**



**SUPPLEMENT FOR SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

Designate the type of health care providers reported on this page  
Other Health Care Professionals

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama	AL	(254)	.907			13,878		7,691
2. Alaska	AK							
3. Arizona	AZ	(425)	19,582			65,082		116,161
4. Arkansas	AR	(389)	2,633			7,499		11,432
5. California	CA	(2,768)	74,268			484,189	26,050	391,252
6. Colorado	CO	2,119	13,580			(759,308)	10	74,221
7. Connecticut	CT	(478)	4,498			39,801		22,084
8. Delaware	DE		2,783			10,802		26,165
9. District of Columbia	DC		353			608		1,492
10. Florida	FL	5,723	35,160			129,980	100,000	154,062
11. Georgia	GA	(3,427)	9,792			67,262		48,785
12. Hawaii	HI	(379)	1,162			3,180		8,671
13. Idaho	ID	(353)	961			27,761	30,010	23,789
14. Illinois	IL	3,110	23,283	1		(880,376)	140,080	(695,939)
15. Indiana	IN	(518)	1,816			(188,087)		(188,539)
16. Iowa	IA	(793)	3,569			821,398		810,653
17. Kansas	KS	(395)	4,465			155,113		9,194
18. Kentucky	KY		959			15,157		8,485
19. Louisiana	LA					33,182		
20. Maine	ME	(119)	3,158			5,612		12,449
21. Maryland	MD	(1,704)	2,294			23,116	1,000	10,458
22. Massachusetts	MA	(2,515)	5,633			8,551		18,928
23. Michigan	MI	(2,923)	18,149			(874,118)	20	124,562
24. Minnesota	MN	(775)	5,934			61,178	1,020	45,809
25. Mississippi	MS		297			27,533		4,148
26. Missouri	MO	(1,561)	800			398,460		370,840
27. Montana	MT	(162)	1,427			4,641		5,705
28. Nebraska	NE		2,172			8,626		5,563
29. Nevada	NV		4,094			(41,973)	5,000	11,260
30. New Hampshire	NH		5,187			8,607		20,217
31. New Jersey	NJ	1,952	13,092			155,470		32,656
32. New Mexico	NM		13,400	4,478		1,849	16,532	150,810
33. New York	NY	(1,235)	39,787		2	621,167	117,040	1,178,905
34. North Carolina	NC	(1,439)	2,247			11,198	10	17,541
35. North Dakota	ND	(165)	1,153			1,160		2,127
36. Ohio	OH	(344)	8,076			41,858	6,000	43,892
37. Oklahoma	OK		28,958	35,000	1	185,971	143,091	414,910
38. Oregon	OR	(4,518)	3,859	146,800	1	273,846	53,319	176,331
39. Pennsylvania	PA	(3,365)	22,865			310,533	10	135,487
40. Rhode Island	RI		31			347		823
41. South Carolina	SC	(261)	2,090			4,831		11,955
42. South Dakota	SD	(53)	666			2,679		2,180
43. Tennessee	TN	9,304	60,292			213,238	199,540	464,786
44. Texas	TX	(1,321)	4,789			102,126		48,074
45. Utah	UT	(1,809)	3,655			8,456		23,958
46. Vermont	VT		922			1,603		5,135
47. Virginia	VA	(941)	3,767			40,866	10	22,782
48. Washington	WA	(9,900)	58,460			149,900	5,030	303,558
49. West Virginia	WV		577			2,794		2,497
50. Wisconsin	WI	(1,492)	7,877			46,252	20	35,764
51. Wyoming	WY					179		538
52. American Samoa	AS							
53. Guam	GU							
54. Puerto Rico	PR							
55. U.S. Virgin Islands	VI							
56. Canada	CN							
57. Aggregate Other Aliens	OT	0	0	0	0	0	0	0
58. Totals		(24,573)	525,479	186,278	5	1,853,677	843,792	4,534,307
<b>DETAILS OF WRITE-INS</b>								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page		0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)		0	0	0	0	0	0	0



**SUPPLEMENT FOR SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

Designate the type of health care providers reported on this page  
Other Health Care Facilities

**SUPPLEMENT "A" TO SCHEDULE T  
EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								4,200
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								.741,981
15. Indiana IN								477,114
16. Iowa IA								90,338
17. Kansas KS								2,878
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								10,029
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate Other Aliens OT	0	0	0	0	0	0	0	0
58. Totals	0	0	0	0	0	0	0	1,326,540
<b>DETAILS OF WRITE-INS</b>								
5701.								
5702.								
5703.								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0	0	0



**SUPPLEMENT FOR SEPTEMBER 30, 2004 OF THE LUMBERMENS MUTUAL CASUALTY COMPANY**

Designate the type of health care providers reported on this page  
 Medical Malpractice Policies

**SUPPLEMENT "A" TO SCHEDULE T  
 EXHIBIT OF MEDICAL MALPRACTICE PREMIUMS WRITTEN  
 ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 Number of Claims		6 Amount Reported	7 Number of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate Other Aliens OT	0	0	0	0	0	0	0	0
58. Totals	0	0	0	0	0	0	0	0
<b>DETAILS OF WRITE-INS</b>								
5701. ....								
5702. ....								
5703. ....								
5798. Summary of remaining write-ins for Line 57 from overflow page	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0	0	0

**NONE**