TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
DECEMBER 31, 2004 AND 2003

NAIC Company Code 19887, Group Code 0215

(With Independent Auditors' Report Thereon)

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 2004 AND 2003

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Trinity Universal Insurance Company and Subsidiaries

We have audited the accompanying consolidated statutory basis statements of admitted assets, liabilities and capital and surplus of Trinity Universal Insurance Company and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statutory basis statements of income, changes in capital and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Texas and Kansas Departments of Insurance, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of Trinity Universal Insurance Company and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended, on the basis of accounting described in Note 1.

Our 2004 audit was conducted for the purpose of forming an opinion on the basic 2004 consolidated statutory basis financial statements taken as a whole. The additional information contained in the consolidating schedules on pages 21 to 28 is presented for purposes of additional analysis of the basic 2004 consolidated statutory basis financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the basic 2004 consolidated statutory basis financial statements. The supplemental consolidated summary investment schedule and the supplemental investment risks interrogatories schedule as of and for the year ended December 31, 2004 are presented for complying with the National Association of Insurance Commissioners' instructions to Annual Audited Financial Reports and are not a required part of the basic 2004 consolidated statutory basis financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2004 consolidated statutory basis financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2004 consolidated statutory basis financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of Trinity Universal Insurance Company and subsidiaries and for filing with the Texas and Kansas Departments of Insurance and other state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 26, 2005

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF
ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
DECEMBER 31, 2004 AND 2003
(Dollars in Thousands, Except Par Value)

ADMITTED ASSETS

	2004	2003
Cash and Invested Assets:		
Bonds and Notes		
(Market: 2004 - $1,587,711 ; 2003 - $1,247,747)	$ 1,533,894	$ 1,224,256
Preferred Stocks, at Market		
(Amortized Cost: 2004 - $65,441 ; 2003 - $59,820)	69,051	63,968
Common Stocks, at Market		
(Cost: 2004 - $431,751 ; 2003 - $553,393)	775,523	833,435
Investments in Unconsolidated Subsidiaries	258,040	223,651
Real Estate, at Cost	1,322	1,322
Mortgage Loans on Real Estate	45,000	45,000
Cash and Short-term Investments	33,431	171,937
Other Invested Assets	33,658	17,632
Total Cash and Invested Assets	2,749,919	2,581,201
Agents' Balances and Uncollected Premiums, Net	424,937	381,913
Accrued Investment Income	23,299	19,254
Receivables from Parent and Affiliates	44,305	71,805
Other Admitted Assets	14,252	16,972
Total Admitted Assets	$ 3,256,712	$ 3,071,145

LIABILITIES AND CAPITAL AND SURPLUS

	2004	2003
Liabilities:		
Reserve for Losses	$ 985,632	$ 890,474
Reserve for Loss Adjustment Expenses	241,391	224,479
Unearned and Advance Premiums	738,745	724,232
Accrued and Deferred Income Taxes	105,917	157,787
Accrued Expenses and Other Liabilities	123,819	141,877
Total Liabilities	2,195,504	2,138,849
Capital and Surplus:		
Common Stock, $50 Par Value, 65,000 Shares		
Authorized, Issued and Outstanding	3,250	3,250
Additional Paid-in Capital	392,698	392,698
Treasury Stock at Cost, 50 Shares at Par Value	(3)	(3)
Unassigned Surplus	665,263	536,351
Total Capital and Surplus	1,061,208	932,296
Total Liabilities and Capital and Surplus	$ 3,256,712	$ 3,071,145

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Dollars in Thousands)

	2004	2003
Underwriting Income (Loss):		
Earned Premiums, Net	$ 1,819,550	$ 1,852,250
Underwriting Expenses:		
Losses Incurred	1,015,992	1,116,493
Loss Adjustment Expenses Incurred	222,092	231,313
Other Underwriting Expenses	541,485	587,816
Total Underwriting Expenses	1,779,569	1,935,622
Net Underwriting Income (Loss)	39,981	(83,372)
Net Investment Income:		
Investment Income (Net of Investment Expense: 2004 - $441; 2003- $161)	94,165	70,923
Net Realized Capital Gains	50,434	13,654
Net Investment Income	144,599	84,577
Other Income (Loss):		
Loss from Agent and Premium Balance Write-offs	(14,994)	(14,983)
Net Finance and Service Charges	36,517	38,143
Total Other Income	21,523	23,160
Income before Dividends to Policyholders and Federal Income Taxes	206,103	24,365
Dividends to Policyholders	492	620
Income before Federal Income Taxes	205,611	23,745
Federal Income Tax Expense (Benefit)	103,995	(770)
Net Income	$ 101,616	$ 24,515

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Dollars in Thousands)

	2004	2003
Balance, Beginning of Year	$ 932,296	$ 517,257
Net Income	101,616	24,515
Change in Unrealized Capital Gains	25,359	127,309
Change in Net Deferred Income Tax	50,620	1,118
Change in Non-admitted Assets	1,520	10,969
Surplus Paid In	-	251,128
Other	1,418	-
Dividends to Shareholder	(51,621)	-
Balance, End of Year	$ 1,061,208	$ 932,296

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(Dollars in Thousands)

	2004	2003
Cash Provided (Used) by Operations:		
Revenues:		
Premiums Collected, Net of Reinsurance	$ 1,775,048	$ 1,899,775
Investment Income, Net	89,091	67,030
Miscellaneous Income	19,749	25,776
Cash Provided by Revenues	1,883,888	1,992,581
Benefits and Expenses:		
Benefits and Loss Related Payments	(917,410)	(961,016)
Commissions and Expense Payments	(762,375)	(740,591)
Dividends Paid to Policyholders	(492)	(620)
Federal Income Tax (Paid) Recovered	(127,811)	6,633
Cash Used for Benefits and Expenses	(1,808,088)	(1,695,594)
Net Cash Provided by Operations	75,800	296,987
Cash Provided (Used) by Investments:		
Cash Provided from Investments Sold, Matured or Repaid:		
Bonds and Notes	149,205	214,019
Stocks	194,227	50,644
Other Invested Assets	2,404	(21)
Total Cash Provided from Investments Sold, Matured or Repaid	345,836	264,642
Cash Used to Acquire Investments:		
Bonds and Notes	(461,037)	(669,145)
Stocks	(75,322)	(170,165)
Mortgage Loans	-	(45,000)
Other Invested Assets	(17,380)	(9,817)
Total Cash Used to Acquire Investments	(553,739)	(894,127)
Net Cash Used by Investments	(207,903)	(629,485)
Cash Provided (Used) by Financing and Other Sources:		
Other Cash Provided (Applied):		
Capital and Surplus Paid In	-	251,128
Dividends to Shareholder	(51,621)	-
Other Cash Provided	45,218	899
Net Cash Provided (Used) by Financing and Other Sources	(6,403)	252,027
Decrease in Cash and Short-term Investments	(138,506)	(80,471)
Cash and Short-term Investments at Beginning of Year	171,937	252,408
Cash and Short-term Investments at End of Year	$ 33,431	$ 171,937

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies

Nature of Business

The Consolidated Statutory Basis Financial Statements of Trinity Universal Insurance Company, a wholly-owned subsidiary of Unitrin, Inc. ("Unitrin"), and Subsidiaries (the "Company") include the accounts of Trinity Universal Insurance Company ("TUIC"), Trinity Universal Insurance Company of Kansas, Inc. ("TUIC of Kansas"), Security National Insurance Company ("Security National") and TUIC's controlled affiliate, Trinity Lloyds Insurance Company ("Trinity Lloyds"). All significant intercompany transactions and balances have been eliminated. TUIC is a multi-line property and casualty insurance provider to individuals and businesses. It markets its products primarily in suburban and rural communities through independent agents.

Basis of Presentation

The Company prepares its statutory basis financial statements in conformity with accounting practices prescribed by the Texas Department of Insurance and the Department of Insurance of the State of Kansas (the "Departments"). The Departments require insurance companies domiciled in their states to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual ("SSAP") subject to any deviations prescribed or permitted by the state.

A reconciliation of consolidated statutory basis capital and surplus between SAAP and practices prescribed by the State of Texas at December 31, 2004 and 2003 is shown below:

	2004	2003
Consolidated Statutory Basis Capital and Surplus - Texas Basis	$ 1,061,208	$932,296
Differences Due to Limitations on the Admissability of Equipment, Furniture and Supplies	(2,057)	(1,325)
Consolidated Statutory Basis Capital and Surplus - SSAP Basis	$ 1,059,151	$930,971

Accounting practices and procedures of the NAIC as prescribed by the Departments comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). The more significant differences relevant to the Company are as follows:

a. Certain costs of acquiring insurance business, principally agents compensation and premium taxes are expensed as incurred rather than deferred and amortized to income as premiums are earned.

b. Investments are stated at values prescribed by the Securities Valuation Office of the NAIC, generally at amortized cost, except for preferred stocks not subject to 100% mandatory sinking fund and common stocks, rather than fair value.

Note 1 - Summary of Significant Accounting Policies (continued)

c. Income taxes paid or provided for amounts currently due or recoverable are recorded in income. Deferred income taxes resulting from temporary differences between the statutory basis financial statement carrying amounts of existing assets and liabilities and their respective tax bases are reported as direct adjustments to Unassigned Surplus, subject to admisability limitations, if any, whereas under GAAP such temporary differences are recorded in income.

d. Under statutory accounting practices, insurers account for the portion of the risks which have been reinsured with other companies as though they were not risks for which the original insurer is liable. Accordingly, reserves for losses and loss adjustment expenses and unearned premiums are shown net of reinsurance in the consolidated statutory basis financial statements.

Use of Estimates and Assumptions
The preparation of the consolidated statutory basis financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated statutory basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Significant Accounting Policies
The significant statutory accounting practices used in the preparation of these consolidated statutory basis financial statements are summarized below:

a. Investments are carried in accordance with valuations established by the NAIC. Investments in Bonds and Notes are carried at amortized cost. Preferred stocks subject to 100% mandatory sinking fund are carried at cost. Preferred stocks not subject to 100% mandatory sinking fund and common stocks are carried at market value. Market values are based upon values specified in the NAIC valuation of securities manual, which approximate fair value, except for values of Mortgage-backed securities that are based upon quoted broker market prices. The difference between cost and carrying value for securities carried at market value is reflected as a net unrealized gain or loss in unassigned surplus. Realized gains and losses on investments are computed on the specific identification method. The Company has no derivative financial instruments.

   The Company regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Some factors considered in evaluating whether a decline in fair value is other than temporary include: 1) the Company's ability and intent to retain the investment for a period of time sufficient to allow for a recovery in value; 2) the duration and extent to which the fair value has been less than cost; and 3) the financial condition and prospects of the issuer. Losses arising from other than temporary declines in fair value are computed on a specific identification method and are reflected in the Statement of Income in the period in which the decline was determined to be other than temporary.

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

b. The Company's investments in its unconsolidated subsidiaries, Valley Group, Inc. ("Valley") and Kemper Enterprise Agency, Inc. are accounted for on a GAAP equity basis. The Company's investments in its direct, wholly owned insurance subsidiaries, Milwaukee Casualty Insurance Co. ("MCIC"), Milwaukee Safeguard Insurance Company ("MSI"), Alpha Property & Casualty Insurance Company ("APC"), Financial Indemnity Company ("FIC"), Kemper Independence Insurance Company ("KIIC"), Unitrin Auto and Home Insurance Company ("UAHIC"), Unitrin Advantage Insurance Company ("UAIC"), Unitrin Direct Insurance Company ("UDIC"), Unitrin Direct Property & Casualty Company ("UDPC"), Unitrin Preferred Insurance Company ("UPIC"), United Casualty Insurance Company of America ("UCICA") and Union National Fire Insurance Company ("UNF") (See Note 5) are accounted for on a statutory equity basis. Changes in the carrying value of the Company's investments in these subsidiaries are recorded directly to Unassigned Surplus and are reflected in Net Unrealized Capital Gains.

Summarized statutory basis financial information for, MCIC, MSI, APC, FIC, KIIC, UAHIC, UAIC, UDIC, UDPC, UPIC, UCICA, UNF and Valley's insurance subsidiaries as of and for the years ended December 31, 2004 and 2003 is as follows:

	2004	2003
Admitted Assets	$ 380,213	$ 289,648
Capital and Surplus	$ 218,422	$ 170,693
Net Income	$ 7,160	$ 2,515

c. Agent Balances Over 90 Days are designated as "Non-admitted Assets" and charged to Unassigned Surplus. The amount of Agent Balances Over 90 Days non-admitted at December 31, 2004 and 2003 were $3,096 and $4,577, respectively. The amount of other Non-admitted Assets, principally electronic data equipment and software and prepaid expenses, were $13,139 and $13,269 at December 31, 2004 and 2003, respectively;

d. Reserves for losses and loss adjustment expenses on property and liability coverage represent the estimated indemnity cost and loss expense necessary to cover the ultimate net cost of investigating and settling all losses incurred and unpaid and include provisions for adverse deviation. Such estimates are based on individual case estimates for reported claims and estimates for incurred but not reported losses based on past experience. These estimates are adjusted in the aggregate for ultimate loss expectations based on historical experience patterns and current economic trends with any change in probable ultimate liabilities being reflected in current results. Reserves for losses and loss adjustment expenses are carried net of reinsurance and salvage and subrogation;

e. Premium revenue is recognized ratably over the periods to which the premium revenue relates;

f. Costs associated with the acquisition of new business are expensed when incurred;

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

g. Income taxes paid or provided for amounts currently due or recoverable are recorded in income. Deferred income taxes resulting from temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases are reported as direct adjustments to Unassigned Surplus, subject to limitations;

h. Affiliates charged the Company for services at rates that approximate cost.

Note 2 - Investments

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2004 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Government	$ 249,296	$ 1,172	$ (4,244)	$ 246,224
States, Municipalities and Political Subdivisions	1,032,140	46,344	(1,158)	1,077,326
Corporate Securities	243,145	11,707	(192)	254,660
Mortgage-backed Securities	9,313	203	(15)	9,501
Investments in Bonds and Notes	$ 1,533,894	$ 59,426	$ (5,609)	$ 1,587,711

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2003 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Government	$ 361,591	$ 1,952	$ (443)	$ 363,100
States, Municipalities and Political Subdivisions	728,406	12,433	(150)	740,689
Corporate Securities	128,276	9,388	(28)	137,636
Mortgage-backed Securities	5,983	354	(15)	6,322
Investments in Bonds and Notes	$ 1,224,256	$ 24,127	$ (636)	$1,247,747

(Dollars in Thousands)

Note 2 - Investments (continued)

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2004 by contractual maturity were:

	Amortized Cost	Market Value
Due in One Year or Less	$ 55,801	$ 56,314
Due After One Year to 5 Years	103,124	106,371
Due After 5 Years to 15 Years	330,775	348,592
Due After 15 Years	1,034,881	1,066,933
Mortgage-backed Securities	9,313	9,501
Total Investments in Bonds and Notes	$ 1,533,894	$ 1,587,711

The expected maturities may differ from the contractual maturities because debtors may have the right to call or prepay obligations with or without call or prepayment penalties.

The amortized cost of bonds and notes on deposit with various insurance regulatory agencies, as required by law, was $11,725 at December 31, 2004.

Gross realized capital gains and losses and gross proceeds on sales of bonds and notes for the years ended December 31, 2004 and 2003 were:

	2004	2003
Gross Realized Capital Gains	$ -	$ 441
Gross Realized Capital Losses	$ 54	$ -
Gross Proceeds on Sales of Bonds and Notes	$ 19,441	$ 1,941

Gross proceeds on sales of preferred and common stocks were $136,638 and $44,631 for the years ended December 31, 2004 and 2003, respectively. Gross realized capital gains include gains of $27,043 and $4,408 in 2004 and 2003, respectively, from the sale of a portion of the Company's investments in Baker Hughes, Inc. ("BHI") common stock. Excluding sales of BHI, gross realized capital gains and losses on sales of common and preferred stocks were $14,128 and $443 respectively in 2004, and $11,018 and $1,485 respectively in 2003.

Gross unrealized capital gains and gross unrealized capital losses on preferred and common stocks of unaffiliated companies at December 31, 2004 and 2003 were:

	2004	2003
Gross Unrealized Capital Gains - Admitted	$ 349,173	$ 285,672
Gross Unrealized Capital Losses	$ 1,127	$ 1,171

Net realized capital losses resulting from other than temporary declines in fair value of investments for the years ended December 31, 2004 and 2003 were $692 and $1,411, respectively.

(Dollars in Thousands)

Note 2 - Investments (continued)

TUIC received $7,150 in dividends from its wholly-owned subsidiaries, UNF, UCICA, FIC and UDIC, which are included in Investment Income in the consolidated statutory basis statement of income for the year ended December 31, 2004.

TUIC received $500 in dividends from its wholly-owned subsidiary, Southern States General Agency, Inc., which is included in Investment Income in the consolidated statutory basis statement of income for the year ended December 31, 2003.

The Company is party to a securities lending agreement whereby unrelated parties, primarily large brokerage firms, borrow securities. Borrowers of these securities must deposit cash collateral with the Company equal to 102% of the fair value of the securities loaned. The Company continues to receive the interest on loaned securities as beneficial owners, and accordingly, the loaned securities are included in Bonds and Notes. Pursuant to an agreement between the Company and Bank of New York, the amount of collateral received is invested in short-term securities and is recorded in invested assets as Collateral for Securities Loaned with a corresponding liability reflected as Payable for Securities Lending. No securities were on loan at December 31, 2004 and 2003.

Note 3- Insurance Reserves

Losses and loss adjustment expenses reserve activity for the years ended December 31, 2004 and 2003 was:

	2004	2003
Liability at the Beginning of Year, Net of Reinsurance	$ 1,114,953	$ 904,964
Incurred related to:		
Current Year	1,269,298	1,351,650
Prior Years	(31,214)	(3,844)
Total Incurred	1,238,084	1,347,806
Paid related to:		
Current Year	671,484	738,245
Prior Years	454,530	399,572
Total Paid	1,126,014	1,137,817
Liability at the End of Year, Net of Reinsurance	$ 1,227,023	$ 1,114,953

In 2004 and 2003, reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years decreased due to normal re-estimation of actuarial estimates. The decreases are generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Reinsurance Recoverables for Unpaid Losses were $8,096 and $8,605 at December 31, 2004, and 2003, respectively. Anticipated salvage and subrogation was $23,584 and $25,467 at December 31, 2004 and 2003, respectively.

(Dollars in Thousands)

Note 3- Insurance Reserves (continued)

Reserves for asbestos claims and environmental claims are estimated by establishing full case basis reserves for known losses and for incurred but not reported losses based on previous experience. The Company's exposure to asbestos and environmental related losses arises from the sales of general liability insurance.

Asbestos-related and environmental reserve activity for the years ended December 31, 2004 and 2003 is as follows:

	Asbestos Loss Data		Environmental Loss Data	
	2004	2003	2004	2003
Gross of Ceded Reinsurance:				
Reserves at Beginning of Year	$ 15,833	$ 14,029	$ 6,275	$ 6,713
Incurred Losses and Loss Adjustment Expenses	(1,382)	2,544	814	229
Claim Payments for Losses and Loss Adjustment Expenses	(968)	(740)	(773)	(667)
Reserves at End of Year	$ 13,483	$ 15,833	$ 6,316	$ 6,275
	2004	2003	2004	2003
Net of Ceded Reinsurance:				
Reserves at Beginning of Year	$ 15,700	$ 13,800	$ 6,275	$ 6,674
Incurred Losses and Loss Adjustment Expenses	(1,022)	2,413	814	268
Claim Payments for Losses and Loss Adjustment Expenses	(1,195)	(513)	(773)	(667)
Reserves at End of Year	$ 13,483	$ 15,700	$ 6,316	$ 6,275

At December 31, 2004, the Company held IBNR reserves related to the Asbestos coverage in the amount of $8,203 on both a gross of ceded reinsurance and net of ceded reinsurance basis. At December 31, 2004, the Company held reserves in the amount of $4,639 on both a gross of ceded reinsurance and net of ceded reinsurance basis for future allocated loss adjustment expenses related to the asbestos coverage.

At December 31, 2004, the Company held IBNR reserves related to the Environmental coverage in the amount of $4,871 on both a gross of ceded reinsurance and net of ceded reinsurance basis. At December 31, 2004, the Company held reserves in the amount of $4,533 on both a gross of ceded reinsurance and net of ceded reinsurance basis for future allocated loss adjustment expenses related to the environmental coverage.

Note 4 - Capital and Surplus

Various state insurance laws restrict the amount that insurance companies may transfer in the form of dividends, loans, or advances without prior approval of regulatory authorities. TUIC paid $51,621 in dividends to its shareholder in 2004. No dividends were paid by TUIC to its shareholder in 2003. In 2005, TUIC would be able to pay $106,120 to its shareholder without prior written approval of regulatory authorities.

During 2003 Unitrin contributed cash and securities amounting to $245,131 to Trinity. Such contributions included the stock of the Unitrin's subsidiaries KIIC, UAHIC, UDIC, UDPC, and UPIC, which was valued at $73,346 under the statutory equity basis method of accounting. .

Note 5 - Acquisition of Business and Subsidiaries

On June 28, 2002, TUIC purchased the renewal rights to the personal lines property and casualty insurance business ("Kemper Auto and Home") of the Kemper Insurance Companies ("KIC") and the related fixed assets used by Kemper Auto and Home. Pursuant to the agreements among the parties, KIC retained all liabilities for policies issued by Kemper Auto and Home prior to the closing, while TUIC and its affiliates are entitled to premiums written for substantially all policies issued or renewed by Kemper Auto and Home after the closing and are liable for losses and expenses incurred thereon. In addition, TUIC is administering on behalf of KIC all policies issued prior to the closing and certain policies issued or renewed after the closing, but excluded from the acquisition.

At the acquisition date, TUIC and its affiliated property and casualty insurance companies were not licensed to directly write business in all the states where the Kemper Auto and Home business is written nor were certain computer and data processing modifications completed to allow for the migration of the business to TUIC and its affiliated property and casualty insurance companies. Accordingly, TUIC and KIC entered into a quota share reinsurance agreement whereby TUIC assumed 100% of the Kemper Auto and Home business written or renewed by KIC after the acquisition date in order to provide a transitional period for TUIC and its affiliated property and casualty insurance companies to obtain licenses in the necessary states and other insurance regulatory authorizations and to complete the required computer and data processing modifications.

TUIC and its property and casualty insurance subsidiaries have obtained all necessary licenses and have completed all necessary computer and data processing modifications. The migration of the KIC personal lines business to TUIC's property and casualty insurance subsidiaries is complete. On August 20, 2004, TUIC and its property and casualty insurance subsidiaries, and KIC agreed to settle and extinguish certain liabilities and obligations arising under the acquisition including, but not limited to, a variable purchase price component and a performance bonus (the "KIC Settlement"). During the third quarter of 2004, TUIC recorded a charge of $27.9 million before-tax in connection with the KIC Settlement.

On October 1, 2004, TUIC completed the acquisition of 100% of the outstanding common stock of UCICA in a $16,715 cash transaction from United Insurance Company of America, an affiliate. On October 5, 2004, TUIC completed the acquisition of 100% of the outstanding common stock of UNF in a $25,025 cash transaction from Union National Life Insurance Company, an affiliate. Both UCICA and UNF are parties to quota share reinsurance agreements with TUIC (see Note 6 – Reinsurance).

(Dollars in Thousands)

Note 6 - Reinsurance

Unaffiliated Reinsurance

The Company utilizes reinsurance arrangements to limit its maximum loss, provide greater diversification of risk, and minimize exposure on larger risks. The ceding of insurance does not discharge the primary liability of the original insurer, and accordingly the original insurer remains contingently liable. Amounts recoverable from reinsurers are estimated in a manner consistent with the reserve for losses liability. Reinsurance premiums assumed from and ceded to unaffiliated companies were $60,388 and $15,620, respectively, in 2004 and $458,571 and $35,763, respectively, in 2003. Reinsurance recoverable on paid and unpaid losses and loss adjustment expenses were $22,667 and $21,736 at December 31, 2004 and 2003, respectively.

TUIC is party to a quota share reinsurance agreement with Capitol County Mutual Fire Insurance Company ("CCMFIC"). CCMFIC's products are marketed by career agents who are also employees of The Reliable Life Insurance Company, an affiliate of TUIC. Under the agreement, CCMFIC cedes to TUIC 95% of its liability for new and renewal business, net of unaffiliated reinsurance. Written premiums assumed under this agreement were $50,927 and $49,133 in 2004 and 2003, respectively.

Affiliated Reinsurance

TUIC is party to various quota share agreements whereby TUIC assumes certain existing, new and renewal business, net of unaffiliated reinsurance, with the following subsidiaries and affiliates at the percentages indicated, except as described below. Reinsurance premiums assumed under these agreements in 2004 and 2003 are also indicated.

	Quota Share Percentage	2004 Assumed Premiums	2003 Assumed Premiums
Alpha Property & Casualty Insurance Company	100%	$ 74,901	$ 102,214
Charter Indemnity Company	100%	117,588	127,133
Financial Indemnity Company	90%	316,514	306,178
Kemper Independence Insurance Company	100%	200,169	83,739
Milwauke Casualty Insurance Co.	100%	36,987	30,430
Milwaukee Insurance Company	95%	46,652	54,849
Milwaukee Safeguard Insurance Company	100%	18,791	18,600
Union National Fire Insurance Company	100%	20,575	18,695
United Casualty Insurance Company of America	90%	30,236	28,619
Unitrin Advantage Insurance Company	100%	7,748	-
Unitrin Auto and Home Insurance Company	90%	271,877	106,495
Unitrin Direct Insurance Company	100%	60,923	45,102
Unitrin Direct Property & Casualty Company	100%	113,422	80,775
Unitrin Preferred Insurance Company	90%	131,511	62,140
Valley Insurance Company	90%	23,900	23,751
Valley Property & Casualty Insurance Company	100%	28,047	32,578
Total		$ 1,499,841	$ 1,121,298

(Dollars in Thousands)

Note 6 – Reinsurance (continued)

Effective April 1, 2003, UCICA amended its quota share reinsurance agreement with TUIC to cede 90% of all of its existing, new and renewal business issued, net of unaffiliated reinsurance, except for private passenger auto liability and auto physical damage insurance which is 100% ceded to TUIC. Prior to the amendment, UCICA ceded to TUIC 100% of its liability for existing, new and renewal business issued, net of unaffiliated reinsurance and excluding business in the states of Florida, Virginia and 10% of California.

Under the agreement with UDIC, UDIC cedes 90% of the liabilities for policies issued or renewed by UDIC in the state of California while ceding 100% of the policies issued in states other than California, to TUIC.

The effects of reinsurance on written premiums are as follows:

Year Ended	Direct	Assumed	Ceded	Net	Assumed/ Net %
December 31, 2004:					
Affiliated	$ 284,713	$ 1,499,841	$ -	$ 1,784,554	
Unaffiliated	-	60,388	15,620	44,768	
Total	$ 284,713	$ 1,560,229	$ 15,620	$ 1,829,322	85.29%
December 31, 2003:					
Affiliated	$ 342,224	$ 1,121,298	$ -	$ 1,463,522	
Unaffiliated	-	458,571	35,763	422,808	
Total	$ 342,224	$ 1,579,869	$ 35,763	$ 1,886,330	83.75%

The effects of ceded reinsurance on insurance reserves and claims incurred are as follows:

	Ceded	
December 31	2004	2003
Insurance Reserves:		
Loss and Loss Adjustment Expenses	$ 21,756	$ 21,013
Unearned Premiums	$ 3,288	$ 3,943
Loss and Loss Adjustment Expenses Incurred	$ 13,507	$ 5,061

Note 7 - Federal Income Taxes

The Company is subject to Federal income taxation as a property and casualty insurance company. For the year ended December 31, 2004, Unitrin will file a consolidated Federal income tax return with the Company and all of Unitrin's subsidiaries. For the year ended December 31, 2003, Unitrin filed a consolidated Federal income tax return with the Company and all of Unitrin's subsidiaries, except for The Reliable Life Insurance Company and its subsidiaries and NationalCare Insurance Company and its subsidiaries. The method of tax allocation among the companies is subject to written agreements. In accordance with the agreements, the Company pays Federal income tax on a separate company basis.

(Dollars in Thousands)

Note 7 - Federal Income Taxes (continued)

The components of the net deferred tax assets and liabilities at December 31, 2004 and 2003 are as follows:

	2004	2003
Total of All Deferred Tax Assets	$ 116,732	$ 96,755
Total of All Deferred Tax Liabilities	(238,244)	(246,320)
Net Deferred Tax Liability	(121,512)	(149,565)
Deferred Tax Asset Non-admitted	-	-
Net Admitted Deferred Tax Liability	$ (121,512)	$ (149,565)
(Increase) Decrease in Non-admitted Deferred Tax Asset	$ -	$ -

The Company does not have any deferred tax liabilities that are not recognized.

Current income taxes incurred consists of the following components:

	2004	2003
Current Income Tax Expense (Benefit)	$ 103,995	$ (770)
Tax Credits	-	-
Current Income Tax Incurred	$ 103,995	$ (770)

The main components of the deferred tax assets and liabilities at December 31, 2004 are as follows:

	Statutory	Tax	Difference	Tax Effect
Deferred Tax Assets:				
Loss and Loss Adjustment Expense Reserves	$ 1,227,023	$ 1,114,465	$ 112,558	$ 39,485
Unearned Premium Reserves	732,249	590,562	141,687	49,704
Accrued Expenses	57,127	49,559	7,568	2,655
Employee Benefits	3,428	(2,009)	5,437	1,907
Account Receivable	(8,212)	-	8,212	2,881
Capitalized Commissions	-	38,095	38,095	13,364
Other Assets	(58)	-	58	20
Unitrin Direct Start-up costs	-	829	829	291
Other Invested Assets	31,618	33,614	1,996	700
Non Admitted Assets	-	16,320	16,320	5,725
Total			$ 332,760	$ 116,732
Deferred Tax Liabilities:				
Equity Securities	$ 497,192	$ 187,130	$ (310,062)	$ (108,770)
Bonds	1,533,894	1,531,153	(2,741)	(962)
Unrealized Investments	349,533	-	(349,533)	(122,612)
Software	11,117	-	(11,117)	(3,900)
Property Plant and Equipment	4,389	2,451	(1,938)	(680)
Other Liabilities	3,749	-	(3,749)	(1,320)
Total			$ (679,140)	$ (238,244)

(Dollars in Thousands)

Note 7 - Federal Income Taxes (continued)

The changes in the main components of the 2004 and 2003 deferred tax assets and liabilities are as follows:

	2004	2003	Change
Equity Securities	$ (108,770)	$ (142,529)	$ 33,759
Bonds	(962)	(739)	(223)
Unrealized Investments	(122,612)	(100,045)	(22,567)
Loss and Loss Adjustment Expenses Reserves	39,485	33,109	6,376
Non-admitted Assets	5,725	4,698	1,027
Unearned Premium Reserves	49,704	50,264	(560)
Unitrin Direct Start-up Costs	291	623	(332)
Capitalized Commissions	13,364	2,528	10,836
Software	(3,900)	(3,304)	(596)
Property Plant and Equipment	(680)	(4)	(676)
Account Receivable	2,881	1,133	1,748
Accrued Expenses	2,655	3,773	(1,118)
Employee Benefits	1,907	986	921
Other Invested Assets	700	-	700
Other Assets and Liabilities	(1,300)	(58)	(1,242)
Total Net Deferred Tax Liability	$ (121,512)	$ (149,565)	28,053
Tax Effect of Unrealized Gains (Losses)			22,567
Change in Net Deferred Tax			50,620
Change in Deferred Tax on Contribution of Capital			-
Change in Deferred Tax on Preferred Stock			-
Change in Deferred Tax on Non-admitted Assets			(1,027)
Change in Net Deferred Income Tax			$ 49,593

The provision for federal 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:

	2004	2003
Provision at Statutory Federal Income Tax Rate	$ 72,128	$ 8,330
Tax Exempt Income Deduction	(12,216)	(8,837)
Dividends Received Deduction	(2,706)	(2,773)
Dividends from Affiliates	(3,596)	(175)
Prior Year Corrections	(20)	341
Other	812	(2,698)
Total	54,402	(5,812)
Change in Deferred Income Taxes	49,593	5,042
Current Income Tax Incurred	$ 103,995	$ (770)

The Company has no operating loss carryforwards. The amount of income taxes incurred that are available for recoupment in the event of future net losses are $102,798 and $5,817 for 2004 and 2003, respectively.

Note 8 - Retirement Plans

Unitrin sponsors a defined benefit pension plan covering substantially all of the Company's employees. Benefits are based on the employee's years of service and compensation during employment.

Unitrin's annual contributions are made at an amount necessary to meet the funding requirements of the Employee Retirement Income Security Act of 1974, as amended. Pension expense of $3,295 and $3,577 was allocated to the Company in 2004 and 2003, respectively.

Unitrin also sponsors several defined contribution benefit plans covering most of the Company's employees. TUIC incurred expense of $698 and $696 for contributions in 2004 and 2003, respectively.

Note 9 - Related Party Transactions

The Company owns approximately 20.8% of the outstanding shares of UNOVA, Inc., and accordingly UNOVA is considered an affiliate under Statement of Statutory Accounting Principles No. 25. During 2001, the Company purchased notes issued by UNOVA totaling $17,500 par value. During 2003, UNOVA repaid principal of $3,240 to the Company. During 2004 and 2003, the Company reported investment income earned of $374 and $369 from the notes, respectively.

The Company and Unitrin Services Company ("USC"), a wholly-owned subsidiary of Unitrin, are parties to a general services agreement whereby USC provides certain management services, group medical insurance and other insurance to the Company. Additionally, the Company and USC are parties to a data processing agreement whereby USC provides certain data processing services to the Company. The Company and several of its affiliates and subsidiaries are parties to administrative services agreements whereby the Company provides certain management services to the affiliates and subsidiaries. Services between the Company and its affiliates and subsidiaries are charged at rates that approximate cost. The Company incurred expenses of $12,042 and $9,516 under the agreements in 2004 and 2003, respectively.

Note 10 – Contingencies

The Company and its subsidiaries are defendants in various legal actions incidental to their businesses. Some of these actions seek substantial extra-contractual damages. Although no assurances can be given and no determination can be made at this time as to the outcome of any particular legal action, the Company and its subsidiaries believe there are meritorious defenses to these legal actions and are defending them vigorously. The Company believes that resolution of these matters will not have a material adverse effect on the Company's financial position but could have a material adverse effect on the Company's results for a given period.

Note 11 - Estimated Fair Value of Financial Instruments

Estimates of fair values are made at a specific point in time, based on relevant market prices and information about the financial instrument. The estimated fair values of financial instruments presented in Note 2 are not necessarily indicative of the amounts the Company might realize in actual market transactions.

Estimated fair values for fixed income securities, excluding mortgage-backed securities, unaffiliated common and preferred stock are based on values specified in the NAIC valuation of securities manual, which approximate fair value. Mortgage-backed securities are based on quoted broker market prices.

For cash and short-term investments, accrued investment income and receivable from affiliates, the carrying amounts approximate estimated fair value because of the short maturity of such financial instruments. In addition, the carrying amount of accrued expenses approximates estimated fair value because of the short maturity of such financial instruments.

Note 12 –Subsequent Events

Effective January 1, 2005, UDIC amended the quota share reinsurance agreement with TUIC whereby UDIC cedes and TUIC assumes 90% of the liabilities for policies issued or renewed by UDIC for all states.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS AT DECEMBER 31, 2004
(Dollars in Thousands)

	Per Annual Statements						
ADMITTED ASSETS	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries		Total
Cash and Invested Assets:							
Bonds and Notes	$ 1,506,546	$ 10,296	$ 17,052	$ -	$ -		$ 1,533,894
Preferred Stocks, at Market	69,051	-	-	-	-		69,051
Common Stocks, at Market	775,523	-	-	-	-		775,523
Investments in Unconsolidated Subsidiaries	288,267	-	-	-	(30,227)	(A)	258,040
Mortgage Loans on Real Estate	45,000	-	-	-	-		45,000
Real Estate, at Cost	1,322	-	-	-	-		1,322
Short-term Investments	78,400	-	-	-	-		78,400
Cash	(46,476)	390	793	324	-		(44,969)
Other Invested Assets	33,658	-	-	-	-		33,658
Total Cash and Invested Assets	2,751,291	10,686	17,845	324	(30,227)		2,749,919
Agents' Balances and Uncollected Premiums, Net	424,937	-	-	-	-		424,937
Accrued Investment Income	22,947	126	226	-	-		23,299
Receivable from Parent/Affiliates	44,305	-	-	-	-	(B)	44,305
Other Admitted Assets	28,488	999	547	117	(15,899)		14,252
Total Admitted Assets	$ 3,271,968	$ 11,811	$ 18,618	$ 441	$ (46,126)		$ 3,256,712
LIABILITIES AND CAPITAL AND SURPLUS							
Liabilities:							
Reserve for Losses	$ 985,632	$ -	$ -	$ -	$ -		$ 985,632
Reserve for Loss Adjustment Expenses	241,391	-	-	-	-		241,391
Unearned Premiums	721,211	-	-	-	-		721,211
Advance Premiums	17,534	-	-	-	-		17,534
Accrued and Deferred Income Taxes	121,478	129	209	-	(15,899)		105,917
Accrued Expenses and Other Liabilities	123,514	67	121	117	-	(B)	123,819
Total Liabilities	2,210,760	196	330	117	(15,899)		2,195,504
Capital and Surplus:							
Common Stock	3,250	3,000	3,000	300	(6,300)	(A)	3,250
Additional Paid-in Capital	392,698	1,200	500	24	(1,724)	(A)	392,698
Treasury Stock at Cost	(3)	-	-	-	-		(3)
Unassigned Surplus	665,263	7,415	14,788	-	(22,203)	(A),(C)	665,263
Total Capital and Surplus	1,061,208	11,615	18,288	324	(30,227)		1,061,208
Total Liabilities Capital and Surplus	$ 3,271,968	$ 11,811	$ 18,618	$ 441	$ (46,126)		$ 3,256,712

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS AT DECEMBER 31, 2003
(Dollars in Thousands)

	Per Annual Statements						
ADMITTED ASSETS	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries		Total
Cash and Invested Assets:							
Bonds and Notes	$1,198,787	$ 9,187	$ 16,282	$ -	$ -		$ 1,224,256
Preferred Stocks, at Market	62,172	736	1,060	-	-		63,968
Common Stocks, at Market	833,435	-	-	-	-		833,435
Investments in Unconsolidated Subsidiaries	255,936	-	-	-	(32,285)	(A)	223,651
Mortgage Loans on Real Estate	45,000	-	-	-	-		45,000
Real Estate, at Cost	1,322	-	-	-	-		1,322
Short-term Investments	207,000	-	-	-	-		207,000
Cash	(38,014)	1,475	1,152	324	-		(35,063)
Other Invested Assets	17,632	-	-	-	-		17,632
Total Cash and Invested Assets	2,583,270	11,398	18,494	324	(32,285)		2,581,201
Agents' Balances and Uncollected Premiums, Net	381,913	-	-	-	-		381,913
Accrued Investment Income	18,877	132	245	-	-		19,254
Receivable from Parent/Affiliates	249,931	113	718	-	(178,957)	(B)	71,805
Other Admitted Assets	34,831	858	446	134	(19,297)		16,972
Total Admitted Assets	$3,268,822	$12,501	$ 19,903	$ 458	$ (230,539)		$ 3,071,145
LIABILITIES AND CAPITAL AND SURPLUS							
Liabilities:							
Reserve for Losses	$ 890,474	$ -	$ -	$ -	$ -		$ 890,474
Reserve for Loss Adjustment Expenses	224,479	-	-	-	-		224,479
Unearned Premiums	711,438	-	-	-	-		711,438
Advance Premiums	12,794	-	-	-	-		12,794
Accrued and Deferred Income Taxes	176,749	139	196	-	(19,297)		157,787
Accrued Expenses and Other Liabilities	320,592	107	1	134	(178,957)	(B)	141,877
Total Liabilities	2,336,526	246	197	134	(198,254)		2,138,849
Capital and Surplus:							
Common Stock	3,250	3,000	3,000	300	(6,300)	(A)	3,250
Additional Paid-in Capital	392,698	1,200	500	24	(1,724)	(A)	392,698
Treasury Stock at Cost	(3)	-	-	-	-		(3)
Unassigned Surplus	536,351	8,055	16,206	-	(24,261)	(A),(C)	536,351
Total Capital and Surplus	932,296	12,255	19,706	324	(32,285)		932,296
Total Liabilities Capital and Surplus	$3,268,822	$12,501	$ 19,903	$ 458	$ (230,539)		$ 3,071,145

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2004
(Dollars in Thousands)

	Per Annual Statements					
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries	Total
Underwriting Income (Loss):						
Earned Premiums, Net	$ 1,819,550	$ -	$ -	$ -	$ -	$ 1,819,550
Underwriting Expenses:						
Losses Incurred	1,015,992	-	-	-	-	1,015,992
Losses Adjustment Expenses Incurred	222,092	-	-	-	-	222,092
Other Underwriting Expenses	541,485	-	-	-	-	541,485
Total Underwriting Expenses	1,779,569	-	-	-	-	1,779,569
Net Underwriting Income	39,981	-	-	-	-	39,981
Net Investment Income:						
Investment Income (Net of Investment Expense: $438)	92,946	566	653	-	-	94,165
Net Realized Capital Gains	50,260	70	104	-	-	50,434
Net Investment Income	143,206	636	757	-	-	144,599
Other Income (Loss):						
Loss from Agent and Premium Balance Write-offs	(14,994)	-	-	-	-	(14,994)
Net Finance and Service Charges	36,517	-	-	-	-	36,517
Total Other Income	21,523	-	-	-	-	21,523
Income before Dividends to Policyholders and Federal Income Taxes	204,710	636	757	-	-	206,103
Dividends to Policyholders	492	-	-	-	-	492
Income before Federal Income Taxes	204,218	636	757	-	-	205,611
Federal Income Tax Expense	103,711	79	205	-	-	103,995
Net Income	$ 100,507	$ 557	$ 552	$ -	$ -	$ 101,616

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2003
(Dollars in Thousands)

	Per Annual Statements					
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries	Total
Underwriting Income (Loss):						
Earned Premiums, Net	$ 1,852,250	$ -	$ -	$ -	$ -	$ 1,852,250
Underwriting Expenses:						
Losses Incurred	1,116,493	-	-	-	-	1,116,493
Losses Adjustment Expenses Incurred	231,313	-	-	-	-	231,313
Other Underwriting Expenses	587,816	-	-	-	-	587,816
Total Underwriting Expenses	1,935,622	-	-	-	-	1,935,622
Net Underwriting Loss	(83,372)	-	-	-	-	(83,372)
Net Investment Income:						
Investment Income (Net of Investment Expense: $161)	69,738	543	642	-	-	70,923
Net Realized Capital Gains (Losses)	13,663	1	(10)	-	-	13,654
Net Investment Income	83,401	544	632	-	-	84,577
Other Income (Loss):						
Loss from Agent and Premium Balance Write-offs	(14,983)	-	-	-	-	(14,983)
Net Finance and Service Charges	38,143	-	-	-	-	38,143
Total Other Income	23,160	-	-	-	-	23,160
Income before Dividends to Policyholders and Federal Income Taxes	23,189	544	632	-	-	24,365
Dividends to Policyholders	620	-	-	-	-	620
Income before Federal Income Taxes	22,569	544	632	-	-	23,745
Federal Income Tax Expense (Benefit)	(1,042)	88	184	-	-	(770)
Net Income	$ 23,611	$ 456	$ 448	$ -	$ -	$ 24,515

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Dollars in Thousands)

	Per Annual Statements						
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries		Total
Balance, Beginning of Year	$ 932,296	$ 12,255	$ 19,706	$ 324	$ (32,285)	(A),(C)	$ 932,296
Net Income (Loss)	100,507	557	552	-	-		101,616
Change in Unrealized Capital Gains and Losses	26,480	(11)	(68)	-	(1,042)	(A)	25,359
Change in Net Deferred Income Tax	50,609	12	(1)	-	-		50,620
Change in Non-Admitted Assets	1,519	2	(1)	-	-		1,520
Dividends to Stockholder	(51,621)	(1,200)	(1,900)	-	3,100	(A)	(51,621)
Other	1,418	-	-	-	-		1,418
Balance, End of Year	$ 1,061,208	$ 11,615	$ 18,288	$ 324	$ (30,227)		$ 1,061,208

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2003
(Dollars in Thousands)

	Per Annual Statements						
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries		Total
Balance, Beginning of Year	$ 517,258	$ 11,812	$ 19,189	$ 324	$ (31,326)	(A),(C)	$ 517,257
Net Income	23,611	456	448	-	-		24,515
Change in Unrealized Capital Gains and Losses	128,148	51	69	-	(959)	(A)	127,309
Change in Net Deferred Income Tax	1,120	(2)	-	-	-		1,118
Change in Non-Admitted Assets	11,031	(62)	-	-	-		10,969
Surplus Paid In	251,128	-	-	-	-		251,128
Balance, End of Year	$ 932,296	$ 12,255	$ 19,706	$ 324	$ (32,285)		$ 932,296

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2004
(Dollars in Thousands)

	Per Annual Statements					
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries	Total
Cash Provided (Used) by Operations:						
Revenues:						
Premiums Collected, Net of Reinsurance	$ 1,775,048	$ -	$ -	$ -	$ -	$ 1,775,048
Net Investment Income	90,739	558	894	-	(3,100)	89,091
Miscellaneous Income	19,749	-	-	-	-	19,749
Total Revenues	1,885,536	558	894	-	(3,100)	1,883,888
Benefits and Expenses:						
Benefits and Loss Related Payments	(917,362)	(3)	(45)	-	-	(917,410)
Commissions, Expenses Paid and Aggregate Write-ins for De	(762,394)	2	-	17	-	(762,375)
Dividends Paid to Policyholders	(492)	-	-	-	-	(492)
Federal Income Tax (Paid) Recovered	(127,584)	(72)	(155)	-	-	(127,811)
Total Benefits and Expenses	(1,807,832)	(73)	(200)	17	-	(1,808,088)
Net Cash Provided by Operations	77,704	485	694	17	(3,100)	75,800
Cash Provided (Used) by Investments:						
Cash Provided from Investments Sold, Matured or Repaid:						
Bonds and Notes	144,814	715	3,676	-	-	149,205
Stocks	192,388	789	1,050	-	-	194,227
Other Invested Assets	2,404	-	-	-	-	2,404
Total Cash Provided by Investments Sold, Matured or Repaid	339,606	1,504	4,726	-	-	345,836
Cash Used to Acquire Investments:						
Bonds and Notes	(454,570)	(1,807)	(4,660)	-	-	(461,037)
Stocks	(75,322)	-	-	-	-	(75,322)
Mortgage Loans	-	-	-	-	-	-
Other Invested Assets	(17,380)	-	-	-	-	(17,380)
Total Cash Used to Acquire Investments	(547,272)	(1,807)	(4,660)	-	-	(553,739)
Net Cash Provided (Used) by Investments	(207,666)	(303)	66	-	-	(207,903)
Cash Provided (Used) by Financing and Other Sources:						
Other Cash Provided:						
Dividends to Stockholder	(51,621)	(1,200)	(1,900)	-	3,100	(51,621)
Other Cash Provided (Applied)	44,521	(67)	781	(17)	-	45,218
Net Cash Provided (Used) by Financing and Other Sources	(7,100)	(1,267)	(1,119)	(17)	3,100	(6,403)
Increase (Decrease) in Cash and Short Term Investments	(137,062)	(1,085)	(359)	-	-	(138,506)
Cash and Short Term Investments at Beginning of Year	168,986	1,475	1,152	324	-	171,937
Cash and Short Term Investments at End of Year	$ 31,924	$ 390	$ 793	$ 324	$ -	$ 33,431

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003
(Dollars in Thousands)

	Per Annual Statements					
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Eliminations	Total
Cash Provided (Used) by Operations:						
Revenues:						
Premiums Collected, Net of Reinsurance	$ 1,899,775	$ -	$ -	$ -	$ -	$ 1,899,775
Net Investment Income	65,771	551	708	-	-	67,030
Miscellaneous Income	25,776	-	-	-	-	25,776
Total Revenues	1,991,322	551	708	-	-	1,992,581
Benefits and Expenses:						
Benefits and Loss Related Payments	(960,905)	(108)	(3)	-	-	(961,016)
Commissions, Expenses Paid and Aggregate Write-ins for Deductions	(740,590)	1	(2)	-	-	(740,591)
Dividends Paid to Policyholders	(620)	-	-	-	-	(620)
Federal Income Tax (Paid) Recovered	6,816	(8)	(175)	-	-	6,633
Total Benefits and Expenses	(1,695,299)	(115)	(180)	-	-	(1,695,594)
Net Cash Provided by Operations	296,023	436	528	-	-	296,987
Cash Provided (Used) by Investments:						
Cash Provided from Investments Sold, Matured or Repaid:						
Bonds and Notes	209,466	1,005	3,548	-	-	214,019
Stocks	49,013	495	1,136	-	-	50,644
Other Invested Assets	(21)	-	-	-	-	(21)
Total Cash Provided by Investments Sold, Matured or Repaid	258,458	1,500	4,684	-	-	264,642
Cash Used to Acquire Investments:						
Bonds and Notes	(662,274)	(646)	(6,225)	-	-	(669,145)
Stocks	(170,165)	-	-	-	-	(170,165)
Mortgage Loans	(45,000)					(45,000)
Other Invested Assets	(9,817)	-	-	-	-	(9,817)
Total Cash Used to Acquire Investments	(887,256)	(646)	(6,225)	-	-	(894,127)
Net Cash Provided (Used) by Investments	(628,798)	854	(1,541)	-	-	(629,485)
Cash Provided (Used) by Financing and Other Sources:						
Other Cash Provided:						
Capital and Surplus Paid in	251,128	-	-	-	-	251,128
Other Cash Provided (Applied)	2,454	(214)	(1,341)	-	-	899
Net Cash Provided (Used) by Financing and Other Sources	253,582	(214)	(1,341)	-	-	252,027
Increase (Decrease) in Cash and Short Term Investments	(79,193)	1,076	(2,354)	-	-	(80,471)
Cash and Short Term Investments at Beginning of Year	248,179	399	3,506	324	-	252,408
Cash and Short Term Investments at End of Year	$ 168,986	$ 1,475	$ 1,152	$ 324	$ -	$ 171,937

See Accompanying Independent Auditors' Report.

Consolidating entry (A) eliminates TUIC's investment in its wholly-owned consolidated subsidiaries. Entry (B) eliminates intercompany accounts between TUIC and its subsidiaries. Entry (C) establishes Trinity Lloyds as an admitted asset and eliminates a related party intercompany transaction between Trinity Lloyds and TUIC.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 1 – SUPPLEMENTAL CONSOLIDATED SUMMARY INVESTMENT SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

	Gross Investment Holdings		Admitted Assets Per Annual Statement	
	Amount	Percentage	Amount	Percentage
Bonds:				
U.S. Treasury Securities	$ 57,593	2.08 %	$ 57,593	2.09 %
Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
U.S. states and territories general obligations	828,483	29.94	828,483	30.13
Political Subdivisions of U.S. States, territories general obligations	160,645	5.81	160,645	5.84
Revenue and assessment obligations	234,715	8.48	234,715	8.54
Mortgage-backed securities:				
Pass-through securities:				
Other Pass through Securities	8,184	0.30	8,184	0.30
Other mortaged-backed securities:				
Other mortgage-backed securities collateralized by MBS issued or guaranteed by FNMA, FHLMC or GNMA	1,128	0.04	1,128	0.04
Other Debt Securities (excluding short term):				
Unaffiliated domestic securities	243,145	8.79	243,145	8.84
Equity Interests:				
Preferred Stocks:				
Unaffiliated	69,051	2.50	69,051	2.51
Common Stocks:				
Affiliated	258,040	9.32	258,040	9.38
Unaffiliated	792,810	28.65	775,523	28.20
Real Estate Investments:				
Property held for production of income	1,322	0.05	1,322	0.05
Mortgage Loans	45,000	1.63	45,000	1.64
Cash and Short Term Investments	33,431	1.21	33,431	1.22
Other Invested Assets	33,658	1.20	33,658	1.22
Total Invested Assets	$ 2,767,205	100.00 %	$ 2,749,918	100.00 %

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. The Company's total admitted assets as reported on Page 3 of these financial statements. $3,256,712,000

2. Ten largest exposures to a single issuer/borrower/investment.

1 Issuer	2 Investment Category/Description of Exposure		3 Amount	4 Percentage of Total Admitted Assets
2.01 Northrop Grumman	ComStk–Ind.&Misc.	$	380,441,124	11.68%
2.02 Unova, Inc.	ComStk–Ind.&Misc.	$	320,114,852	9.83%
2.03 Valley Group, Inc.	ComStk-Subsidiaries	$	72,666,899	2.23%
2.04 Ohio State, G.O.	Bonds – States	$	63,851,379	1.96%
2.05 Washington State, G.O.	Bonds – States	$	61,929,830	1.90%
2.06 Northern Institutional Fund	Other S/T Investmts	$	55,000,000	1.69%
2.07 Baker Hughes, Inc.	ComStk–Ind.&Misc.	$	48,417,649	1.49%
2.08 Pennsylvania State, G.O.	Bonds – States	$	48,191,106	1.48%
2.09 Florida State, G.O.	Bonds – States	$	47,307,296	1.45%
2.10 Massachussetts, G.O.	Bonds – States	$	46,722,364	1.43%

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

	Bonds	1	2		Preferred Stocks		3	4
3.01	NAIC-1	$1,548,218,403	47.54%	3.07	P/RP-1	$	43,870,271	1.35%
3.02	NAIC-2	$ 38,141,743	1.17%	3.08	P/RP-2	$	19,094,017	0.59%
3.03	NAIC-3	$	0.00%	3.09	P/RP-3	$	6,087,000	0.19%
3.04	NAIC-4	$	0.00%	3.10	P/RP-4	$		%
3.05	NAIC-5	$ 2,455,361	0.08%	3.11	P/RP-5	$		%
3.06	NAIC-6	$ 77,198	0.00%	3.12	P/RP-6	$		%

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [X]	No [ ]
4.02	Total admitted assets held in foreign investments.	$	________%
4.03	Foreign-currency-denominated investments.	$	________%
4.04	Insurance liabilities denominated in that same foreign currency	$	________%

If response, to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1	2
5.01	Countries rated NAIC-1	$..................	.....................%
5.02	Countries rated NAIC-2	$..................	.....................%
5.03	Countries rated NAIC-3 or below	$..................	.....................%

6. Two largest foreign investment exposures to in a single country, categorized by the country's NAIC sovereign rating:

		1	2
	Countries rated NAIC – 1:		
6.01	Country:	$..................	.....................%
6.02	Country:	$..................	.....................%
	Countries rated NAIC – 2:		
6.03	Country:	$..................	.....................%
6.04	Country:	$..................	.....................%
	Countries rated NAIC – 3 or below:		
6.05	Country:	$..................	.....................%
6.06	Country:	$..................	.....................%

		1	2
7.	Aggregate unhedged foreign currency exposure	$..................	.....................%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

		1	2
8.01	Countries rated NAIC – 1	$..................	.....................%
8.02	Countries rated NAIC – 2	$..................	.....................%
8.03	Countries rated NAIC – 3 or below	$..................	.....................%

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

		1	2
	Countries rated NAIC – 1:		
9.01	Country:	$..................	.....................%
9.02	Country:	$..................	.....................%
	Countries rated NAIC – 2:		
9.03	Country:	$..................	.....................%
9.04	Country:	$..................	.....................%
	Countries rated NAIC – 3 or below:		
9.05	Country:	$..................	.....................%
9.06	Country:	$..................	.....................%

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Rating	3	4
10.01	....	....	$........................	........................%
10.02	....	....	$........................	........................%
10.03	....	....	$........................	........................%
10.04	....	....	$........................	........................%
10.05	....	....	$........................	........................%
10.06	....	....	$........................	........................%
10.07	....	....	$........................	........................%
10.08	....	....	$........................	........................%
10.09	....	....	$........................	........................%
10.10	....	....	$........................	........................%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian Investments	$........................	____________%
11.03	Canadian-currency-denominated investments	$........................	____________%
11.04	Canadian-denominated insurance liabilities	$........................	____________%
11.05	Unhedged Canadian currency exposure	$........................	____________%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are detail is not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$........................	........................%
	Largest 3 investments with contractual sales restrictions:		
12.03	....	$........................	........................%
12.04	....	$........................	........................%
12.05	....	$........................	........................%

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Name of Investment/Issuer Category		2	3
13.02	Common Stk – Ind. & Misc. – Northrop Grumman	$	380,441,124	11.68%
13.03	Common Stk – Ind. & Misc. – Unova, Inc.	$	320,114,852	9.83%
13.04	Common Stk – Parents, Subs. & Aff. – Valley Group, Inc.	$	72,666,899	2.23%
13.05	Common Stk – Ind. & Misc. – Baker Hughes, Inc.	$	48,417,649	1.49%
13.06	Common Stk – Parents, Subs. & Aff. – Financial Indemnity Co.	$	30,970,373	0.95%
13.07	Common Stk – Parents, Subs. & Aff. – Union National Fire Ins. Co.	$	24,675,779	0.76%
13.08	Common Stk – Parents, Subs & Aff. – Unitrin Auto & Home Ins. Co.	$	22,702,084	0.70%
13.09	Common Stk – Parents, Subs. & Aff. – Unitrin Direct Ins. Co.	$	17,523,209	0.54%
13.10	Common Stk – Parents Subs & Aff – United Casualty Ins. Co.ofAm.	$	15,193,161	0.47%
13.11	Common Stk – Parents, Subs. & Aff. – Unitrin Direct P&C Ins. Co.	$	14,991,540	0.46%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	..........................%
	Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03	....	$	..........................%
14.04	....	$	..........................%
14.05	....	$	..........................%

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	........................%
	Largest 3 investments in general partnership interests:		
15.03	....	$	........................%
15.04	....	$	........................%
15.05	....	$	........................%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:.

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02	....	$	....................%
16.03	....	$	....................%
16.04	....	$	....................%
16.05	....	$	....................%
16.06	....	$	....................%
16.07	....	$	....................%
16.08	....	$	....................%
16.09	....	$	....................%
16.10	....	$	....................%
16.11	....	$	....................%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	....................%
16.13	Mortgage loans over 90 days past due	$	....................%
16.14	Mortgage loans in the process of foreclosure	$	....................%
16.15	Mortgage loans foreclosed	$	....................%
16.16	Restructured mortgage loans	$	....................%

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan-to-Value	Residential		Commercial		Agricultural	
		1	2	3	4	5	6
17.01	above 95%	$	........%	$	........%	$	........%
17.02	91% to 95%	$	........%	$	........%	$	........%
17.03	81% to 90%	$	........%	$	........%	$	........%
17.04	71% to 80%	$	........%	$	........%	$	........%
17.05	below 70%	$	........%	$	........%	$	........%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of in real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02	....	$	...................%
18.03	....	$	...................%
18.04	....	$	...................%
18.05	....	$	...................%
18.06	....	$	...................%

19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

Dollars in thousands		At Year-end		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
19.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$............	............%	$............	$............	$............
19.02	Repurchase agreements	$ 23,400	0.72%	$ 200,000	$ 164,100	$ 33,800
19.03	Reverse repurchase agreements	$............	............%	$............	$............	$............
19.04	Dollar repurchase agreements	$............	............%	$............	$............	$............
19.05	Dollar reverse repurchase agreements	$............	............%	$............	$............	$............

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 2 – SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES SCHEDULE
AT DECEMBER 31, 2004
(Dollars in Thousands)

20. Amounts and percentages of the reporting entity's total admitted assets indicated below for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
		1	2	3	4
20.01	Hedging	$............	..................%	$............	..............%
20.02	Income generation	$............	..................%	$............	..............%
20.03	Other	$............	..................%	$............	..............%

21. Amounts and percentages indicated below of the reporting entity's total admitted assets of potential exposures for collars, swaps, and forwards:

		At Year-end		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
21.01	Hedging	$............	...........%	$............	$............	$............
21.02	Income generation	$............	...........%	$............	$............	$............
21.03	Replications	$............	...........%	$............	$............	$............
21.04	Other	$............	...........%	$............	$............	$............

22. Amounts and percentages indicated belowof the reporting entity's total admitted assets of potential exposures for futures contracts:

		At Year-end		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
		1	2	3	4	5
22.01	Hedging	$............	...........%	$............	$............	$............
22.02	Income generation	$............	...........%	$............	$............	$............
22.03	Replications	$............	...........%	$............	$............	$............
22.04	Other	$............	...........%	$............	$............	$............

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