

ANNUAL STATEMENT

OF THE

**HOW INSURANCE COMPANY, A RISK
RETENTION GROUP, In Receivership**

OF

Richmond

IN THE STATE OF

Virginia

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF Virginia

FOR THE YEAR ENDED

DECEMBER 31, 2004

2004

PROPERTY AND CASUALTY

2004



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 41246 Employer's ID Number 52-1208234
Organized under the Laws of Virginia, State of Domicile or Port of Entry Virginia
Country of Domicile United States of America
Incorporated 02/23/1981 Commenced Business 07/27/1981
Statutory Home Office 1300 E. Main Street, Richmond, VA 23219
Main Administrative Office 7501C N. Capital of Texas Hwy., Ste. 200, Austin, TX 78731
Mail Address 7501C N. Capital of Texas Hwy., Ste 200, Austin, TX 78731
Primary Location of Books and Records 7501C N. Capital of Texas Hwy., Ste. 200, Austin, TX 78731
Internet Website Address www.howcorp.com
Statutory Statement Contact Brenda J. Stewart, 512-404-6555
Policyowner Relations Contact 7501C N. Capital of Texas Hwy., Ste. 200, Austin, TX 78731

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Rows are blank.

OTHER OFFICERS

DIRECTORS OR TRUSTEES

State of Texas ss
County of Travis

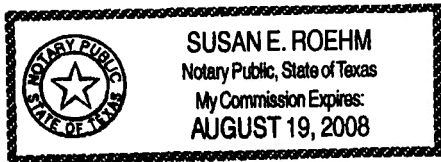
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

Brenda J. Stewart
Authorized Representative

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

Subscribed and sworn to before me this 25th day of February 2005
Susan E Roehm

August 4, 2004



MERCER OLIVER WYMAN

STATEMENT OF ACTUARIAL OPINION

HOW INSURANCE COMPANY, A RISK RETENTION GROUP IN RECEIVERSHIP FOR THE YEAR ENDED DECEMBER 31, 2004

Identification

I, Theodore J. Zubulake, am associated with the firm of Mercer Oliver Wyman Actuarial Consulting, Inc. I am a Fellow of the Casualty Actuarial Society, and a Member of the American Academy of Actuaries and meet its qualification standards to render this opinion. I was appointed by the Deputy Receiver to render this opinion.

Scope

I have examined the reserves listed in Exhibit A (attached), as shown in the Annual Statement of the Company as prepared for filing with the state regulatory officials, as of December 31, 2004.

The amounts on which I am expressing this opinion reflect the Loss Reserve Disclosure items 3 through 7 in Exhibit B (attached).

In forming my opinion on the total of the loss, loss adjustment expense, and unearned premium reserves, I relied upon data prepared by the representatives of the Deputy Receiver. (Loss adjustment expenses are divided into two separate categories: service costs and unallocated loss adjustment expenses. Service costs were considered as part of the analysis of the losses. Unallocated loss expenses (ULE) were considered separately.) I have not verified the data, but, with the exception of estimates of future (ULE, I have reviewed those data for reasonableness and consistency. I reconciled the data to Schedule P-Part 1 of the Company's current Annual Statement.

With respect to future ULE amounts, which were provided by representatives of the Deputy Receiver, I have reconciled these amounts to the contractual fee schedules provided by representatives of the Deputy Receiver. I have not independently assessed the reasonableness of these fee schedules.

Opinion

in my opinion, the total of the amounts carried in the balance sheet on account of the items identified above:

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- (a) meet, to the best of my knowledge, the requirements of the insurance laws of the Commonwealth of Virginia, except, as noted above, that the amounts reflect a 95% probability level and do not represent a best estimate of the unpaid liabilities;
- (b) are computed in accordance with generally accepted loss reserving principles and standards of practice; and
- (c) make a reasonable provision for all unpaid loss and loss expense obligations and all unearned premium obligations for long duration contracts of the Company, given the circumstances surrounding the Company, the uncertainty inherent in the Company's liabilities, and the need for a reserve level that will result in a higher probability of being sufficient to provide for actual losses.

Insurance laws and regulations shall at all times take precedence over actuarial standards and principles.

Relevant Comments

The loss and service reserves upon which I am expressing this opinion have not been discounted for anticipated investment income. The unearned premium reserves, as well as the ULE reserves associated with the unearned premium reserves, upon which I am expressing this opinion have been discounted for anticipated investment income at a rate of 1.75% per annum in accordance with the NAIC method of computing "Unearned Premiums - Single or Fixed Premium Policies with Coverage Periods in Excess of 13 Months." However, as of December 31, 2004, all premiums have been earned, and therefore there is no provision for discounting in my reserve estimate.

My examination included the use of actuarial methods and assumptions that I considered to be appropriate. I analyzed the Company's reserve needs on a mean value basis and on what I refer to as a 95% probability basis. Given the circumstances surrounding the Company, the uncertainty inherent in the Company's liabilities, and the need for a reserve level that will result in a higher probability of being sufficient to provide for actual losses, I based my opinion on the 95% probability reserve level estimates that I developed.

Due to changes in the Company's operations that were brought on as a result of the Company being placed in receivership, the Company has experienced a sharp decline in the level of claim activity (with the exception of the litigation matters described below). In view of this level of claim activity and the uncertainty as to whether this lack of claim activity is indicative of future claim activity, I analyzed the Company's outstanding reserve needs under four different scenarios:

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Scenario 1 . Assumes the Company's level of claim activity will gradually approach pre-receivership level.

Scenario 2 . Assumes that the Company's level of claim activity will continue at the post-receivership level that it has experienced.

Scenario 3 . Represents a weighted average of the loss and service reserve estimates under Scenarios 1 & 2.

Scenario 4 . Assumes the Company's level of claim activity will immediately return to pre-receivership level.

In performing my analysis of the Company's reserves as of December 31, 2004, and based on information provided by the Deputy Receiver, I concluded that the Company's reserve position should be presented as if the Company were no longer in receivership and were no longer subject to the burdens and artificial influences resulting from the receivership. Accordingly, consistent with the approach underlying my reserve estimate as of December 31, 2003 I have selected as the basis for my estimates an average of the results produced under Scenario 2 and Scenario 4 at the 95% probability level. In addition, consistent with the approach underlying my reserve estimate as of December 31, 2003 I have included an explicit provision for the possibility of a surge of claims being reported upon the Company's release from receivership. The provision for "claim surge" is intended to account for a portion of those claims that, based on the Company's pre-receivership claim activity level, would have been expected to have been reported between the time the Company entered receivership and December 31, 2004, but have not been reported.

In my current study, consistent with the approach underlying my reserve estimate as of December 31, 2003, the balance in the Trust Account underlying HOWIC's variable quota share treaty with American Reinsurance is not treated as recoverable reinsurance, to be recovered after all losses related to the treaty have been paid. All else being equal, this results in a \$41.2 million increase in my estimate of the Company's outstanding reserve liabilities net of reinsurance. The Company has set up a non-admitted asset to offset the effect of this treatment of the Trust Account balance on the Company's net reserve liabilities.

I have been advised by representatives of the Deputy Receiver of two separate open litigation matters to which substantive attention has been paid in the past five years. The total case reserves on these matters is \$32.3 million as of December 31, 2004. I have addressed these case reserves by initially removing the claim data related to these two matters, determining outstanding reserve liabilities exclusive of these claims, and then adding back in the \$32.3 million total case reserve estimate pertaining to these claims. Based on information provided by representatives of the Deputy Receiver, I have accepted, without independent review of the

MERCER OLIVER WYMAN

individual claim files, the \$32.3 million case reserve estimate on claims pertaining to these three matters as a reasonable estimate of the ultimate future cost of these claims.

It should be noted that reserve calculations deal with the inherent uncertainty of future contingent events. While I believe the reserves identified in Exhibit A represent a reasonable provision, there can be no guarantee that the actual future payments will not differ from the reserve values stated above. In particular, the major factor that I believe could result in material adverse deviation is the resolution of the two open litigation claims described above, which could entail payments in excess of the \$32.3 million for which these claims are currently reserved. In making this determination, I have considered a material adverse deviation to be one in which the actual outstanding losses and loss adjustment expenses exceed the Company's recorded reserves by an amount greater than 15 percent of the Company's statutory surplus (i.e., a reserve deviation greater than \$2.4 million).

Based on discussions with the representatives of the Deputy Receiver and its description of the Company's ceded reinsurance, I am unaware of any reinsurance contract that has been or should have been accounted for as a loss portfolio transfer or financial reinsurantee. I have assumed all reinsurance to be valid and fully collectible.

I have assumed for purposes of this opinion that all losses are being paid at 100% of their full value and that they will continue to be paid at 100% of their full value.

My estimate of the Company's reserve need is subject to a high degree of variability. In my view the reserve need of the Company is dependent upon whether the Company remains in receivership (lower reserve need) or is released from receivership (higher reserve need). As I have previously stated, my estimate of the Company's reserve need is presented as if the Company were no longer in receivership.

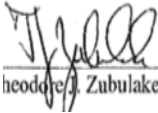
In rendering this opinion, I have relied upon schedules of future ULE costs provided by representatives of the Deputy Receiver.

During the course of my analysis, I reviewed the company's exposure to terrorist attack losses. No claims have been presented to date. In my opinion, the risk of significant liabilities as of December 31, 2004 arising from terrorist attack losses is remote, given the nature of the coverages provided by the company and prevailing coverage interpretations.

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Actuarial Report

An actuarial report and underlying workpapers supporting the findings expressed in this Statement of Actuarial Opinion will be provided to the Deputy Receiver to be retained for a period of seven years at its administrative offices and will be made available for regulatory examination.



Theodore J. Zubulake, FCAS, MAAA

Mercer Oliver Wyman Actuarial Consulting, Inc.
1166 Avenue of the Americas
32nd Floor
New York, New York 10036

(212) 345-3559

Date: February 25, 2005

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Exhibit A: Scope

<u>Loss Reserves:</u>	Amount
A. Reserve for Unpaid Losses (Liabilities, Surplus, and Other Funds page, Line 1)	\$45,181,000
B. Reserve for Unpaid Loss Adjustment Expenses (Liabilities, Surplus and Other Funds page, Line 3)	\$7,243,870
C. Reserves of Unpaid Losses –Direct and Assumed (Schedule P, Part 1, Totals from Cols. 13 and 15)	\$48,850,000
D. Reserve for Unpaid Loss Adjustment Expenses .Direct and Assumed (Schedule P, Part 1, Totals from Cols. 17, 19 and 21)	\$7,996,000
E. The Page 3 write-in item reserve, “Retroactive Reinsurance Reserved Assumed”	\$0
F. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$0
<u>Premium Reserves:</u>	Amount
G. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	\$0
H. Reserve for Net Unearned Premiums for Long Duration Contracts	\$0
I. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	\$0

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Exhibit B: Disclosures



ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

Management's Discussion and Analysis



**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Audited Financial Report

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	116,738,449		116,738,449	118,911,421
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
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)			0	0
5. Cash (\$530,626 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$5,790,005 , Schedule DA).....	6,320,631		6,320,631	2,551,625
6. Contract loans, (including \$ premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	123,059,080	0	123,059,080	121,463,046
11. Investment income due and accrued	1,206,186		1,206,186	1,181,866
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection			0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premium).....			0	0
12.3 Accrued retrospective premium.....			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	868,465		868,465	976,892
13.2 Funds held by or deposited with reinsured companies			0	0
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.....			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software.....	10,976		10,976	14,081
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	4,669,106	4,669,106	0	0
21. Health care (\$) and other amounts receivable.....			0	0
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	41,686,048	41,179,529	506,519	598,686
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	171,499,861	45,848,635	125,651,226	124,234,570
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	171,499,861	45,848,635	125,651,226	124,234,570
DETAILS OF WRITE-INS				
0901.			0	0
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. Loss reserve prepayments.....	506,519		506,519	598,686
2302. Miscellaneous receivables.....	3,550	3,550	0	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	41,175,979	41,175,979	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	41,686,048	41,179,529	506,519	598,686

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	45,181,000	49,729,000
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		.0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	7,243,870	12,339,196
4. Commissions payable, contingent commissions and other similar charges .....		.0
5. Other expenses (excluding taxes, licenses and fees)	54,264	51,325
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		.0
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)).....		.0
7.2 Net deferred tax liability .....		.0
8. Borrowed money \$ and interest thereon \$ .....		.0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	.0	101,000
10. Advance premiums .....		.0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		.0
11.2 Policyholders .....		.0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		.0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	43,930,830	41,279,439
14. Amounts withheld or retained by company for account of others .....		.0
15. Remittances and items not allocated .....		.0
16. Provision for reinsurance (Schedule F, Part 7)	21,127	21,127
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		.0
18. Drafts outstanding .....		.0
19. Payable to parent, subsidiaries and affiliates .....		.0
20. Payable for securities .....		.0
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	12,971,539	12,718,784
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	109,402,630	116,239,871
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	109,402,630	116,239,871
27. Aggregate write-ins for special surplus funds .....	.0	.0
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock .....		.0
30. Aggregate write-ins for other than special surplus funds .....	.0	.0
31. Surplus notes .....		.0
32. Gross paid in and contributed surplus	5,097,479	5,097,479
33. Unassigned funds (surplus)	10,151,119	1,897,220
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) (Page 4, Line 38)	16,248,598	7,994,699
36. TOTALS (Page 2, Line 26, Col. 3)	125,651,228	124,234,570
DETAILS OF WRITE-INS		
2301. Loss payments - deferred, see footnote no. 6.....	708,105	708,105
2302. Loss reserve prepayments, See footnote no. 7.....	1,049,864	1,142,031
2303. Deferred LAE.....	1,288,855	1,288,855
2398. Summary of remaining write-ins for Line 23 from overflow page	9,924,715	9,579,793
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	12,971,539	12,718,784
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.		
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)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	101,000	135,000
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	(3,249,929)	7,050,445
3. Loss expenses incurred (Part 3, Line 25, Column 1)	(3,622,149)	871,914
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,238	849
5. Aggregate write-ins for underwriting deductions	350,736	370,892
6. Total underwriting deductions (Lines 2 through 5)	(6,519,105)	8,294,100
7. Net income of protected cells		0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	6,620,105	(8,159,100)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,507,120	2,374,981
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	123,049	469,523
11. Net investment gain or (loss) (Lines 9 + 10)	1,630,170	2,844,505
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	4,450,404	36,903,204
15. Total other income (Lines 12 through 14)	4,450,404	36,903,204
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	12,700,678	31,588,609
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	12,700,678	31,588,609
19. Federal and foreign income taxes incurred		0
20. Net income (Line 18 minus Line 19) (to Line 22)	12,700,678	31,588,609
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	7,994,698	12,647,676
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	12,700,678	31,588,609
23. Change in net unrealized capital gains or (losses)		648,365
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax		0
26. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(4,446,778)	(36,901,649)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	11,697
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		0
30. Cumulative effect of changes in accounting principles		0
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	8,253,901	(4,652,978)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	16,248,598	7,994,698
DETAILS OF WRITE-INS		
0501. Interest expense on deferred loss payments	350,736	370,892
0502. Write-off of lease liability		0
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	350,736	370,892
1401. Miscellaneous income	3,511	1,555
1402. Cancellation of debt income		172,563
1403. Increase in estimated net recoverable from funds held under reinsurance treaties	4,446,893	36,729,086
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	4,450,404	36,903,204
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	0	0
2. Net investment income	2,531,849	3,585,817
3. Miscellaneous income	3,511	36,903,204
4. Total (Lines 1 to 3)	2,535,360	40,489,021
5. Benefits and loss related payments	1,189,644	2,570,390
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,470,071	2,504,544
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	2,659,716	5,074,934
11. Net cash from operations (Line 4 minus Line 10)	(124,356)	35,414,087
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	53,649,639	68,273,001
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	53,649,639	68,273,001
13. Cost of investments acquired (long-term only):		
13.1 Bonds	52,276,936	68,513,593
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	123,049	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	52,399,985	68,513,593
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)	1,249,654	(240,592)
Cash from Financing and Miscellaneous Sources		
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).....	2,643,708	(35,277,505)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	2,643,708	(35,277,505)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	3,769,007	(104,010)
19. Cash and short-term investments:		
19.1 Beginning of year	2,551,624	2,655,633
19.2 End of period (Line 18 plus Line 19.1).....	6,320,630	2,551,624

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	0	0	0	0
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	101,000	0	101,000
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	0	101,000	0	101,000
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

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

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

Are they so returned in this statement? Yes [] No []

(b) State here basis of computation used in each case .

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN**

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability - occurrence						0
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	0	0	0	0	0	0
DETAILS OF WRITE-INS						
3301.						
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

NONE

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence	1,981,023		682,952	1,298,071	45,181,000	49,729,000	(3,249,929)	(3,217.8)
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	1,981,023	0	682,952	1,298,071	45,181,000	49,729,000	(3,249,929)	(3,217.8)
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				(a) .0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence				.0				.0	
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence	33,420,000		265,000	33,155,000	15,430,000	.0	3,404,000	45,181,000	7,243,870
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	33,420,000	0	265,000	33,155,000	15,430,000	0	3,404,000	45,181,000	7,243,870
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(1,067,210)			(1,067,210)
1.2 Reinsurance assumed .....				.0
1.3 Reinsurance ceded	(357,053)			(357,053)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	(710,157)	.0	.0	(710,157)
2. Commission and brokerage:				
2.1 Direct excluding contingent .....				.0
2.2 Reinsurance assumed, excluding contingent .....				.0
2.3 Reinsurance ceded, excluding contingent .....				.0
2.4 Contingent-direct .....				.0
2.5 Contingent-reinsurance assumed .....				.0
2.6 Contingent-reinsurance ceded .....				.0
2.7 Policy and membership fees .....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	.0	.0	.0	.0
3. Allowances to manager and agents .....				.0
4. Advertising .....				.0
5. Boards, bureaus and associations .....				.0
6. Surveys and underwriting reports .....				.0
7. Audit of assureds' records .....				.0
8. Salary and related items:				
8.1 Salaries .....				.0
8.2 Payroll taxes .....				.0
9. Employee relations and welfare .....				.0
10. Insurance .....				.0
11. Directors' fees .....				.0
12. Travel and travel items .....				.0
13. Rent and rent items .....				.0
14. Equipment .....				.0
15. Cost or depreciation of EDP equipment and software .....				.0
16. Printing and stationery .....				.0
17. Postage, telephone and telegraph, exchange and express .....				.0
18. Legal and auditing		2,238		2,238
19. Totals (Lines 3 to 18) .....	.0	2,238	.0	2,238
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....				.0
20.2 Insurance department licenses and fees .....				.0
20.3 Gross guaranty association assessments .....				.0
20.4 All other (excluding federal and foreign income and real estate) .....				.0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	.0	.0	.0	.0
21. Real estate expenses .....				.0
22. Real estate taxes .....				.0
23. Reimbursements by uninsured accident and health plans .....				.0
24. Aggregate write-ins for miscellaneous expenses	(2,911,992)	0	3,590,285	678,293
25. Total expenses incurred	(3,622,149)	2,238	3,590,285	(a) (29,626)
26. Less unpaid expenses - current year	7,243,870			7,243,870
27. Add unpaid expenses - prior year	12,339,196	.86	51,239	12,390,521
28. Amounts receivable relating to uninsured accident and health plans, prior year .....	.0	.0	.0	.0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,473,177	2,324	3,641,524	5,117,025
DETAILS OF WRITE-INS				
2401. Excess ULAE paid	(2,911,992)			(2,911,992)
2402. Investment interest expense			3,379,290	3,379,290
2403. Investment management expense			210,995	210,995
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	(2,911,992)	0	3,590,285	678,293

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

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 862,354	910,499
1.1 Bonds exempt from U.S. tax		
1.2 Other bonds (unaffiliated)	(a) 4,202,917	4,179,093
1.3 Bonds of affiliates		
2.1 Preferred stocks (unaffiliated)		
2.11 Preferred stocks of affiliates		
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans		
4. Real estate		
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 10,497	10,497
7. Derivative instruments		
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	5,075,768	5,100,088
11. Investment expenses		(g) 3,592,968
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		3,592,968
17. Net Investment Income - (Line 10 minus Line 16)		1,507,120
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 82,493 accrual of discount less \$ 1,005,810 amortization of premium and less \$ 363,105 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	13,755			13,755
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)	109,294			109,294
1.3 Bonds of affiliates				0
2.1 Preferred stocks (unaffiliated)				0
2.11 Preferred stocks of affiliates				0
2.2 Common stocks (unaffiliated)				0
2.21 Common stocks of affiliates				0
3. Mortgage loans				0
4. Real estate				0
5. Contract loans				0
6. Cash, cash equivalents and short-term investments				0
7. Derivative instruments				0
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	123,049	0	0	123,049
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
15.2 Net deferred tax asset.....	0	0	0
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software.....	0	0	0
18. Furniture and equipment, including health care delivery assets.....	0	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivables from parent, subsidiaries and affiliates	4,669,106	4,669,221	115
21. Health care and other amounts receivable.....	0	0	0
22. Other assets nonadmitted	0	0	0
23. Aggregate write-ins for other than invested assets	41,179,529	36,732,636	(4,446,893)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	45,848,635	41,401,857	(4,446,778)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	45,848,635	41,401,857	(4,446,778)
DETAILS OF WRITE-INS			
0901.	0	0	0
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Loss reserve prepayments.....	0	0	0
2302. Miscellaneous receivables.....	3,550	3,550	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	41,175,979	36,729,086	(4,446,893)
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	41,179,529	36,732,636	(4,446,893)

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying financial statements of HOW Insurance Company, A Risk Retention Group, in Receivership (the "Company"), have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Bureau of Insurance (the "Bureau"), State Corporation Commission (the "Commission") of the Commonwealth of Virginia, including full adoption of the reporting requirement adopted by the NAIC in September 1995 for "Unearned Premium - Single or Fixed Premium Policies with Coverage Periods in Excess of Thirteen Months."

2. Receivership

On October 14, 1994, in Cause No. HE 1059 1, styled Commonwealth of Virginia, ex rel. State Corporation Commission and Steven T. Foster, Commissioner of Insurance v. Home Warranty Corporation, Home Owners Warranty Corporation, and HOW Insurance Company, a Risk Retention Group, the Circuit Court for the City of Richmond, Virginia, entered its FINAL ORDER APPOINTING RECEIVER FOR REHABILITATION OR LIQUIDATION (the "Receivership Order"), appointing the Commission permanent Receiver of the Company, as well as its parent, Home Warranty Corporation ("HWC"), and its affiliate, Home Owners Warranty Corporation ("HOW") (collectively, "the Companies"). The Receivership Order also appointed Steven T. Foster, Commissioner of Insurance of the Bureau, as Deputy Receiver, and Patrick H. Cantilo as Special Deputy Receiver of the Companies. In May of 1996, Alfred W. Gross replaced Steven Foster as the Commissioner of Insurance of the Bureau and as Deputy Receiver of the Company.

The liabilities of the Company will be paid subject to the payment priority scheme authorized by Virginia law. This financial statement has been prepared in conformity with the format adopted by the Bureau, and therefore, this financial statement does not segregate the Company's liabilities by order of payment priority. In this connection, certain liabilities listed in this financial statement may never be paid if the Company has insufficient assets available to satisfy these claims.

The Receivership Order directed the Receiver, Deputy Receiver and the Special Deputy Receiver to take control and possession of all of the Companies' property and affairs. The Deputy Receiver takes the place of the Board of Directors for the purpose of answering the various "General Interrogatories." Also, the "General Interrogatories" have been answered to the best of the Deputy Receiver's and his Authorized Representatives' knowledge and may be subject to change. Information for periods prior to October 7, 1994, is presented as previously reported to the Bureau by the Company or as presented in the books and records of the Company. The Deputy Receiver continues to evaluate the way in which the Company reported its pre-receivership information.

On March 12, 1996, and May 2, 1996, the Company entered into administrative service arrangements (the "Service Agreements") with third-party companies for the administration of certain specified aspects of the Company's operations and affairs. The Service Agreements enabled the Company to close its administrative office in Irving, Texas, on April 30, 1996, at which time it terminated most of its employees. The remaining employees of the Company were terminated in July of 1996.

In January of 1997, the Company applied for recognition of tax-exempt status under Internal Revenue Code ("IRC") Section 501(c)(15) retroactively to January 1, 1995. On April 10, 1997, HOWIC received a favorable determination letter from the Internal Revenue Service which recognized the Company as tax-exempt as of January 1, 1995. As a result of this determination, all income received by the Company since January 1, 1995, was exempt from federal income taxes.

3. Investments

Bonds are amortized using the scientific method.

The Company's investment guidelines provide as follows: (a) up to 100% of its assets may be invested in fixed income securities rated NAIC Class 1, (b) up to 25% of its assets may be invested in fixed income securities rated NAIC 2, (c) up to 10% of its assets may be invested in fixed-income securities rated NAIC

NOTES TO FINANCIAL STATEMENTS

Class 3, and (d) up to 2% of its assets may be invested in fixed-income securities rated NAIC Class 4, provided that such Class 4 securities are rated no lower than BB by Standard & Poor's or any equivalent nationally recognized securities rating organization. The Company may not invest in fixed income securities rated NAIC 5 or lower without the approval of the Deputy Receiver. The Company may not invest in equities.

4. Reserves

The Deputy Receiver's staff investigated the method by which the Company established incurred but not reported ("IBNR") reserves. The Company's management reported IBNR reserves based on claims reported in the 15 days subsequent to a year end. The Deputy Receiver's staff determined from its reviews that the more appropriate period to measure IBNR claims was approximately 650 days. This change was reflected at December 31, 1994. Historical losses were reported by the Company on a report year rather than a manifestation year basis. The receivership staff continues to review the historical loss information of the Company. The Deputy Receiver has allocated IBNR reserves to the receivership year because the Company did not previously record data which would reasonably permit such allocation by year with sufficient reliability.

5. Debt

The Company has no outstanding debt obligations to third parties.

6. Claims Payments

On November 29, 1994, the Deputy Receiver issued his First Directive (the "Directive") which authorized initial payments of 40% on approved direct claims for the cost of repairing defects to homes which are covered by the Company's Warranty. The unpaid portion of the approved direct claim is reflected as "Loss payments - deferred" in the liabilities. The same Directive imposed a moratorium on the payment of "indirect claims" under the Company's warranty, which include, but are not limited to, amounts owed for extra-contractual obligations, non-economic damages, consequential damages, and litigation costs and attorneys' fees.

A second directive dated January 23, 1996, increased the direct claim payment rate to 50%. The Company began paying direct claims at the 50% rate in February of 1996.

A third directive dated December 28, 1998, increased the direct claim payment rate to 60% and directed that the following indirect claims be reclassified as direct claims: (i) claims approved by the Deputy Receiver for damages determined to be extra contractual obligations of the Company, non-economic damages, consequential damages, litigation costs or attorneys' fees incurred by a home owner or member builder in asserting a claim against the Company before receivership; and (ii) claims approved by the Deputy Receiver for litigation costs and attorneys' fees incurred by a member builder in an action brought against the member builder to recover under the Major Structural Defect Insurance coverage provided by the Company. The Company began paying claims at the 60% rate in January of 1999.

A fourth directive dated August 13, 1999, increased the direct claim payment rate to 70%. The Company began paying direct claims at the 70% rate in October of 1999. A fifth directive dated November 14, 2000, increased the direct claim payment rate to 100%. The Company began paying direct claims at the 100% rate in November of 2000.

The Deputy Receiver has approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$6,017,776.05 as of March 31, 2005. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership.

The Deputy Receiver has entered into claims handling agreements with certain builders in which such builders settle the direct claims of their customers.

NOTES TO FINANCIAL STATEMENTS

Under the terms of the Receivership Appeal Procedure, claimants are permitted two levels of appeal for denied claims. The first level of appeal is to the Deputy Receiver. The second level of appeal is to the Commission if such claim appeal is denied by the Deputy Receiver. As of March 31, 2005, approximately 1,335 appeals and 214 Petitions for Review have been filed with the Deputy Receiver and Commission, respectively, since the inception of the receivership proceeding. The majority of these appeals involve claims by home owners for the following: (a) Major Structural Defect coverages for claims arising in the third through the tenth year after the home's construction; and (b) Builder's Limited Warranty/Builder Default coverage for defect claims arising during the first two years after the home's construction.

In regard to the appeal and petition information and statistics referenced by the preceding paragraph, there have been approximately 1,070 home owner appeals, 190 builder appeals, 37 vendor and local council appeals, nine attorney fee appeals, eight former employee appeals, six appeals relating to additional distributions authorized by the third directive of the Deputy Receiver, and 15 appeals of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. In addition, there have been approximately 135 home owner petitions, 52 builder petitions, ten vendor and local council petitions, two attorney fees' petitions, six former employee petitions and nine petitions of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. Generally, builder appeals involve disputes with respect to determinations of responsibility for making certain home repairs under the Builder's Limited Warranty. Further, builder appeals include, but are not limited to, claims for the refund of loss reserve prepayments, capital contributions, and enrollment fees. The appeals from claimants, other than home owners, generally involve fees for goods and services provided to the Company prior to the inception of the receivership proceedings.

7. Loss Prepayments

Pursuant to certain agreements between the Company and certain Member Builders, participating Member Builders are liable for specified payments which they may be required to prepay in the form of cash, Certificates of Deposit (CDs), or Letters of Credit (LOCs). Prepayments were made by builders and held by the Company as follows: (a) cash payments were deposited in the general operating account of the Company; (b) CD's received were issued in the Company's name; and (c) LOCs named the Company as the beneficiary. The Company held LOCs in the amount of \$2,153,957 and a collateralized security interest of \$114,474 at March 31, 2005. Cash prepayments and CDs were \$1,044,603 at March 31, 2005, and this amount is included in the Company's financials as of that date.

8. Related Party Transactions

Before they were placed in receivership, the Companies and their affiliates operated under previously adopted protocols and agreements for the allocation of revenues and expenses among themselves. The Deputy Receiver has not found adequate documentation for at least some of these protocols and agreements. Beginning January 1, 1995, the Deputy Receiver has provisionally concentrated revenues and expenses at the Company, both operationally and for purposes of its financial reports.

9. Leases

The Company is not a direct party to any lease obligations.

10. Regulatory Status

The Company was engaged in the business of administering and insuring a home builder warranty protection plan for new homes known as the Home Owners Warranty Program (the "HOW Program"). Before receivership, the HOW Program was available in all jurisdictions (other than Alaska) and the District of Columbia. During the course of receivership, a number of these states have placed restrictions on the Company's authority to write new insurance business. The Deputy Receiver imposed a moratorium on the issuance of new insurance business at the inception of the receivership. The moratorium for new insurance business remains in effect.

NOTES TO FINANCIAL STATEMENTS

11. Litigation

The following is a description of certain litigation or claims filed by or against the Company:

A. Fire Retardant Treated ("FRT") Plywood Roof Sheathing Litigation In 1977, the New Jersey legislature passed the New Home Warranty and Builders Registration Act (the "Registration Act") which established a state funded and sponsored builder warranty program largely modeled upon the pre-existing HOW Program. For private warranty plans, the legislation established an approval process which required each such plan to submit an application for continued approval to operate within New Jersey every two years. Since the Company pre-existed this legislation, the HOW Program was "grandfathered" for its initial approval in 1977 and obtained re-approval from New Jersey upon re-application until 1989.

During the 1980's, certain New Jersey home owners began to complain that the roofs of their town homes and multi-family dwellings were deteriorating. The home owners alleged that fire retardant treated plywood roof sheathing ("FRT plywood"), which was treated with chemicals designed to make the wood char at temperatures much less than the temperature at which wood burns so as to prevent the spread of fire across roof lines, was defective because the wood was deteriorating at temperatures far lower than it was designed. The Company's warranty document specifically provides that roof sheathing is a nonstructural component that is separate and distinct from the structural roof system which consists generally of trusses, braces and framing. As such, the roof sheathing was considered to be a first year warranty item and not a ten-year structural item.

The State of New Jersey decided to assure prompt relief to these home owners by agreeing to cover FRT plywood claims under the "Major Construction" or "Structural" defect portions of its warranty coverage (as defined in the statute). To do so, it expanded its traditional definition of structural elements to include plywood roof sheathing in spite of prior limitations respecting coverage for that element.

Similarly, the New Jersey Department of Community Affairs (the "DCA"), which is charged with administering and enforcing the Registration Act, opined that the Registration Act required such coverage and that any private warranty company that refused to provide ten-year coverage for FRT plywood would have its authorization to conduct business in New Jersey revoked. In May of 1990, the DCA formally notified the Company that its application for renewal as an approved private warranty program in New Jersey was denied due to its position on coverage of FRT plywood roof sheathing. The DCA then established a fund for FRT plywood related claims to reimburse participating plans for the cost of repairs in exchange for an assignment of rights by the plans to the DCA of any rights to go against the manufacturers of these products and other responsible parties for contribution and/or indemnity. The Company elected not to participate voluntarily in New Jersey's suggested remedy.

New Jersey's position was that roof sheathing was "intended" to be covered for ten years as a structural component since the outset of the state plan in 1977. The Registration Act, which mandates that private warranty plans must offer warranty coverage equivalent to the state's plan, requires that coverage deviating from the state plan automatically conform to its provisions.

The Company offered to provide supplemental FRT plywood coverage going forward but would not agree to an expanded coverage on enrolled units applied retroactively. The DCA was not agreeable to this approach but allowed the Company to continue to operate in a state of suspended approval while its administrative action was pending.

On April 26, 1990, New Jersey Senator Paterniti introduced S. 2602 (the "Paterniti Amendment"), which was signed into law on July 11, 1991, as L. 1991, C.202. This bill essentially codified the remedies proposed by New Jersey for defects in residential structures built using FRT plywood. The remediation system provides for payments by the new home warranty fund to those who demonstrate either actual sheathing damage or inevitable premature failure within the first ten years of residence. It also provides for the subrogation of claims that residents, builders and warrantors might have against manufacturers and other responsible parties.

The Paterniti Amendment also asserts a retroactive application based upon the rationale that it was merely a

NOTES TO FINANCIAL STATEMENTS

clarification of the intent of the original Registration Act. The DCA's position was that this "clarification" function was a legitimate foundation and justification for the proposed retroactive application and effectively mandated the Company's participation in the program to its inception in 1977.

The above described events resulted in litigation in two forums. First, the Company and some of its corporate affiliates were sued by home owner associations to replace roofs that contained allegedly defective roof sheathing. At the time of receivership, the Company was a co-defendant in approximately fifty-seven (57) such home owners' suits involving more than 50,000 roofs. While the home owner associations in many of these lawsuits have entered into settlement agreements with other co-defendants, some of the settling parties have assigned any rights they have against the Company and its affiliates to the DCA. This litigation has been stayed since September of 1991 in all cases except for two home owner association suits.

During 1995 the DCA intervened in the home owner lawsuits and moved to have all FRT plywood claims involving non-settling parties transferred and consolidated into the case captioned as, The Commons at Kingswood Station, C. A. v. Orleans Construction Company, et al. All cases involving non-settling parties were consolidated into The Commons at Kingswood Station, C.A. suit. In this suit, the DCA asserted its right to recover payments made by it on behalf of non-settling defendants in the original action. The Companies were severed from this case. The HOW Companies are evaluating the FRT plywood litigation and related claims,

B. Claims of ARDC Corporation ("ARDC"). In these claims, numerous lawsuits were filed against ARDC in the State of Florida for damages allegedly constituting major structural defects ("MSDs"). The claims can basically be divided into two groups: (1) those claims arising from lawsuits instituted in the wake of damage inflicted by Hurricane Andrew in 1992 ("Hurricane Related Claims"); and (2) those claims arising from lawsuits seeking damages for construction defects unrelated and occurring prior to Hurricane Andrew ("Pre-Hurricane Claims"). In regard to Pre-Hurricane Claims, ARDC is seeking \$290,670 in defense costs and \$132,500 as indemnification for amounts paid to the home owners for the costs to repair alleged MSDs. The Pre-Hurricane Claims total \$423,170 and involve approximately 12 homes.

The Hurricane Related Claims arise from class action litigation, which ARDC alleges involved approximately 1,000 HOW enrollments. ARDC further alleges that, with respect to this claim, it has incurred and continues to incur defense costs which currently exceed \$3 million. ARDC seeks in excess of \$7,108,800 for the indemnity portion of the Hurricane Related Claims. Accordingly, the total Hurricane Related Claims exceed \$10 million.

In addition to the Pre-Hurricane Claims and Hurricane Related Claims, ARDC seeks the return of \$37,782.14 drawn under its letter of credit by the HOW Companies for failure to satisfy its obligations under the builder agreement. ARDC petitioned the Commission for immediate relief in this matter. However, the petition was dismissed without prejudice on the ground that the Commission appeal was premature because the Deputy Receiver had not entered an initial determination regarding the claim. The Pre-Hurricane Related Claims and Hurricane Related Claims were denied by the Deputy Receiver and ARDC filed an appeal. ARDC's appeal remains pending as of this financial statement.

C. In addition to litigation mentioned in these notes to financial statement, the Company, its affiliates and its insureds were subject to claims litigation or threatened litigation brought under the Company's warranty documents that may have a material effect on the Company's financials. The reserve for litigation or threatened litigation matters reflects only a portion of the potential claims liability, if any, which may arise from litigation or threatened litigation matters. The Deputy Receiver believes that there are meritorious defenses to the litigation or threatened litigation cases. Due to the inherent uncertainty of litigation, the Company's actual liability may vary from its reserved liability for such litigation or threatened litigation matters. The Deputy Receiver has stayed or moved to stay all pending litigation cases that were filed against the Companies. In most cases, litigation continues against the Company's insureds.

NOTES TO FINANCIAL STATEMENTS

D. On or about November 29, 2004, the Deputy Receiver filed with the State Corporation Commission (the "Commission") of the Commonwealth of Virginia an "Application For Orders Setting Hearing On Plans Of Liquidation For How Insurance Company, A Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Establishing Response Date, Approving Plans Of Liquidation, Approving Claims Bar Date, And Related Matters" (the "Plan"). The plan of may be summarized by the following key parts:

- (1) HOW will be liquidated under a tax-free exchange plan of liquidation.
- (2) Member builders of HWC will be paid the return of their capital contributions in HWC, as and when HWC has sufficient assets, provided that such member builders are eligible builders as defined by the HOW member builder program. Ineligible builders, as defined by the HOW member builder program, will not receive the return of their capital contributions from HWC.
- (3) All of the HOW's claims will be finally paid and adjudicated within a three-year period following the commencement of the Plan.
- (4) Interest will be paid on all home owner claims that had been deferred since the inception of the receivership. General creditor claims of the Companies will also be paid.
- (5) Member builders will be paid by HWC, as and when it has available assets, for their equity in HWC. Member builders, as of the receivership date, will be eligible for the payment of their equity in HWC. The equity payments of HWC will be based on a two-part formula. The first part of the formula will pay all member builders the same for having been a member builder in HWC as of the receivership date. The second part of the formula will reward builders for their profits interest in HWC (*i.e.*, for how profitable each builder's insurance business may have been in HOW). The second part of the formula will consider the insurance business placed in HOW by such member builder.
- (6) The Deputy Receiver will retain assets of HWC for administrative expenses, taxes, and other contingencies before the final amounts are paid from HWC's assets. A trust (the "Trust") will be created for funds that must be escheated to state jurisdictions. Following the payment of all liabilities and amounts required for member builders' equity in HWC, the receivership estate of the HOW Companies will be closed. The Trust will be dissolved when all escheat funds have been paid to state jurisdictions.

On December 27, 2004, the Commission entered an order setting a hearing on the Application for May 17, 2005.

12. The Company has entered into an agreement with Compagnie Euro Paris, in Liquidation, in which it has agreed to accept a 25% settlement of its claims. The amount accepted by the Company amounted to \$26,250.

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	13,005,767	10.569	13,005,766	10.569
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	16,676,542	13.552	16,676,542	13.552
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	7,133,139	5.797	7,133,139	5.797
1.512 Issued or guaranteed by FNMA and FHLMC	14,436,550	11.731	14,436,550	11.731
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	620,832	0.504	620,832	0.505
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	64,865,621	52.711	64,864,621	52.711
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	6,320,631	5.136	6,320,631	5.136
9. Other invested assets		0.000	0	0.000
10. Total invested assets	123,059,082	100.000	123,058,081	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Virginia.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1990
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1990
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/12/1992
- 3.4 By what department or departments? Virginia
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 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 the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?..... Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Calhoun & Co. LLP., 7010 Villiage Center, Austin, TX 78731
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mercer Oliver Wyman Actuarial Consulting, Inc., 1166 Avenue of the Americas, New York, NY 10036
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 11.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
13. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?..... Yes [X] No []

FINANCIAL

- 15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.11 To directors or other officers .. \$0
- 15.12 To stockholders not officers .. \$0
- 15.13 Trustees, supreme or grand (Fraternal only) \$0
- 15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 15.21 To directors or other officers .. \$0
- 15.22 To stockholders not officers ... \$0
- 15.23 Trustees, supreme or grand (Fraternal only) \$0
- 16.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 16.2 If yes, state the amount thereof at December 31 of the current year:
- 16.21 Rented from others \$
- 16.22 Borrowed from others \$
- 16.23 Leased from others \$
- 16.24 Other \$
- Disclose in Notes to Financial the nature of each obligation.
- 17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 17.2 If answer is yes,
- 17.21 Amount paid as losses or risk adjustment \$
- 17.22 Amount paid as expenses \$
- 17.23 Other amounts paid \$

**GENERAL INTERROGATORIES
INVESTMENT**

18. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred				0	[]	[]	[]	[]
Common	50,000	50,000	20.000	XXX	XXX	XXX	XXX	XXX

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

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

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [] No [X]

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

20.21	Loaned to others	\$.....
20.22	Subject to repurchase agreements	\$.....
20.23	Subject to reverse repurchase agreements	\$.....
20.24	Subject to dollar repurchase agreements	\$.....
20.25	Subject to reverse dollar repurchase agreements ...	\$.....
20.26	Pledged as collateral	\$.....
20.27	Placed under option agreements	\$.....
20.28	Letter stock or other securities restricted as to sale ..	\$.....
20.29	Other	\$.....

20.3 For category (20.28) provide the following:

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

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

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA []
If no, attach a description with this statement.

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

22.2 If yes, state the amount thereof at December 31 of the current year. \$.....

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

GENERAL INTERROGATORIES

INVESTMENT

23. 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 [] No []

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

1 Name of Custodian(s)	2 Custodian's Address
Investors Bank & Trust Company.....	33 Maiden Lane, 4th Floor, New York, NY 10038.....
Deutsche Bank.....	P.O. Box 3343, Church Street Station, New York, NY 10008-3343.....

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

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

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No []

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

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

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

1 Central Registration Depository Number(s)	2 Name	2 Address
105496.....	T. Rowe Price Associates, Inc.....	100 East Pratt Street, Baltimore, MD 21202.....

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

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
9999999. TOTAL		0

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

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

GENERAL INTERROGATORIES

INVESTMENT

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds.....	122,528,454	123,703,792	1,175,338
25.2 Preferred stocks.....	0		0
25.3 Totals	122,528,454	123,703,792	1,175,338

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

Market values were obtained from the SVO where available. The market value of bonds not valued by the SVO were obtained from T. Rowe Price Associates, Inc.....

26.1 Have all the filing requirements of the *Purposes and Procedures* manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

26.2 If no, list the exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$0

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

28.1 Amount of payments for legal expenses, if any?.....\$120,682

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

1 Name	2 Amount Paid
See Attached.....

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

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

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0

All years prior to most current three years:

- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0

All years prior to most current three years:

- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$101,000	\$	.....135,000
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$52,424,870	\$	.....62,169,196
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

- 3.21 Participating policies..... \$
- 3.22 Non-participating policies..... \$

4. For Mutual Reporting Entities and Reciprocal Exchanges Only:

- 4.1 Does the reporting entity issue assessable policies?..... Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums?..... \$

5. For Reciprocal Exchanges Only:

- 5.1 Does the Exchange appoint local agents?..... Yes [] No []
- 5.2 If yes, is the commission paid:

- 5.21 Out of Attorney's-in-fact compensation..... Yes [] No [] NA []
- 5.22 As a direct expense of the Exchange..... Yes [] No [] NA []

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []

5.5 If yes, give full information

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
N/A.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
.....
- 7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)?..... Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions:1
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 8.2 If yes, give full information
.....
9. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [X] NA []
- 10.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 10.2 If yes, give full information
.....
- 11.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 12.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
11.11 Unpaid losses..... \$
11.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 11.2 Of the amount on Line 12.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 11.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [] NA [X]
- 11.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
11.41 From..... %
11.42 To..... %
- 11.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [X] No []
- 11.6 If yes, state the amount thereof at December 31 of the current year:
11.61 Letters of Credit..... \$2,153,957
11.62 Collateral and other funds..... \$1,164,104
- 12.1 What amount of installment notes is owned and now held by the reporting entity?..... \$0
- 12.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No []
- 12.3 If yes, what amount?..... \$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$207,428
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

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

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

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [] No []

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in writer agreements?..... Yes [] No []

14.5 If answer to 14.4 is no, please explain:
.....

15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]

15.2 If yes, give full information
.....

16.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

16.11 Name of real estate holding company

16.12 Number of parcels involved

16.13 Total book/adjusted carrying value \$.....

16.2 If yes, provide explanation:

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

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
17.11 Home	\$(3,249,929)	\$45,181,000	\$0	\$0	\$101,000
17.12 Products	\$	\$	\$	\$	\$
17.13 Automobile	\$	\$	\$	\$	\$
17.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

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

	1 2004	2 2003	3 2002	4 2001	5 2000
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	0	0	0	0	0
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	0	0	0	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8)	6,620,105	(8,159,100)	19,161,718	15,835,858	(21,008,305)
14. Net investment gain (Loss) (Line 11)	1,630,170	2,844,505	3,372,448	5,362,411	5,652,405
15. Total other income (Line 15)	4,450,404	36,903,204	722	240	31
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	0	0	0	0	0
18. Net income (Line 20)	12,700,678	31,588,609	22,534,888	21,198,509	(15,355,868)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	125,651,226	124,234,570	124,273,103	125,373,136	133,549,523
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 12.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 12.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 12.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	109,402,630	116,239,871	111,625,425	134,677,000	164,523,469
22. Losses (Page 3, Lines 1 and 2)	45,181,000	49,729,000	45,326,068	59,890,270	75,577,779
23. Loss adjustment expenses (Page 3, Line 3)	7,243,870	12,339,196	13,600,000	20,960,000	27,251,634
24. Unearned premiums (Page 3, Line 9)	0	101,000	236,000	2,792,000	4,066,000
25. Capital paid up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	16,248,598	7,994,699	12,647,675	(9,303,864)	(30,973,946)
Risk-Based Capital Analysis					
27. Total adjusted capital	16,248,598	7,994,699	12,647,675	(9,303,864)	(30,973,946)
28. Authorized control level risk-based capital	7,422,424	4,030,757	5,401,050	9,053,488	12,870,068
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	94.9	97.9	97.8	98.0	90.8
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and short-term investments (Line 5)	5.1	2.1	2.2	2.0	9.2
34. Contract loans (Line 6)	0.0		XXX	XXX	XXX
35. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Receivable for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
38. Cash and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
40. Affiliated preferred stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
41. Affiliated common stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
43. Affiliated mortgage loans on real estate	0	0	0	0	0
44. All other affiliated	0	0	0	0	0
45. Total of above Lines 39 to 44	0	0	0	0	0
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2004	2 2003	3 2002	4 2001	5 2000
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (Losses) (Line 23)	0	648,365	(606,772)	313,062	196,274
48. Dividends to stockholders (Line 34)	0	0	0	0	0
49. Change in surplus as regards policyholders for the year (Line 37)	8,253,901	(4,652,978)	21,951,540	21,670,081	(14,773,629)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,981,023	4,543,493	3,072,936	3,366,773	3,692,294
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
55. Total (Line 34)	1,981,023	4,543,493	3,072,936	3,366,773	3,692,294
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,298,071	2,647,513	1,991,572	3,011,799	3,161,497
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
61. Total (Line 34)	1,298,071	2,647,513	1,991,572	3,011,799	3,161,497
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	(3,217.8)	5,222.6	(491.9)	(995.0)	533.9
64. Loss expenses incurred (Line 3)	(3,586.3)	645.9	(151.7)	(188.8)	(38.6)
65. Other underwriting expenses incurred (Line 4)	2.2	0.6	0.0	0.1	0.1
66. Net underwriting gain (loss) (Line 8)	6,554.6	(6,043.8)	749.7	1,243.0	(411.4)
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	0.0	0.0	0.0	0.0	0.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	(6,804.0)	5,868.4	(643.6)	(1,183.8)	495.3
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(2,880)	7,078	(17,522)	(17,958)	22,870
71. Percent of development of loss and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	(36.0)	56.0	188.3	58.0	(141.2)
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	2,104	(10,577)	(35,707)	4,705	10,328
73. Percent of development of loss and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	16.6	113.7	115.3	(29.0)	(31.6)



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EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code **0000**

BUSINESS IN THE STATE OF

DURING THE YEAR 2004

NAIC Company Code **41246**

Line of Business	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												
8. Ocean marine												
9. Inland marine												
10. Financial guaranty												
11. Medical malpractice												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 All other A & H (b)												
15.7 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17. Other liability												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	0	0	0
34. TOTALS (a)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
3301.												
3302.												
3303.												
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 34

\$

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

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SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

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

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

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

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

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

NONE

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 20,138,905 2. Canada 0 3. Other Countries 0 4. Totals 20,138,905	20,394,077 0 0 20,394,077	20,225,338 0 0 20,225,338	19,893,842 0 0 19,893,842
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 31,733,924 14. Canada 0 15. Other Countries 0 16. Totals 31,733,924	31,785,925 0 0 31,785,925	31,883,707 0 0 31,883,707	31,201,725 0 0 31,201,725
Public Utilities (unaffiliated)	17. United States 8,757,733 18. Canada 0 19. Other Countries 0 20. Totals 8,757,733	9,043,516 0 0 9,043,516	8,702,530 0 0 8,702,530	8,625,000 0 0 8,625,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 56,107,887 22. Canada 0 23. Other Countries 0 24. Totals 56,107,887	56,690,269 0 0 56,690,269	56,716,453 0 0 56,716,453	55,251,350 0 0 55,251,350
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 116,738,449	0 117,913,787	0 117,528,029	0 114,971,917
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0	0 0 0	0 0 0	0 0 0
	56. Total Bonds and Stocks 116,738,449	117,913,787	117,528,029	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 118,911,421	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 7, Part 3 52,276,936	6.1 Column 15, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 19, Part 2, Sec. 1 0
3.1 Columns 12 + 13 - 14, Part 1 (477,237)	6.3 Column 16, Part 2, Sec. 2 0
3.2 Column 18, Part 2, Sec. 1 0	6.4 Column 15, Part 4 0
3.3 Column 15, Part 2, Sec. 2 0	7. Book/adjusted carrying value at end of current period 116,738,449
3.4 Column 14, Part 4 (446,081) (923,318)	8. Total valuation allowance 0
4. Total gain (loss), Col. 19, Part 4 123,049	9. Subtotal (Lines 7 plus 8) 116,738,449
5. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 53,649,639	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 116,738,449

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	4,399,897	12,879,093	1,599,143	1,040,410	220,363	20,138,906	16.4	23,009,209	19.1	20,138,905	0
1.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
1.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
1.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
1.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	4,399,897	12,879,093	1,599,143	1,040,410	220,363	20,138,906	16.4	23,009,209	19.1	20,138,905	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
2.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
2.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
3.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
3.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
4.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
4.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	9,216,038	16,324,508	3,594,936	2,259,283	339,160	31,733,925	25.9	33,286,211	27.6	31,733,924	0
5.2 Class 2	0	0	0	0	0	0	0.0	0	0.0	0	0
5.3 Class 3	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Class 4	0	0	0	0	0	0	0.0	0	0.0	0	0
5.5 Class 5	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	9,216,038	16,324,508	3,594,936	2,259,283	339,160	31,733,925	25.9	33,286,211	27.6	31,733,924	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	.0	3,184,123	.0	.0	.0	3,184,123	2.6	4,004,089	3.3	3,184,123	.0
6.2 Class 2	.0	4,915,722	150,000	.0	.0	5,065,722	4.1	4,607,519	3.8	5,065,722	.0
6.3 Class 3	.0	.0	507,888	.0	.0	507,888	0.4	.0	0.0	507,888	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	508,784	0.4	.0	.0
6.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	8,099,845	657,888	0	0	8,757,733	7.1	9,120,392	7.6	8,757,733	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	13,962,962	30,582,520	1,612,197	449,954	394,696	47,002,329	38.4	39,879,447	33.1	47,002,329	.0
7.2 Class 2	1,849,577	9,587,811	1,002,014	.0	.0	12,439,402	10.2	11,269,868	9.3	12,439,402	.0
7.3 Class 3	.0	2,012,933	327,388	.0	.0	2,340,321	1.9	2,574,758	2.1	2,340,321	.0
7.4 Class 4	.0	115,838	.0	.0	.0	115,838	0.1	1,477,847	1.2	115,838	.0
7.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.7 Totals	15,812,539	42,299,102	2,941,599	449,954	394,696	61,897,890	50.5	55,201,920	45.8	61,897,890	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	27,578,897	62,970,244	6,806,276	3,749,647	954,219	102,059,283	83.3	XXX	XXX	102,059,281	.0
10.2 Class 2	1,849,577	14,503,533	1,152,014	.0	.0	17,505,124	14.3	XXX	XXX	17,505,124	.0
10.3 Class 3	.0	2,012,933	835,276	.0	.0	2,848,209	2.3	XXX	XXX	2,848,209	.0
10.4 Class 4	.0	115,838	.0	.0	.0	115,838	0.1	XXX	XXX	115,838	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	29,428,474	79,602,548	8,793,566	3,749,647	954,219	122,528,454	100.0	XXX	XXX	122,528,452	.0
10.8 Line 10.7 as a % of Col. 6	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	18,144,362	65,301,844	9,550,299	4,907,049	2,275,402	XXX	XXX	100,178,956	83.1	100,178,956	.0
11.2 Class 2	3,479,092	12,248,295	1,150,000	.0	.0	XXX	XXX	15,877,387	13.2	15,877,387	.0
11.3 Class 3	.0	1,518,655	1,056,103	.0	.0	XXX	XXX	2,574,758	2.1	2,574,758	.0
11.4 Class 4	533,308	445,636	1,007,687	.0	.0	XXX	XXX	1,986,631	1.6	1,986,631	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	22,156,762	79,514,430	11,764,089	4,907,049	2,275,402	XXX	XXX	120,617,732	100.0	120,617,732	.0
11.8 Line 11.7 as a % of Col. 8	18.4	65.9	9.8	4.1	1.9	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	27,578,897	62,970,244	6,806,276	3,749,647	954,219	102,059,282	83.3	100,178,956	83.1	102,059,282	XXX
12.2 Class 2	1,849,577	14,503,532	1,152,014	.0	.0	17,505,123	14.3	15,877,387	13.2	17,505,123	XXX
12.3 Class 3	.0	2,012,933	835,276	.0	.0	2,848,209	2.3	2,574,758	2.1	2,848,209	XXX
12.4 Class 4	.0	115,838	.0	.0	.0	115,838	0.1	1,986,631	1.6	115,838	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	29,428,474	79,602,547	8,793,565	3,749,647	954,219	122,528,452	100.0	120,617,732	100.0	122,528,452	XXX
12.8 Line 12.7 as a % of Col. 6	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$.0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 current year, \$.0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.0 current year, \$.0 prior year of bonds with 5* designations and \$.0 current year, \$.0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	2,995,769	10,009,997	0	0	0	13,005,766	10.6	13,165,301	10.9	13,005,766	0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	1,404,127	2,869,096	1,599,143	1,040,410	220,363	7,133,139	5.8	9,843,908	8.2	7,133,139	0
1.7 Totals	4,399,896	12,879,093	1,599,143	1,040,410	220,363	20,138,905	16.4	23,009,209	19.1	20,138,905	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	5,832,249	9,107,967	539,558	1,178,031	18,738	16,676,543	13.6	13,248,050	11.0	16,676,542	0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	3,340,429	6,943,760	2,864,085	967,855	320,422	14,436,551	11.8	15,501,421	12.9	14,436,550	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	43,360	272,781	191,293	113,397	0	620,831	0.5	4,536,740	3.8	620,832	0
5.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	9,216,038	16,324,508	3,594,936	2,259,283	339,160	31,733,925	25.9	33,286,211	27.6	31,733,924	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	0	8,099,845	657,888	0	0	8,757,733	7.1	9,120,392	7.6	8,757,733	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	0	8,099,845	657,888	0	0	8,757,733	7.1	9,120,392	7.6	8,757,733	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	15,395,043	41,374,535	2,941,599	449,954	394,696	60,555,827	49.4	48,898,337	40.5	60,555,826	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	300,150	0.2	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
7.3 Defined	417,500	924,567	0	0	0	1,342,067	1.1	2,514,557	2.1	1,342,066	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
7.6 Other	0	0	0	0	0	0	0.0	3,488,876	2.9	0	0
7.7 Totals	15,812,543	42,299,102	2,941,599	449,954	394,696	61,897,894	50.5	55,201,920	45.8	61,897,892	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	24,223,061	68,592,344	4,139,045	1,627,985	413,434	98,995,869	80.8	XXX	XXX	98,995,867	.0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	4,744,556	9,812,856	4,463,228	2,008,265	540,785	21,569,690	17.6	XXX	XXX	21,569,689	.0
10.3 Defined	460,860	1,197,348	191,293	113,397	.0	1,962,898	1.6	XXX	XXX	1,962,898	.0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Defined	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Other	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	29,428,477	79,602,548	8,793,566	3,749,647	954,219	122,528,457	100.0	XXX	XXX	122,528,454	.0
10.8 Line 10.7 as a % of Col. 6	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	16,341,722	63,697,789	4,219,918	172,651	.0	XXX	XXX	84,432,080	70.0	84,432,082	.0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	5,217,127	10,986,032	5,795,115	2,732,510	914,695	XXX	XXX	25,645,479	21.3	25,645,478	.0
11.3 Defined	529,000	3,556,125	697,453	1,665,680	603,039	XXX	XXX	7,051,297	5.8	7,051,297	.0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Defined	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Other	68,913	1,274,485	1,051,603	336,207	757,668	XXX	XXX	3,488,876	2.9	3,488,876	.0
11.7 Totals	22,156,762	79,514,431	11,764,089	4,907,048	2,275,402	XXX	XXX	120,617,732	100.0	120,617,733	.0
11.8 Line 11.7 as a % of Col. 8	18.4	65.9	9.8	4.1	1.9	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	24,223,062	68,592,344	4,139,045	1,627,985	413,434	98,995,870	80.8	84,432,080	70.0	98,995,870	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	4,744,556	9,812,856	4,463,228	2,008,265	540,785	21,569,690	17.6	25,645,477	21.3	21,569,690	XXX
12.3 Defined	460,860	1,197,348	191,293	113,397	.0	1,962,898	1.6	7,051,296	5.8	1,962,898	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Other	.0	.0	.0	.0	.0	.0	0.0	3,488,876	2.9	.0	XXX
12.7 Totals	29,428,478	79,602,548	8,793,566	3,749,647	954,219	122,528,458	100.0	120,617,729	100.0	122,528,458	XXX
12.8 Line 12.7 as a % of Col. 6	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	24.0	65.0	7.2	3.1	0.8	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	1,706,312	1,706,312	0	0	0
2. Cost of short-term investments acquired	39,493,796	39,493,796			
3. Increase (decrease) by adjustment	0				
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	0				
6. Consideration received on disposal of short-term investments	35,410,103	35,410,103			
7. Book/adjusted carrying value, current year	5,790,005	5,790,005	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	5,790,005	5,790,005	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	5,790,005	5,790,005	0	0	0
12. Income collected during year	3,955	3,955			
13. Income earned during year	3,955	3,955			

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

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 3

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

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commis-sions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
0499999 - Total - Authorized - Affiliates																0		0	
13-4924125	10227	American Reinsurance Company	DE					265		3,404	752				4,421		4,421	43,930	
36-3347420	23876	Chatham Reinsurance Corporation	NJ												0	9	(9)		
13-3440360	29700	European Reinsurance Corp of America	NH			118	41								159	657	(498)		
AA-0040053	00000	New York Insurance Exchange	NY			1									1		1		
13-2930109	22047	North Star Reinsurance Corp/Signet	DE			4	3								7	22	(15)		
23-0580680	24457	Reliance Insurance Company	PA			29	5								34	31	3		
75-1444207	30058	SCOR Reinsurance Company	NY			360	99								459	1,393	(934)		
13-3029255	39322	Sorema North American Reinsurance Company	NY			4									4	175	(171)		
41-0406690	24767	St. Paul Marine & Fire Insurance	MN			76	16								92	228	(136)		
47-0698507	23680	TIG Reinsurance Co.	CT			25	7								32	35	(3)		
13-6108722	12904	Tokio Marine & Fire Insurance Company	NY												0	7	(7)		
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)															0		0		
0599999 - Authorized - Other U.S. Unaffiliated Insurers						0	617	171	265	3,404	752	0			5,209	2,557	2,652	43,930	
AA-1122000	00000	Lloyds Underwriters	EN			55	1								56	6	50		
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)															0		0		
0899999 - Authorized - Other Non-U.S. Insurers							55	1							56	6	50		
0999999 - Total - Authorized						0	672	172	265	3,404	752	0			5,265	2,563	2,702	43,930	
1399999 - Total - Unauthorized - Affiliates															0		0		
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)															0		0		
AA-1120440	00000	Copenhagen Reinsurance Company	EN			13	1								14	55	(41)		
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akf	GW			0									0	27	(27)		
AA-1120580	00000	Excess Insurance Company Ltd	EN			5	5								10		10		
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)															0		0		
1799999 - Unauthorized - Other Non-U.S. Insurers							18	6							24	82	(58)		
1899999 - Total - Unauthorized							18	6							24	82	(58)		
1999999 - Total - Authorized and Unauthorized						0	690	178	265	3,404	752	0	0		5,289	2,645	2,644	43,930	
2099999 - Total - Protected Cells															0		0		
9999999 Totals						0	690	178	265	3,404	752	0	0		5,289	2,645	2,644	43,930	

NOTE: Report the five largest provisional commission rates included in the cedant's reinsurance treaties.

The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

	1 Name of Company	2 Commission Rate	3 Ceded Premium
1.		
2.		
3.		
4.		
5.		

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

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

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses						11 Total Due Cols. 5 + 10	12 Percentage Overdue Col. 10/Col. 11	13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11
				5 Current	Overdue							
					6 1 to 29 Days	7 30 - 90 Days	8 91 - 120 Days	9 Over 120 Days	10 Total Overdue Cols. 6 + 7 + 8 + 9			
13-3440360	29700	European Reinsurance Corp of America	NH					159	159	159	100.0	100.0
AA-0040053	00000	New York Insurance Exchange	NY					1	1	1	100.0	100.0
13-2930109	22047	North Star Reinsurance Corp/Signet	DE					7	7	7	100.0	100.0
23-0580680	24457	Reliance Insurance Company	PA					34	34	34	100.0	100.0
75-1444207	30058	SCOR Reinsurance Company	NY					459	459	459	100.0	100.0
13-3029255	39322	Sorema North American Reinsurance	NY					4	4	4	100.0	100.0
41-0406690	24767	St. Paul Marine & Fire	MN					92	92	92	100.0	100.0
47-0698507	23680	TIG Reinsurance Co	CT					32	32	32	100.0	100.0
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling								788	788	788	100.0	100.0
0299999 - Authorized - Affiliates - U.S. Non-Pool											0.0	0.0
0399999 - Authorized - Affiliates - Other (Non-U.S.)											0.0	0.0
0499999 - Total - Authorized - Affiliates								788	788	788	100.0	100.0
0599999 - Authorized - Other U.S. Unaffiliated Insurers											0.0	0.0
0699999 - Authorized - Pools - Mandatory Pools											0.0	0.0
0799999 - Authorized - Pools - Voluntary Pools											0.0	0.0
AA-1122000	00000	Lloyds Underwriters	EN					56	56	56	100.0	100.0
0899999 - Authorized - Other Non-U.S. Insurers								56	56	56	100.0	100.0
0999999 - Total - Authorized								844	844	844	100.0	100.0
1099999 - Unauthorized - Affiliates - U.S. Intercompany Pooling											0.0	0.0
1199999 - Unauthorized - Affiliates - U.S. Non-Pool											0.0	0.0
1299999 - Unauthorized - Affiliates - Other (Non-U.S.)											0.0	0.0
1399999 - Total - Unauthorized - Affiliates									0	0	0.0	0.0
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers											0.0	0.0
1599999 - Unauthorized - Pools - Mandatory Pools											0.0	0.0
1699999 - Unauthorized - Pools - Voluntary Pools											0.0	0.0
AA-1120440	00000	Copenhagen Reinsurance Company	EN					14	14	14	100.0	100.0
AA-1120580	00000	Excess Insurance Company Ltd	EN					10	10	10	100.0	100.0
1799999 - Unauthorized - Other Non-U.S. Insurers								24	24	24	100.0	100.0
1899999 - Total - Unauthorized								24	24	24	100.0	100.0
1999999 - Total - Authorized and Unauthorized								868	868	868	100.0	100.0
2099999 - Total - Protected Cells									0	0	0.0	0.0
9999999 Totals								868	868	868	100.0	100.0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 6 thru 10 but not in excess of Col. 5	Subtotal Col. 5 minus Col. 11	Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	20% of Amount in Col. 13	Smaller of Col. 11 or Col. 14	Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	Total Provision for Unauthorized Reinsurance Smaller of Col.5 or Cols. 12 +15 + 16
AA-1120440	00000	Copenhagen Reinsurance Company	EN	14				55		14	0		0	0	0	0
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akt	GW					27		0	0		0	0	0	0
AA-1120580	00000	Excess Insurance Company Ltd.	EN	10						0	10		0	0	0	10
0899999 - Other Non-U.S. Insurers				24				82		14	10					10
0999999 - Total - Affiliates and Others				24				82		14	10					10
1099999 - Total - Protected Cells										0	0		0	0	0	0
9999999 Totals				24				82		14	10					10

1. Amounts in dispute totaling \$are included in Column 5.
2. Amounts in dispute totaling \$are excluded from Column 13.
3. Column 5 excludes \$recoverables on ceded IBNR on contracts in force prior to July 1, 1984 and not subsequently renewed.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 6

Provision for Overdue Authorized Reinsurance as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	Amounts Received Prior 90 Days	Col. 4 divided by (Cols. 5 + 6)	Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	20% of Amount in Col. 9	Amount Reported in Col. 8 x 20% + Col. 10
36-3347420	23876	Chatham Reinsurance Corporation	308	308		100.000	0	0	0	0
13-3440360	29700	European Reinsurance Corp of America	161,777	161,777		100.000	0	0	0	0
AA-1122000	00000	Lloyds Underwriters	56,839	56,839		100.000	0	0	0	0
AA-0040053	00000	New York Insurance Exchange	1,638	1,638		100.000	0	0	0	0
13-2930109	22047	North Star Reinsurance Corp/Signet	7,971	7,971		100.000	0	0	0	0
23-0580680	24457	Reliance Insurance Corporation	34,664	34,664		100.000	0	0	0	0
75-1444207	30058	SCOR Reliance Company	460,439	460,439		100.000	0	0	0	0
13-3029255	39322	Sorema North American Reinsurance Company	5,034	5,034		100.000	0	0	0	0
41-0406690	24767	St. Paul Marine & Fire Insurance Company	92,356	92,356		100.000	0	0	0	0
47-0698507	23680	TIG Reinsurance Company	32,917	32,917		100.000	0	0	0	0
13-6108722	12904	Tokio Marine & Fire Insurance Company	154	154		100.000	0	0	0	0
9999999 Totals			854,097	854,097		100.000	0	0	0	0

(a) From Schedule F - Part 4 Columns 8 + 9, total authorized, less \$ in dispute.
 (b) From Schedule F - Part 3 Columns 7 + 8, total authorized, less \$ in dispute.

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Reinsurance Recoverable All Items	5 Funds Held By Company Under Reinsurance Treaties	6 Letters of Credit	7 Ceded Balances Payable	8 Other Miscellaneous Balances	9 Other Allowed Offset Items	10 Sum of Cols. 5 thru 9 but not in excess of Col. 4	11 Col. 4 minus Col. 10	12 Greater of Col. 11 or Schedule F - Part 4 Cols. 8 + 9
AA-1122000	00000	Lloyds Underwriters	56,839				6,212		6,212	50,627	50,627
AA-0040053	00000	New York Insurance Exchange	1,638						0	1,638	1,638
23-0580680	24457	Reliance Insurance Corporation	34,664				31,293		31,293	3,371	3,371
9999999 Totals			93,141				37,505		37,505	55,636	55,636

1. Total	55,636
2. Line 1 x .2	11,127
3. Schedule F - Part 6 Col. 11	0
4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3)	11,127
5. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 17 x 1000)	10,000
6. Provision for Reinsurance (sum Lines 4 + 5) [Enter this amount on Page 3, Line 16]	21,127

40

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<u>ASSETS</u> (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	123,059,080		123,059,080
2. Premiums and considerations (Line 12)	0		0
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 13.1).....	868,465	(868,465)	0
4. Funds held by or deposited with reinsured companies (Line 13.2).....	0		0
5. Other assets	1,723,681		1,723,681
6. Net amount recoverable from reinsurers		(38,662,492)	(38,662,492)
7. Totals (Line 26)	125,651,226	(39,530,957)	86,120,269
<u>LIABILITIES</u> (Page 3)			
8. Losses and loss adjustment expenses (Lines 1 through 3)	52,424,870	4,421,000	56,845,870
9. Taxes, expenses, and other obligations (Lines 4 through 8)	54,264		54,264
10. Unearned premiums (Line 9)	0		0
11. Advance Premiums (Line 10)	0		0
12. Dividends declared and unpaid (Line 11.1 and 11.2)	0		0
13. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12)	0		0
14. Funds held by company under reinsurance treaties (Line 13)	43,930,830	(43,930,830)	0
15. Amounts withheld or retained by company for account of others (Line 14)	0		0
16. Provision for reinsurance (Line 16)	21,127	(21,127)	0
17. Other liabilities (Lines 15 and 17 through 23)	12,971,539		12,971,539
18. Total liabilities excluding protected cell business (Line 26 minus Line 25)	109,402,630	(39,530,957)	69,871,673
19. Surplus as regards policyholders (Line 35)	16,248,598	X X X	16,248,598
20. Totals (Line 36)	125,651,228	(39,530,957)	86,120,271

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

If yes, give full explanation:

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5

NONE

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY**

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	7	15	0	0	0	0	8	XXX
2. 1995	18,920	5,042	13,878	7,981	259	401	114	1,914	0	688	9,923	XXX
3. 1996	18,502	3,413	15,089	5,062	427	749	33	7,546	0	2,140	12,897	XXX
4. 1997	17,937	4,071	13,866	3,639	642	603	28	4,065	0	798	7,637	XXX
5. 1998	13,588	2,596	10,992	3,144	635	412	38	2,861	0	825	5,744	XXX
6. 1999	10,946	2,296	8,650	3,689	1,022	406	41	3,280	0	568	6,312	XXX
7. 2000	7,234	2,127	5,107	3,377	1,010	396	46	3,050	0	581	5,767	XXX
8. 2001	1,157	(117)	1,274	3,050	1,291	366	60	2,070	0	427	4,135	XXX
9. 2002	5,204	2,648	2,556	2,781	1,071	227	46	0	0	32	1,891	XXX
10. 2003	863	728	135	2,824	(70)	190	(9)	0	0	(57)	3,093	XXX
11. 2004	134	33	101	177	0	0	0	0	0	0	177	XXX
12. Totals	XXX	XXX	XXX	35,724	6,294	3,765	397	24,786	0	6,002	57,584	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	31,559	0	15,430	3,404	3	0	3,410	752	4,480	0	0	50,726	XXX
2.	12	0	0	0	0	0	0	0	0	0	0	12	XXX
3.	72	2	0	0	1	0	0	0	0	0	0	71	XXX
4.	130	49	0	0	0	0	0	0	0	0	0	81	XXX
5.	922	39	0	0	0	0	0	0	0	0	0	883	XXX
6.	120	4	0	0	8	0	0	0	0	0	0	124	XXX
7.	241	34	0	0	8	0	0	0	0	0	0	215	XXX
8.	39	14	0	0	16	0	0	0	0	0	0	41	XXX
9.	179	76	0	0	11	0	0	0	0	0	0	114	XXX
10.	146	47	0	0	14	0	0	0	0	0	0	113	XXX
11.	0	0	0	0	45	0	0	0	0	0	0	45	XXX
12. Totals	33,420	265	15,430	3,404	106	0	3,410	752	4,480	0	0	52,425	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount											
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid										
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	43,585	7,141										
2.	10,308	373	9,935	54.5	7.4	71.6	0	0		12	0										
3.	13,430	462	12,968	72.6	13.5	85.9	0	0		70	1										
4.	8,437	719	7,718	47.0	17.7	55.7	0	0		81	0										
5.	7,339	712	6,627	54.0	27.4	60.3	0	0		883	0										
6.	7,503	1,067	6,436	68.5	46.5	74.4	0	0		116	8										
7.	7,072	1,090	5,982	97.8	51.2	117.1	0	0		207	8										
8.	5,541	1,365	4,176	478.9	(1,166.7)	327.8	0	0		25	16										
9.	3,198	1,193	2,005	61.5	45.1	78.4	0	0		103	11										
10.	3,174	(32)	3,206	367.8	(4.4)	2,374.8	0	0		99	14										
11.	222	0	222	165.7	0.0	219.8	0	0		0	45										
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	45,181	7,244										

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

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	One Year	Two Year
1. Prior	64,636	73,885	84,543	79,775	67,948	89,245	71,540	53,560	60,527	55,690	(4,837)	2,130
2. 1995	6,376	4,852	8,743	7,543	8,119	8,360	8,325	8,310	8,315	8,021	(294)	(289)
3. 1996	XXX	7,140	6,866	5,460	5,403	5,401	5,412	5,405	5,385	5,422	37	17
4. 1997	XXX	XXX	3,677	3,467	3,272	3,628	3,642	3,671	3,637	3,653	16	(18)
5. 1998	XXX	XXX	XXX	3,062	3,120	3,001	3,061	3,062	2,969	3,766	797	704
6. 1999	XXX	XXX	XXX	XXX	3,154	4,251	3,741	3,758	3,946	3,156	(790)	(602)
7. 2000	XXX	XXX	XXX	XXX	XXX	2,460	2,667	2,873	2,721	2,932	211	59
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	2,016	2,243	2,327	2,106	(221)	(137)
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,765	1,898	2,005	107	240
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,112	3,206	2,094	XXX
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	222	XXX	XXX
12. Totals											(2,880)	2,104

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1. Prior	000	3,959	6,182	7,359	8,343	8,562	9,126	9,421	9,436	9,444	XXX	XXX
2. 1995	1,034	3,381	4,332	7,204	8,030	8,049	8,019	8,002	8,009	8,009	XXX	XXX
3. 1996	XXX	2,165	4,592	5,180	5,273	5,271	5,387	5,386	5,376	5,351	XXX	XXX
4. 1997	XXX	XXX	1,392	2,905	2,952	3,457	3,496	3,549	3,556	3,572	XXX	XXX
5. 1998	XXX	XXX	XXX	1,230	2,621	2,794	2,876	2,893	2,883	2,883	XXX	XXX
6. 1999	XXX	XXX	XXX	XXX	1,031	2,263	2,650	2,776	3,050	3,032	XXX	XXX
7. 2000	XXX	XXX	XXX	XXX	XXX	1,094	2,136	2,394	2,551	2,717	XXX	XXX
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	672	1,698	2,067	2,065	XXX	XXX
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	486	1,765	1,891	XXX	XXX
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	733	3,093	XXX	XXX
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	177	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	56,034	64,516	73,342	69,825	57,587	47,275	30,839	12,883	19,824	14,684
2. 1995	0	0	0	0	0	0	0	0	0	0
3. 1996	XXX	0	0	0	0	0	0	0	0	0
4. 1997	XXX	XXX	0	0	0	0	0	0	0	0
5. 1998	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 1999	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2000	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Medical Mal Occur

NONE

Schedule P - Part 1F - Medical Mal Claim

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance A

NONE

Schedule P - Part 1O - Reinsurance B

NONE

Schedule P - Part 1P - Reinsurance C

NONE

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

**SCHEDULE P - PART 1R - SECTION 1 - PRODUCTS LIABILITY -
OCCURRENCE**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	7	15	0	0	0	0	8	XXX
2. 1995	18,920	5,042	13,878	7,981	259	401	114	1,914	0	688	9,923	3,696
3. 1996	18,502	3,413	15,089	5,062	427	749	33	7,546	0	2,140	12,897	4,287
4. 1997	17,937	4,071	13,866	3,639	642	603	28	4,065	0	798	7,637	2,767
5. 1998	13,588	2,596	10,992	3,144	635	412	38	2,861	0	825	5,744	2,007
6. 1999	10,946	2,296	8,650	3,689	1,022	406	41	3,280	0	568	6,312	1,895
7. 2000	7,234	2,127	5,107	3,377	1,010	396	46	3,050	0	581	5,767	1,113
8. 2001	1,157	(117)	1,274	3,050	1,291	366	60	2,070	0	427	4,135	1,113
9. 2002	5,204	2,648	2,556	2,781	1,071	227	46	0	0	32	1,891	646
10. 2003	863	728	135	2,824	(70)	190	(9)	0	0	(57)	3,093	239
11. 2004	134	33	101	177	0	0	0	0	0	0	177	119
12. Totals	XXX	XXX	XXX	35,724	6,294	3,765	397	24,786	0	6,002	57,584	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	31,559	0	15,430	3,404	3	0	3,410	752	4,480	0	0	50,726	1,056
2.	12	0	0	0	0	0	0	0	0	0	0	12	3
3.	72	2	0	0	1	0	0	0	0	0	0	71	4
4.	130	49	0	0	0	0	0	0	0	0	0	81	14
5.	922	39	0	0	0	0	0	0	0	0	0	883	76
6.	120	4	0	0	8	0	0	0	0	0	0	124	47
7.	241	34	0	0	8	0	0	0	0	0	0	215	27
8.	39	14	0	0	16	0	0	0	0	0	0	41	40
9.	179	76	0	0	11	0	0	0	0	0	0	114	11
10.	146	47	0	0	14	0	0	0	0	0	0	113	26
11.	0	0	0	0	45	0	0	0	0	0	0	45	51
12.	33,420	265	15,430	3,404	106	0	3,410	752	4,480	0	0	52,425	1,355

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	43,585	7,141
2.	10,308	373	9,935	54.5	7.4	71.6	0	0	0.0	12	0
3.	13,430	462	12,968	72.6	13.5	85.9	0	0	0.0	70	1
4.	8,437	719	7,718	47.0	17.7	55.7	0	0	0.0	81	0
5.	7,339	712	6,627	54.0	27.4	60.3	0	0	0.0	883	0
6.	7,503	1,067	6,436	68.5	46.5	74.4	0	0	0.0	116	8
7.	7,072	1,090	5,982	97.8	51.2	117.1	0	0	0.0	207	8
8.	5,541	1,365	4,176	478.9	(1,166.7)	327.8	0	0	0.0	25	16
9.	3,198	1,193	2,005	61.5	45.1	78.4	0	0	0.0	103	11
10.	3,174	(32)	3,206	367.8	(4.4)	2,374.8	0	0	0.0	99	14
11.	222	0	222	165.7	0.0	219.8	0	0	0.0	0	45
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	45,181	7,244

Schedule P - Part 1R - Prod Liab Claims

NONE

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

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Medical Mal Occur

NONE

Schedule P - Part 2F - Medical Mal Claim

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I

NONE

Schedule P - Part 2J

NONE

Schedule P - Part 2K

NONE

Schedule P - Part 2L

NONE

Schedule P - Part 2M

NONE

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004	11 One Year	12 Two Year
1. Prior	64,636	73,885	84,543	79,775	67,948	89,245	71,540	53,560	60,527	55,690	(4,837)	2,130
2. 1995	6,376	4,852	8,743	7,543	8,119	8,360	8,325	8,310	8,315	8,021	(294)	(289)
3. 1996	XXX	7,140	6,866	5,460	5,403	5,401	5,412	5,405	5,385	5,422	37	17
4. 1997	XXX	XXX	3,677	3,467	3,272	3,628	3,642	3,671	3,637	3,653	16	(18)
5. 1998	XXX	XXX	XXX	3,062	3,120	3,001	3,061	3,062	2,969	3,766	797	704
6. 1999	XXX	XXX	XXX	XXX	3,154	4,251	3,741	3,758	3,946	3,156	(790)	(602)
7. 2000	XXX	XXX	XXX	XXX	XXX	2,460	2,667	2,873	2,721	2,932	211	59
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	2,016	2,243	2,327	2,106	(221)	(137)
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,765	1,898	2,005	107	240
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,112	3,206	2,094	XXX
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	222	XXX	XXX
12. Totals											(2,880)	2,104

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	0	0	0	0	0	0	0	0	0	0	0	0
2. 1995	0	0	0	0	0	0	0	0	0	0	0	0
3. 1996	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 1997	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 1998	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 1999	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2000	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											0	0

Schedule P - Part 3A

NONE

Schedule P - Part 3B

NONE

Schedule P - Part 3C

NONE

Schedule P - Part 3D

NONE

Schedule P - Part 3E

NONE

Schedule P - Part 3F - Medical Mal Occur

NONE

Schedule P - Part 3F - Medical Mal Claim

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J

NONE

Schedule P - Part 3K

NONE

Schedule P - Part 3L

NONE

Schedule P - Part 3M

NONE

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 3R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
1. Prior	.000	3,959	6,182	7,359	8,343	8,562	9,126	9,421	9,436	9,444	19,192	60,124
2. 1995	1,034	3,381	4,332	7,204	8,030	8,049	8,019	8,002	8,009	8,009	762	2,931
3. 1996	XXX	2,165	4,592	5,180	5,273	5,271	5,387	5,386	5,376	5,351	1,043	3,240
4. 1997	XXX	XXX	1,392	2,905	2,952	3,457	3,496	3,549	3,556	3,572	484	2,269
5. 1998	XXX	XXX	XXX	1,230	2,621	2,794	2,876	2,893	2,883	2,883	429	1,502
6. 1999	XXX	XXX	XXX	XXX	1,031	2,263	2,650	2,776	3,050	3,032	419	1,430
7. 2000	XXX	XXX	XXX	XXX	XXX	1,094	2,136	2,394	2,551	2,717	337	749
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	672	1,698	2,067	2,065	345	728
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	486	1,765	1,891	193	442
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	733	3,093	62	151
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	177	8	60

SCHEDULE P - PART 3R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1995	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1996	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1997	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1998	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 1999	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2000	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Medical Mal Occur

NONE

Schedule P - Part 4F - Medical Mal Claim

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I - Special Property

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 4R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004
1. Prior	56,034	64,516	73,342	69,825	57,587	47,275	30,839	12,883	19,824	14,684
2. 1995	0	0	0	0	0	0	0	0	0	0
3. 1996	XXX	0	0	0	0	0	0	0	0	0
4. 1997	XXX	XXX	0	0	0	0	0	0	0	0
5. 1998	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 1999	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2000	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	0	0	0	0	0	0	0	0	0	0							
2. 1995	0	0	0	0	0	0	0	0	0	0							
3. 1996	XXX	0	0	NONE							0						
4. 1997	XXX	XXX	0								0						
5. 1998	XXX	XXX	XXX								0						
6. 1999	XXX	XXX	XXX								XXX	0					
7. 2000	XXX	XXX	XXX								XXX	XXX	0				
8. 2001	XXX	XXX	XXX								XXX	XXX	XXX	0			
9. 2002	XXX	XXX	XXX								XXX	XXX	XXX	XXX	0		
10. 2003	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	0	
11. 2004	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	NONE			XXX	0	0	0	
2. 2003	XXX	XXX	XXX				XXX	XXX	XXX	0	0
3. 2004	XXX	XXX	XXX				XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 5A- SN1

NONE

Schedule P - Part 5A- SN2

NONE

Schedule P - Part 5A- SN3

NONE

Schedule P - Part 5B- SN1

NONE

Schedule P - Part 5B- SN2

NONE

Schedule P - Part 5B- SN3

NONE

Schedule P - Part 5C- SN1

NONE

Schedule P - Part 5C- SN2

NONE

Schedule P - Part 5C- SN3

NONE

Schedule P - Part 5D- SN1

NONE

Schedule P - Part 5D- SN2

NONE

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	183	74	42	65	159	16	66	0	0	25,070
2. 1995	331	639	688	747	756	759	761	761	762	762
3. 1996	XXX	383	721	984	1,025	1,032	1,035	1,038	1,040	1,043
4. 1997	XXX	XXX	219	427	464	477	480	482	484	484
5. 1998	XXX	XXX	XXX	216	388	409	424	429	429	429
6. 1999	XXX	XXX	XXX	XXX	191	357	406	412	415	419
7. 2000	XXX	XXX	XXX	XXX	XXX	186	308	330	335	337
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	154	322	343	345
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	110	175	193
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	26	62
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	629	381	449	432	233	213	391	1,060	1,060	1,056
2. 1995	1,358	251	101	24	11	6	3	4	3	3
3. 1996	XXX	1,763	336	81	30	9	7	5	7	4
4. 1997	XXX	XXX	709	128	59	31	27	25	15	14
5. 1998	XXX	XXX	XXX	592	203	142	121	115	81	76
6. 1999	XXX	XXX	XXX	XXX	613	224	100	91	62	47
7. 2000	XXX	XXX	XXX	XXX	XXX	400	143	116	82	27
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	370	110	53	40
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	273	42	11
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	84	26
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Prior	(1,441)	1	163	111	1	0	291	(14,087)	0	97,508
2. 1995	3,693	3,695	3,696	3,696	3,696	3,696	3,696	3,696	3,696	3,696
3. 1996	XXX	4,328	4,246	4,287	4,287	4,287	4,287	4,287	4,287	4,287
4. 1997	XXX	XXX	2,765	2,766	2,766	2,766	2,766	2,767	2,767	2,767
5. 1998	XXX	XXX	XXX	2,003	2,007	2,007	2,007	2,007	2,007	2,007
6. 1999	XXX	XXX	XXX	XXX	1,874	1,895	1,895	1,895	1,895	1,895
7. 2000	XXX	XXX	XXX	XXX	XXX	1,110	1,113	1,113	1,113	1,113
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	1,110	1,113	1,113	1,113
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	645	646	646
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	225	239
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	119

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004		
1. Prior	(842)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1995	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	.0
3. 1996	XXX	18,502	18,502	18,502	18,502	18,502	18,502	18,502	18,502	18,502	18,502	.0
4. 1997	XXX	XXX	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	17,937	.0
5. 1998	XXX	XXX	XXX	13,588	13,588	13,588	13,588	13,588	13,588	13,588	13,588	.0
6. 1999	XXX	XXX	XXX	XXX	10,946	10,946	10,946	10,946	10,946	10,946	10,946	.0
7. 2000	XXX	XXX	XXX	XXX	XXX	7,234	7,234	7,234	7,234	7,234	.0	(7,234)
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	1,157	1,157	1,157	1,157	.0	(1,157)
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,204	5,204	5,204	.0	(5,204)
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	863	863	.0	(863)
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	134	.0	134
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(14,324)
13. Earned Premiums (Sch P, Part 1)	18,920	18,502	17,937	13,588	11,105	7,234	1,157	5,204	863	134	XXX	

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004		
1. Prior	3,881	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1995	5,042	5,042	5,042	5,042	5,042	5,042	5,042	5,042	5,042	5,042	5,042	.0
3. 1996	XXX	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	.0
4. 1997	XXX	XXX	4,071	4,071	4,071	4,071	4,071	4,071	4,071	4,071	4,071	.0
5. 1998	XXX	XXX	XXX	2,596	2,596	2,596	2,596	2,596	2,596	2,596	2,596	.0
6. 1999	XXX	XXX	XXX	XXX	2,137	2,137	2,137	2,137	2,137	2,137	.0	(2,137)
7. 2000	XXX	XXX	XXX	XXX	XXX	2,127	2,127	2,127	2,127	2,127	.0	(2,127)
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	(117)	(117)	(117)	(117)	.0	.117
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,648	2,648	2,648	.0	(2,648)
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	728	728	.0	(728)
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	.0	0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(7,523)
13. Earned Premiums (Sch P, Part 1)	5,042	3,413	4,071	2,596	2,296	2,127	(117)	2,648	728	33	XXX	

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004		
NONE												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1995	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1996	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1997	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1998	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 1999	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2000	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	0	XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned	
	1 1995	2 1996	3 1997	4 1998	5 1999	6 2000	7 2001	8 2002	9 2003	10 2004		
NONE												
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1995	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1996	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1997	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1998	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 1999	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2000	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2001	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
13. Earned Premiums (Sch P, Part 1)	0	0	0	0	0	0	0	0	0	0	0	XXX

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P INTERROGATORIES

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in which premiums were earned and losses were incurred		1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01	Prior			
1.02	1995			
1.03	1996			
1.04	1997			
1.05	1998			
1.06	1999			
1.07	2000			
1.08	2001			
1.09	2002			
1.10	2003			
1.11	2004			
1.12	Totals	0	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Answer: Yes [X] No []

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [] No [X]

If Yes, proper reporting must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for:
(in thousands of dollars)

5.1 Fidelity

5.2 Surety

6. Claim count information is reported per claim or per claimant (Indicate which).....CLAIM
If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes which have occurred which must be considered when making such analyses? Yes [X] No []

7.2 An extended statement may be attached.
ULAE and IBNR Reserves are allocated to 1994 (See Notes to Financial Statement.....)

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

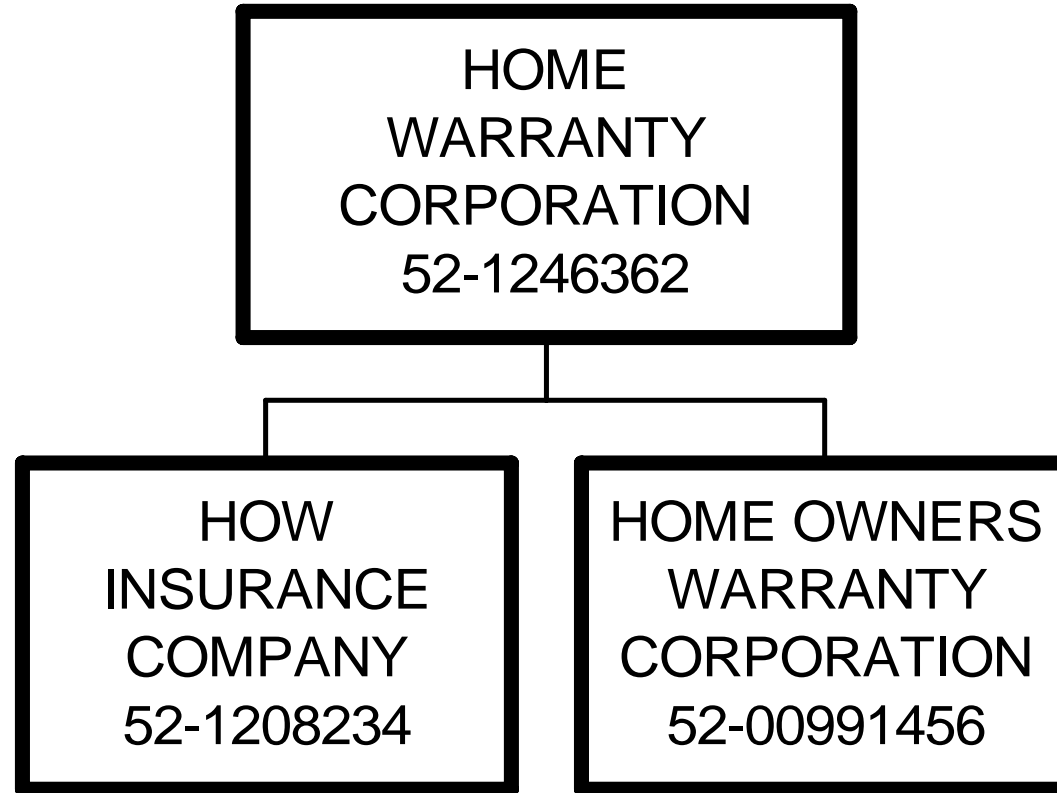
States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	.0	.0	2,176	4,111	1,935	.0	.0
2. Alaska	AK	No	.0	.0	.0	.0	.0	.0	.0
3. Arizona	AZ	No	.0	.0	.0	.0	.0	.0	.0
4. Arkansas	AR	No	.0	.0	5,810	5,810	.0	.0	.0
5. California	CA	No	.0	.0	.0	(20,695)	128,337	.0	.0
6. Colorado	CO	No	.0	.0	560,473	84,486	1,205,560	.0	.0
7. Connecticut	CT	No	.0	.0	.0	.0	.0	.0	.0
8. Delaware	DE	No	.0	.0	18,516	18,516	.0	.0	.0
9. District of Columbia	DC	No	.0	.0	.0	.0	.0	.0	.0
10. Florida	FL	No	.0	.0	14,612	(3,072,023)	26,342,037	.0	.0
11. Georgia	GA	No	.0	.0	30,743	12,631	5,116	.0	.0
12. Hawaii	HI	No	.0	.0	.0	5,116	5,116	.0	.0
13. Idaho	ID	No	.0	.0	.0	.0	.0	.0	.0
14. Illinois	IL	No	.0	.0	371,293	356,800	18,317	.0	.0
15. Indiana	IN	No	.0	.0	12,662	18,301	17,065	.0	.0
16. Iowa	IA	No	.0	.0	.0	.0	.0	.0	.0
17. Kansas	KS	No	.0	.0	.0	.0	.0	.0	.0
18. Kentucky	KY	No	.0	.0	5,474	(9,175)	.0	.0	.0
19. Louisiana	LA	No	.0	.0	.0	.0	.0	.0	.0
20. Maine	ME	No	.0	.0	.0	.0	.0	.0	.0
21. Maryland	MD	No	.0	.0	.0	(5,602)	10,232	.0	.0
22. Massachusetts	MA	No	.0	.0	.0	(5,713)	.0	.0	.0
23. Michigan	MI	No	.0	.0	.0	.0	.0	.0	.0
24. Minnesota	MN	No	.0	.0	.0	(11,426)	.0	.0	.0
25. Mississippi	MS	No	.0	.0	.0	(5,955)	4,166	.0	.0
26. Missouri	MO	No	.0	.0	31,824	30,032	15,348	.0	.0
27. Montana	MT	No	.0	.0	.0	.0	.0	.0	.0
28. Nebraska	NE	No	.0	.0	.0	.0	.0	.0	.0
29. Nevada	NV	No	.0	.0	.0	(45,239)	10,232	.0	.0
30. New Hampshire	NH	No	.0	.0	.0	.0	.0	.0	.0
31. New Jersey	NJ	No	.0	.0	369,189	(1,784,287)	20,162,267	.0	.0
32. New Mexico	NM	No	.0	.0	.0	.0	.0	.0	.0
33. New York	NY	No	.0	.0	.0	.0	.0	.0	.0
34. North Carolina	NC	No	.0	.0	.0	(8,351)	5,116	.0	.0
35. North Dakota	ND	No	.0	.0	.0	.0	.0	.0	.0
36. Ohio	OH	No	.0	.0	.0	.0	.0	.0	.0
37. Oklahoma	OK	No	.0	.0	37,530	31,493	20,464	.0	.0
38. Oregon	OR	No	.0	.0	.0	.0	.0	.0	.0
39. Pennsylvania	PA	No	.0	.0	.0	4,519	10,232	.0	.0
40. Rhode Island	RI	No	.0	.0	.0	.0	.0	.0	.0
41. South Carolina	SC	No	.0	.0	8,608	(9,882)	106,647	.0	.0
42. South Dakota	SD	No	.0	.0	.0	.0	.0	.0	.0
43. Tennessee	TN	No	.0	.0	13,151	1,725	.0	.0	.0
44. Texas	TX	No	.0	.0	480,850	(10,311)	738,879	.0	.0
45. Utah	UT	No	.0	.0	.0	(819)	7,016	.0	.0
46. Vermont	VT	No	.0	.0	.0	.0	.0	.0	.0
47. Virginia	VA	Yes	.0	.0	1,788	(150,745)	35,844	.0	.0
48. Washington	WA	No	.0	.0	16,323	10,610	.0	.0	.0
49. West Virginia	WV	No	.0	.0	.0	.0	.0	.0	.0
50. Wisconsin	WI	No	.0	.0	.0	.0	.0	.0	.0
51. Wyoming	WY	No	.0	.0	.0	.0	.0	.0	.0
52. American Samoa	AS	No	.0	.0	.0	.0	.0	.0	.0
53. Guam	GU	No	.0	.0	.0	.0	.0	.0	.0
54. Puerto Rico	PR	No	.0	.0	.0	.0	.0	.0	.0
55. U.S. Virgin Islands	VI	No	.0	.0	.0	.0	.0	.0	.0
56. Canada	CN	No	.0	.0	.0	.0	.0	.0	.0
57. Aggregate Other Aliens	OT	XXX	.0	.0	.0	.0	.0	.0	.0
58. Totals	(a) 1		0	0	1,981,023	(4,556,073)	48,849,927	0	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5799. Totals (Lines 5701 through 5703 + 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

Explanation of basis of allocation of premiums by states, etc.

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
NONE												
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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 a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.










MARCH FILING	RESPONSES
1. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?	.....NO.....
2. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....NO.....
3. Will the Financial Guaranty Insurance Exhibit be filed March 1?	.....NO.....
4. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....NO.....
5. Will an actuarial opinion be filed by March 1?	.....YES.....
6. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....YES.....
7. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	.....SEE EXPLANATION.....
8. Will the Risk-based Capital Report be filed with the NAIC by March 1?	.....YES.....
9. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	.....YES.....
10. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....NO.....
APRIL FILING	
11. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
12. Will Management's Discussion and Analysis be filed by April 1?	.....YES.....
13. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	.....NO.....
14. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	.....NO.....
15. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	.....NO.....
16. Will the Investment Risk Interrogatories be filed by April 1?	.....YES.....
MAY FILING	
17. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?	.....NO.....
JUNE FILING	
18. Will an audited financial report be filed by June 1?	.....YES.....

Explanations:

- 1.
- 2.
- 3.
- 4.
- 7. Not required
- 10.
- 11. The Company is in receivership and is not required to file the Insurance Expense Exhibit.
- 13.
- 14.
- 15.
- 17.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

Bar Codes:

1. 
4 1 2 4 6 2 0 0 4 4 5 0 0 0 0 0 0
 2. 
4 1 2 4 6 2 0 0 4 4 2 0 0 0 0 0 0
 3. 
4 1 2 4 6 2 0 0 4 2 4 0 0 0 0 0 0
 4. 
4 1 2 4 6 2 0 0 4 3 6 0 5 8 0 0 0
 10. 
4 1 2 4 6 2 0 0 4 3 8 5 0 0 0 0 0
 13. 
4 1 2 4 6 2 0 0 4 2 3 0 5 8 0 0 0
 14. 
4 1 2 4 6 2 0 0 4 3 3 0 5 8 0 0 0
 15. 
4 1 2 4 6 2 0 0 4 2 1 0 0 0 0 0 0
 17. 
4 1 2 4 6 2 0 0 4 2 0 1 0 0 0 0 0
-

OVERFLOW PAGE FOR WRITE-INS

P003 Additional Aggregate Lines for Page 3 Line 23.

*LIAB

2304. Reinsurance liability adjustment.....	1,122,000	1,122,000
2305. Unclaimed property drafts.....	4,126	10,026
2306. Notices of claim determination.....	1,345,909	1,345,909
2307. Ceded reinsurance - Amounts due reinsurers.....	1,523,649	1,523,649
2308. Accrued interest on deferred loss payments.....	5,928,946	5,578,209
2309. Suspense.....	.85	0
2397. Summary of remaining write-ins for Line 23 from page 3	9,924,715	9,579,793

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates			
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity	
ISSUER OBLIGATIONS																						
912828-AT-7	US TREASURY				1	4,964,844	.99	4,957,800	5,000,000	4,965,081	.0	.237	.0	.0	3.000	3.263	FA	56,667	.0	12/23/2004	02/15/2008	
912827-V8-2	US TREASURY NOTES				1	1,507,031	.102	6720	1,540,080	1,501,125	.0	(1,224)	.0	.0	5.875	5.869	MN	11,442	88,125	07/13/1999	11/15/2005	
912827-Z6-2	US TREASURY NOTES				1	3,078,242	.106	0000	3,180,000	3,023,298	.0	(12,007)	.0	.0	6.500	6.126	AO	41,786	195,000	08/03/2000	10/15/2006	
912828-AX-8	US TREASURY NT				1	501,816	.99	7660	500,000	500,371	.0	(1,111)	.0	.0	1.625	1.404	AO	1,377	8,125	09/12/2003	04/30/2005	
912828-BS-8	US TREASURY NT/BD				1	993,398	.99	1560	1,000,000	994,273	.0	.875	.0	.0	1.875	2.528	MN	1,615	9,375	11/10/2004	11/30/2005	
912828-CS-7	US TREASURY NT/BD				1	2,022,734	.99	7190	2,000,000	2,021,619	.0	(1,116)	.0	.0	3.500	3.273	FA	26,444	.0	09/28/2004	08/15/2009	
0199999 - Total Bonds - U.S. Government - Issuer Obligations						13,068,066	.XXX	13,162,650	13,000,000	13,005,766	.0	(14,346)	.0	.0	XXX	XXX	XXX	139,330	300,625	XXX	XXX	XXX
SINGLE CLASS MORTGAGE-BACKED/ASSET-BACKED SECURITIES																						
362059-Y8-4	GNMA POOL #030435				1	.738	.108	1040	.739	.684	.709	.0	(6)	.0	9.000	7.250	MON	.5	.62	05/18/1998	04/15/2009	
362064-L8-8	GNMA POOL #034551				1	.7862	.108	1040	.7874	.7284	.7598	.0	(61)	.0	9.000	6.770	MON	.55	.656	05/18/1998	05/15/2009	
362135-4V-4	GNMA POOL #097136				1	46,441	.112	4170	47,461	42,219	44,880	.0	(276)	.0	10.500	8.947	MON	369	4,433	09/19/1996	04/15/2013	
36214H-GD-4	GNMA POOL #106496				1	41,701	.110	3850	42,647	38,635	40,518	.0	(194)	.0	9.000	7.997	MON	290	3,477	05/18/1998	12/15/2013	
36215N-TV-6	GNMA POOL #140164				1	14,101	.112	2600	14,506	12,922	13,946	.0	(24)	.0	10.000	6.326	MON	108	1,292	06/23/1995	03/15/2016	
36215N-3T-9	GNMA POOL #140410				1	18,616	.112	4480	19,183	17,060	18,260	.0	(70)	.0	10.000	8.429	MON	142	1,706	06/23/1995	03/15/2016	
36215N-3U-6	GNMA POOL #140411				1	14,808	.112	2600	15,234	13,570	14,603	.0	(27)	.0	10.000	6.740	MON	113	1,357	06/23/1995	04/15/2016	
36215U-YK-7	GNMA POOL #142114				1	6,266	.112	7290	6,473	5,742	6,127	.0	(29)	.0	10.000	8.885	MON	48	574	06/23/1995	03/15/2016	
36215U-VT-2	GNMA POOL #145626				1	50,425	.112	2600	51,874	46,209	49,612	.0	(79)	.0	10.000	5.995	MON	385	4,621	06/23/1995	02/15/2016	
36215U-ZH-4	GNMA POOL #145744				1	5,723	.112	2600	5,887	5,244	5,588	.0	(25)	.0	10.000	8.848	MON	44	524	06/23/1995	02/15/2016	
36215W-BR-4	GNMA POOL #146848				1	14,932	.112	2600	15,361	13,684	14,604	.0	(70)	.0	10.000	8.849	MON	114	1,368	06/23/1995	02/15/2016	
362151-AU-6	GNMA POOL #150419				1	11,138	.112	7290	11,506	10,206	10,991	.0	(12)	.0	10.000	5.252	MON	85	1,021	06/23/1995	02/15/2016	
362153-ED-6	GNMA POOL #152332				1	107,966	.112	7290	111,532	98,938	105,046	.0	(455)	.0	10.000	8.967	MON	824	9,894	06/23/1995	03/15/2016	
362159-P2-5	GNMA POOL #158041				1	21,580	.112	7290	22,292	19,775	21,107	.0	(101)	.0	10.000	8.886	MON	165	1,978	06/23/1995	04/15/2016	
36216H-YB-6	GNMA POOL #165506				1	11,298	.109	8960	12,358	11,245	11,278	.0	(1)	.0	8.500	8.375	MON	80	956	11/28/1986	08/15/2016	
36216S-J7-8	GNMA POOL #173186				1	15,665	.109	8960	17,135	15,592	15,629	.0	(5)	.0	8.500	8.687	MON	110	1,325	11/28/1986	08/15/2016	
36216Z-SW-0	GNMA POOL #181533				1	6,983	.111	6350	7,222	6,469	6,887	.0	(23)	.0	9.000	8.185	MON	49	582	05/18/1998	10/15/2019	
362164-X6-7	GNMA POOL #183501				1	23,829	.112	7290	24,616	21,836	23,369	.0	(110)	.0	10.000	8.881	MON	182	2,184	06/23/1995	10/15/2016	
36202C-BS-1	GNMA POOL #1849				1	.923	.109	4260	.968	.885	.921	.0	.0	.0	8.500	5.523	MON	.6	.75	02/04/1998	08/20/2024	
36217C-SU-1	GNMA POOL #189631				1	75,005	.112	2600	77,159	68,733	73,434	.0	(283)	.0	10.000	8.898	MON	573	6,873	06/23/1995	08/15/2017	
36202C-G5-6	GNMA POOL #2020				1	237,587	.109	2400	248,885	227,833	237,254	.0	(32)	.0	8.500	5.803	MON	1,614	19,366	02/04/1998	06/20/2025	
36218F-KA-5	GNMA POOL #220889				1	1,794	.111	4790	1,853	1,662	1,780	.0	(1)	.0	9.000	1.664	MON	12	150	05/18/1998	05/15/2018	
36202C-RF-2	GNMA POOL #2286				1	11,571	.109	1150	12,107	11,096	11,556	.0	(1)	.0	8.500	5.974	MON	79	943	02/04/1998	09/20/2026	
36202C-SP-9	GNMA POOL #2326				1	98,775	.109	1150	103,353	94,720	98,647	.0	(11)	.0	8.500	5.689	MON	671	8,051	02/04/1998	11/20/2026	
36218V-S9-5	GNMA POOL #233744				1	21,032	.112	2600	24,247	21,599	21,176	.0	19	.0	10.000	10.815	MON	180	2,160	04/21/1989	09/15/2017	
36218W-MD-0	GNMA POOL #234456				1	96,363	.112	8230	99,628	88,305	95,123	.0	(286)	.0	10.000	8.516	MON	736	8,831	06/23/1995	11/15/2018	
36202C-TA-1	GNMA POOL #2345				1	73,975	.109	1150	77,404	70,938	73,876	.0	(10)	.0	8.500	6.199	MON	502	6,030	02/04/1998	12/20/2026	
36202C-UX-9	GNMA POOL #2398				1	11,304	.109	0520	11,821	10,840	11,286	.0	(2)	.0	8.500	5.952	MON	77	921	02/04/1998	03/20/2027	
36202C-VH-3	GNMA POOL #2416				1	2,637	.109	0520	2,758	2,529	2,633	.0	(1)	.0	8.500	6.621	MON	18	215	02/04/1998	04/20/2027	
36202C-WF-6	GNMA POOL #2446				1	33,526	.109	0520	35,059	32,149	33,487	.0	(3)	.0	8.500	5.203	MON	228	2,733	02/04/1998	06/20/2027	
36219E-BK-5	GNMA POOL #246742				1	16,090	.111	4790	16,618	14,907	15,894	.0	(24)	.0	9.000	6.767	MON	112	1,342	05/18/1998	04/15/2018	
36219M-S0-1	GNMA POOL #253855				1	8,623	.111	4790	8,906	7,989	8,493	.0	(31)	.0	9.000	8.123	MON	60	719	05/18/1998	06/15/2018	
36202C-ZC-0	GNMA POOL #2539				1	7,484	.108	7080	7,801	7,177	7,454	.0	(8)	.0	8.500	8.278	MON	51	610	02/04/1998	01/20/2028	
36219H-HR-4	GNMA POOL #254140				1	9,832	.112	8230	11,507	10,199	9,916	.0	.1	.0	10.000	15.108	MON	85	1,020	03/30/1989	07/15/2018	
36219S-Z5-1	GNMA POOL #258264				1	34,181	.112	8230	35,340	31,323	33,446	.0	(120)	.0	10.000	9.107	MON	261	3,132	06/23/1995	12/15/2018	
36219T-N6-0	GNMA POOL #258813				1	4,547	.112	8230	5,321	4,716	4,591	.0	.5	.0	10.000	10.943	MON	39	472	03/30/1989	09/15/2018	
36219U-4W-1	GNMA POOL #260137				1	4,863	.112	8230	5,691	5,044	4,896	.0	.1	.0	10.000	12.008	MON	42	504	03/30/1989	08/15/2018	
362199-7D-7	GNMA POOL #271892				1	5,204	.111	6350	5,382	4,821	5,154	.0	(9)	.0	9.000	7.296	MON	36	434	05/18/1998	08/15/2019	
36220H-QY-9	GNMA POOL #278671				1	57,634	.111	6350	59,608	53,395	57,009	.0	(47)	.0	9.000	6.418	MON	400	4,806	05/18/1998	08/15/2019	
36220L-2N-0	GNMA POOL #281681				1	44,100	.111	6350	45,611	40,857	43,534	.0	(145)	.0	9.000	8.174	MON	306	3,677	05/18/1998	11/15/2019	
36220M-AP-4	GNMA POOL #281814				1	82,659	.111	6350	85,490	76,580	82,337	.0	(44)	.0	9.000	4.419	MON	574	6,892	05/18/1998	12/15/2019	
36203A-P2-6	GNMA POOL #343441				1	10,827	.109	9580	11,518	10,475	10,778	.0	(11)	.0	8.500	8.338	MON	74	890	09/26/1996	07/15/2024	
36205J-AX-3	GNMA POOL #391622				1	91,020	.109	6460	96,542	88,049	90,588	.0	(95)	.0	8.500	8.374	MON	624	7,484	09/26/1996	12/15/2024	
36205J-HZ-1	GNMA POOL #391848				1	3,843	.109	6460	4,077	3,718	3,824	.0	(4)	.0	8.500	8						

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
36201N-LV-0	GNMA POOL #588140				1	284,565	102.3330	287,033	280,489	284,392	.0	(60)	.0	.0	5.500	5.337	MON	1,286	15,427	12/06/2002	12/15/2032
36201S-LU-1	GNMA POOL #591739				1	207,775	102.4270	209,770	204,799	207,616	.0	(79)	.0	.0	5.500	5.482	MON	939	11,264	12/06/2002	12/15/2032
36201S-WF-2	GNMA POOL #592046				1	884,025	100.7500	864,059	864,059	882,412	.0	(1,016)	.0	.0	4.500	3.980	MON	3,216	38,609	05/22/2003	05/15/2018
36201S-XJ-3	GNMA POOL #592081				1	656,697	100.7500	641,865	637,087	657,408	.0	1,034	.0	.0	4.500	3.973	MON	2,389	28,669	05/22/2003	06/15/2018
36201S-YW-3	GNMA POOL #592125				1	207,098	103.7400	205,777	198,358	207,269	.0	(25)	.0	.0	6.000	4.046	MON	992	11,901	05/22/2003	11/15/2032
36201U-YX-6	GNMA POOL #593926				1	250,116	103.6770	248,369	239,560	250,323	.0	(30)	.0	.0	6.000	4.048	MON	1,198	14,374	05/22/2003	04/15/2033
36200A-6U-8	GNMA POOL #595883				1	273,197	100.7500	267,026	265,038	272,457	.0	(336)	.0	.0	4.500	4.043	MON	994	11,927	05/22/2003	05/15/2018
36200A-6Z-7	GNMA POOL #595888				1	163,016	100.7500	159,334	158,148	163,134	.0	201	.0	.0	4.500	3.982	MON	593	7,117	05/22/2003	06/15/2018
36200K-KM-4	GNMA POOL #598000				1	91,990	103.7400	91,403	88,108	91,975	.0	(11)	.0	.0	6.000	4.115	MON	441	5,286	08/01/2003	12/15/2032
36200K-ZE-0	GNMA POOL #603841				1	345,835	102.3330	348,834	340,881	345,610	.0	(113)	.0	.0	5.500	5.460	MON	1,562	18,748	12/06/2002	12/15/2032
36200M-GB-3	GNMA POOL #604194				1	149,958	100.7500	146,571	145,480	149,433	.0	(304)	.0	.0	4.500	3.974	MON	546	6,547	05/22/2003	04/15/2018
36225A-DX-5	GNMA POOL #780118				1	98,143	112.1670	102,523	91,402	97,725	.0	(46)	.0	.0	9.500	5.913	MON	724	8,683	10/12/1995	08/15/2021
36225A-FR-6	GNMA POOL #780176				1	830,265	112.5100	862,192	766,324	825,276	.0	(500)	.0	.0	10.000	6.282	MON	6,386	76,632	05/26/1995	03/15/2021
36225A-L7-3	GNMA POOL #780350				1	278,953	105.9270	300,558	283,741	280,374	.0	375	.0	.0	6.500	7.312	MON	1,537	18,443	08/07/2000	05/15/2009
36221G-SV-4	GNMA POOL #905932				1	106,113	112.8850	109,580	97,073	102,932	.0	(443)	.0	.0	10.250	9.241	MON	829	9,950	10/07/1996	02/15/2016
38374B-BC-6	GNR 2003-49-A				1	461,375	95.6290	443,425	463,693	461,765	.0	203	.0	.0	2.212	2.342	MON	855	10,257	05/30/2003	10/16/2017
0299999	Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities					7,157,272	XXX	7,231,427	6,893,842	7,133,139	.0	(3,840)	.0	.0	XXX	XXX	XXX	37,043	444,528	XXX	XXX
0399999	Total - U.S. Government Bonds					20,225,338	XXX	20,394,077	19,893,842	20,138,905	.0	(18,187)	.0	.0	XXX	XXX	XXX	176,372	745,153	XXX	XXX
ISSUER OBLIGATIONS																					
31359M-PT-4	FANNIE MAE				1	503,984	100.0320	500,160	500,000	501,111	.0	(1,375)	.0	.0	2.875	2.606	AO	3,035	8,086	11/18/2002	10/15/2005
31359M-SQ-7	FANNIE MAE				1	1,414,000	98.6550	1,414,713	1,434,000	1,418,695	.0	3,890	.0	.0	3.250	3.598	FA	17,606	46,605	10/15/2003	08/15/2008
31359M-VA-8	FANNIE MAE				1	499,645	99.1070	495,535	500,000	499,757	.0	112	.0	.0	2.500	2.550	JD	556	8,056	04/21/2004	06/15/2006
3133X2-UX-1	FEDERAL HOME LOAN BANK				1	2,000,622	99.4040	1,988,080	2,000,000	2,000,463	.0	(159)	.0	.0	2.250	2.238	JD	2,000	22,500	08/31/2004	12/15/2005
3133X8-EL-2	FEDERAL HOME LOAN BANK				1	2,517,605	99.5170	2,487,925	2,500,000	2,516,750	.0	(855)	.0	.0	3.750	3.624	FA	33,073	0	09/28/2004	08/18/2009
3134A3-4Q-6	FHLMC				1	1,592,490	102.2760	1,504,480	1,471,000	1,511,095	.0	(73,310)	.0	.0	7.000	1.903	JJ	47,481	102,970	11/21/2003	07/15/2005
3134A4-QK-4	FHLMC				1	1,571,825	103.4540	1,551,810	1,500,000	1,553,702	.0	(18,123)	.0	.0	5.500	3.124	JJ	38,042	41,250	06/18/2004	07/15/2006
31394J-6L-6	FHR 2681 PC				1	1,027,031	102.2830	1,022,830	1,000,000	1,025,410	.0	(1,347)	.0	.0	5.000	4.836	MON	4,167	50,000	10/14/2003	01/15/2019
31394R-PZ-6	FHSF 2004-C				1	998,887	98.7320	987,320	1,000,000	998,841	.0	(46)	.0	.0	3.320	3.361	MON	2,701	24,900	03/03/2004	12/15/2011
31359M-LH-4	FNMA				1	989,336	101.9410	1,019,410	1,000,000	995,393	.0	2,413	.0	.0	4.375	4.700	AO	9,236	43,750	05/24/2002	10/15/2006
31391A-3V-9	FNMA ARM #661512				1	1,079,446	101.2520	1,057,917	1,044,836	1,089,949	.0	3,144	.0	.0	4.847	3.896	MON	4,220	51,181	04/01/2003	09/01/2032
31393B-K7-9	FNR 2003-35 MB				1	1,023,125	101.4320	1,014,320	1,000,000	1,019,260	.0	(2,811)	.0	.0	4.500	3.857	MON	3,705	45,000	08/22/2003	06/25/2013
31344A-TE-4	FREDDIE MAC				1	527,161	97.5490	536,520	550,000	530,258	.0	3,097	.0	.0	2.750	3.992	MS	4,453	7,563	06/16/2004	03/15/2008
741550-AJ-9	PCCMT 2000-1 A				1	1,066,641	103.1020	1,031,020	1,000,000	1,015,858	.0	(20,282)	.0	.0	6.700	4.633	MON	5,583	67,000	03/01/2002	10/15/2009
2599999	Total Bonds - Special Revenue - Issuer Obligations					16,811,798	XXX	16,612,039	16,499,836	16,676,542	.0	(105,652)	.0	.0	XXX	XXX	XXX	175,858	518,860	XXX	XXX
SINGLE CLASS MORTGAGE-BACKED/ASSET-BACKED SECURITIES																					
31286K-VA-1	FHLM 15 YR GOLD #E93309				1	512,780	103.5000	513,090	495,739	512,007	.0	(585)	.0	.0	5.500	4.577	MON	2,272	27,266	01/30/2003	12/01/2017
31283K-WS-3	FHLMC 15 YR GOLD #1-1557				1	718,844	104.9270	718,344	684,613	719,767	.0	923	.0	.0	6.000	3.852	MON	3,423	3,423	10/29/2004	03/01/2019
312950-S3-3	FHLMC PC GOLD 15Y POOL #B00538				1	4,058	101.3920	3,911	3,857	3,888	.0	(4)	.0	.0	9.500	0	MON	31	366	09/29/1995	11/01/2005
31371K-2T-7	FNMA 15 YR #254686				1	899,576	103.4790	892,923	862,903	895,716	.0	(2,251)	.0	.0	5.500	3.782	MON	3,955	47,460	04/24/2003	04/01/2018
31376D-W7-3	FNMA 15 YR #352670				1	146,337	106.3230	153,889	144,737	145,770	.0	(125)	.0	.0	6.500	6.275	MON	784	9,408	03/18/1999	02/01/2013
31376J-VR-7	FNMA 15 YR #357124				1	337,750	103.7290	338,421	326,255	337,993	.0	243	.0	.0	5.500	3.742	MON	1,495	5,981	08/25/2004	05/01/2016
31378F-2D-6	FNMA 15 YR #397772				1	27,415	106.3230	28,830	27,115	27,300	.0	(25)	.0	.0	6.500	6.281	MON	147	1,763	03/18/1999	09/01/2012
31378M-GL-8	FNMA 15 YR #402603				1	27,541	106.3230	28,962	27,240	27,405	.0	(31)	.0	.0	6.500	6.395	MON	148	1,771	03/18/1999	11/01/2012
31378N-GZ-5	FNMA 15 YR #403516				1	38,283	106.3230	40,258	37,864	38,177	.0	(18)	.0	.0	6.500	5.947	MON	205	2,461	03/18/1999	01/01/2013
31378T-K4-6	FNMA 15 YR #408115				1	19,346	106.1980	20,320	19,134	19,298	.0	(6)	.0	.0	6.500	5.713	MON	104	1,244	03/18/1999	12/01/2012
31379B-HC-0	FNMA 15 YR #414327				1	33,808	106.3230	35,553	33,438	33,710	.0	(17)	.0	.0	6.500	6.023	MON	181	2,173	03/18/1999	02/01/2013
31379K-H2-2	FNMA 15 YR #421549				1	221,387	106.1980	232,538	218,967	220,344	.0	(252)	.0	.0	6.500	6.372	MON	1,186	14,233	03/18/1999	06/01/2013
31379K-H3-0	FNMA 15 YR #421550				1	87,452	106.3230	91,965	86,496	87,159	.0	(61)	.0	.0	6.500	6.142	MON	469	5,622	03/18/1999	06/01/2013
31379J-JT-3	FNMA 15 YR #432374				1	37,613	106.1980	39,508	37,202	37,484	.0	(28)	.0	.0	6.500	6.161	MON	202	2,418	03/18/1999	06/01/2013
31379Y-FR-9	FNMA 15 YR #433176				1	211,086	106.1980	221,881	208,931	210,263	.0	(191)	.0	.0	6.500	6.305	MON	1,132	13,581	04/05/1999	07/01/2013
31380L-TG-2	FNMA 15 YR #443447				1	138,913	106.1980	145,910	137,394												

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
31382L-BY-1	FNMA 15 YR #485255				1	236,390	106.1980	248,479	233,977	235,385	.0	(240)	.0	.0	6.500	6.423	MON	1,267	15,209	04/05/1999	02/01/2014
31382L-X2-7	FNMA 15 YR #485897				1	73,129	106.1980	76,812	72,329	72,939	.0	(34)	.0	.0	6.500	6.026	MON	392	4,701	03/18/1999	03/01/2014
31382M-CY-8	FNMA 15 YR #486187				1	108,579	106.1980	114,048	107,392	108,337	.0	(36)	.0	.0	6.500	5.843	MON	582	6,981	03/18/1999	03/01/2014
31382O-UO-6	FNMA 15 YR #489391				1	80,902	106.1980	84,976	80,017	80,744	.0	(18)	.0	.0	6.500	5.440	MON	433	5,201	03/18/1999	03/01/2014
31382T-HK-8	FNMA 15 YR #491734				1	48,034	106.1980	50,453	47,509	47,893	.0	(28)	.0	.0	6.500	6.190	MON	257	3,088	03/18/1999	03/01/2014
31385J-M8-8	FNMA 15 YR #545883				1	490,471	103.7290	491,854	474,172	490,863	.0	.392	.0	.0	5.500	3.770	MON	2,173	8,693	08/25/2004	09/01/2017
31385X-D7-9	FNMA 15 YR #555526				1	1,147,372	103.4790	1,152,795	1,114,038	1,147,188	.0	(593)	.0	.0	5.500	4.103	MON	5,106	61,272	10/14/2003	05/01/2018
31400K-CU-8	FNMA 15 YR #689583				1	746,937	101.8440	741,704	728,275	745,401	.0	(803)	.0	.0	5.000	4.549	MON	3,034	36,596	02/25/2003	02/01/2018
31401C-4K-6	FNMA 15 YR #704726				1	401,758	99.9900	393,961	394,001	401,403	.0	(251)	.0	.0	4.500	3.925	MON	1,478	17,730	07/03/2003	06/01/2018
31401J-C2-2	FNMA 15 YR #709389				1	962,161	103.4790	954,187	922,107	960,445	.0	(1,477)	.0	.0	5.500	4.430	MON	4,226	50,716	07/03/2003	07/01/2018
31402B-C3-6	FNMA 15 YR #723790				1	1,838,918	99.9900	1,803,233	1,803,413	1,837,293	.0	(1,149)	.0	.0	4.500	3.925	MON	6,763	81,154	07/03/2003	06/01/2018
31402C-W6-5	FNMA 15 YR #725269				1	993,261	103.4790	993,660	960,252	993,845	.0	584	.0	.0	5.500	4.094	MON	4,401	17,605	08/25/2004	03/01/2019
31404G-YM-7	FNMA 15 YR #768516				1	83,699	103.4790	83,695	80,881	83,728	.0	28	.0	.0	5.500	4.340	MON	371	1,483	08/25/2004	03/01/2019
31382N-SO-6	FNMA 30 YR #487527				1	803,282	104.0210	846,963	814,223	803,802	.0	80	.0	.0	6.000	6.378	MON	4,071	48,853	01/14/1999	02/01/2029
31383S-CY-0	FNMA 30 YR #511384				1	41,298	106.2080	44,828	42,208	41,315	.0	2	.0	.0	7.000	8.139	MON	246	2,955	09/08/1999	09/01/2029
31383T-SN-9	FNMA 30 YR #512725				1	11,015	106.2080	11,956	11,257	11,019	.0	1	.0	.0	7.000	8.019	MON	66	788	09/08/1999	09/01/2029
31400B-SW-2	FNMA 30 YR #683161				1	891,606	103.5520	887,166	856,735	892,148	.0	(151)	.0	.0	6.000	4.631	MON	4,284	51,404	02/28/2003	02/01/2033
31404M-ML-9	FNMA 30 YR #772663				1	328,433	101.6770	324,067	318,722	328,473	.0	40	.0	.0	5.500	4.451	MON	1,461	13,147	03/09/2004	03/01/2034
31404M-MM-5	FNMA 30 YR #772673				1	77,832	101.6770	76,797	75,530	77,841	.0	9	.0	.0	5.500	4.451	MON	346	3,120	03/09/2004	03/01/2034
31365E-BN-2	FNMA POOL #125245				1	42,992	106.7400	44,838	42,007	42,852	.0	(6)	.0	.0	7.000	5.977	MON	245	2,941	09/14/1993	10/01/2023
31390K-WT-1	FNMA POOL #648758				1	99,396	103.6040	101,628	98,093	99,249	.0	(80)	.0	.0	5.000	5.293	MON	450	5,395	07/25/2002	08/01/2017
31404A-3G-7	FNMA POOL #763199				1	870,113	100.8740	875,802	868,214	870,391	.0	273	.0	.0	3.824	3.854	MON	2,767	33,196	12/19/2003	10/01/2033
2699999 - Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities						14,450,815	XXX	14,552,333	14,101,889	14,436,550	.0	(6,383)	.0	.0	XXX	XXX	XXX	64,170	659,629	XXX	XXX
DEFINED MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES																					
31395G-SU-7	FHR 2872 YB				1	621,094	103.5920	621,552	600,000	620,832	.0	(262)	.0	.0	5.000	4.351	MON	2,492	2,500	11/17/2004	06/15/2023
2799999 - Total Bonds - Special Revenue - Defined Multi-Class Residential Mortgage-Backed Securities						621,094	XXX	621,552	600,000	620,832	.0	(262)	.0	.0	XXX	XXX	XXX	2,492	2,500	XXX	XXX
3199999 - Total - Special Revenue Bonds						31,883,707	XXX	31,785,925	31,201,725	31,733,924	.0	(112,297)	.0	.0	XXX	XXX	XXX	242,520	1,180,989	XXX	XXX
ISSUER OBLIGATIONS																					
010392-EN-4	ALABAMA POWER CO				1	799,741	99.6640	797,312	800,000	799,751	.0	10	.0	.0	3.510	3.552	MN	3,510	.0	11/10/2004	11/15/2007
03073K-AC-5	AMERIGAS PARTNER				3	510,625	109.0000	545,000	500,000	507,888	.0	(896)	.0	.0	8.875	8.732	MN	5,054	44,375	08/21/2001	05/20/2011
037735-CA-3	APPALACHIAN POWER CO				2	240,000	99.9960	239,990	240,000	240,000	.0	.0	.0	.0	1.916	1.930	MUSD	26	2,553	06/24/2004	06/29/2007
15189T-AF-4	CENTERPOINT ENERGY				2	366,947	104.7600	366,660	350,000	365,919	.0	(1,028)	.0	.0	5.875	4.475	JD	1,714	10,281	10/05/2004	06/01/2008
210518-BL-9	CONSUMERS ENERGY				1	221,666	104.4540	219,353	210,000	220,304	.0	(1,362)	.0	.0	6.250	3.297	MS	3,865	.0	10/07/2004	09/15/2006
283677-AT-9	EL PASO ELECTRIC CO 1ST MTG SER-D				1	153,450	105.6450	158,468	150,000	150,527	.0	(446)	.0	.0	8.900	8.737	FA	5,562	13,350	02/06/1996	02/01/2006
283677-AU-6	EL PASO ELECTRIC CO 1ST MTG-SER-E				1	150,000	110.6450	165,968	150,000	150,000	.0	.0	.0	.0	9.400	9.621	MN	2,350	14,100	02/06/1996	05/01/2011
337932-AA-5	FIRSTENERGY CORP				2	289,675	103.3280	299,651	290,000	289,868	.0	65	.0	.0	5.500	5.602	MN	2,038	15,950	11/08/2001	11/15/2006
653522-DJ-8	NIAGARA MOHAWK POWER				2	525,378	112.4710	562,355	500,000	524,262	.0	(1,461)	.0	.0	7.750	6.455	AO	9,688	24,025	09/29/2004	10/01/2008
723484-AB-7	PINNACLE WEST CAPITAL CORP				2	489,300	103.3370	516,685	500,000	495,719	.0	3,159	.0	.0	6.400	7.254	AO	8,000	32,000	11/21/2002	04/01/2006
743263-AF-2	PROGRESS ENERGY INC				1	533,775	105.4550	527,275	500,000	532,542	.0	(1,234)	.0	.0	5.850	4.041	AO	4,956	.0	11/04/2004	10/30/2008
69362B-AC-6	PSEG POWER				2	360,500	104.2570	432,667	415,000	392,185	.0	15,507	.0	.0	6.875	11.914	AO	6,023	28,531	10/28/2002	04/15/2006
744567-DT-2	PUBLIC SERV ELECT & GAS				2	928,420	104.7410	1,047,410	1,000,000	982,265	.0	7,968	.0	.0	6.250	7.348	JJ	31,250	62,500	03/29/1996	01/01/2007
816851-AH-2	SEMPRA ENERGY				2	500,000	100.0330	500,165	500,000	500,000	.0	.0	.0	.0	1.730	1.741	FINAN	961	5,047	05/18/2004	05/21/2008
842400-EQ-2	SOUTHERN CA EDISON				2	574,830	109.0250	545,125	500,000	555,515	.0	(19,135)	.0	.0	8.000	2.607	FA	15,111	20,000	03/25/2004	02/15/2007
879403-AL-7	TELEFONOS DE MEXICO SA				2	501,719	100.6150	503,075	500,000	501,734	.0	4	.0	.0	4.500	4.451	MN	2,625	17,325	10/19/2004	11/19/2008
90210V-AD-0	TXU ENERGY				2	400,000	105.9850	423,940	400,000	400,000	.0	.0	.0	.0	6.125	6.219	MS	7,214	24,500	03/06/2003	03/15/2008
92344G-AR-7	VERIZON GLOBAL FDG CORP				1	648,609	105.8950	688,318	650,000	649,262	.0	(270)	.0	.0	6.125	6.271	JD	1,769	39,813	06/18/2002	06/15/2007
959425-AT-6	WESTERN RESOURCES INC				2	364,472	108.9130	359,413	330,000	357,443	.0	(7,029)	.0	.0	7.875	4.145	MN	4,331	12,994	05/12/2004	05/01/2007
92931D-AB-8	WPD HOLDINGS UK 144A				2	143,424	103.3480	144,687	140,000	142,548	.0	(763)	.0	.0	6.875	6.288	JD	428	9,625	11/06/2003	12/15/2007
3299999 - Total Bonds - Public Utilities - Issuer Obligations						8,702,530	XXX	9,043,516	8,625,000	8,757,733	.0	(6,549)	.0	.0	XXX	XXX	XXX	116,475	376,969	XXX	XXX
3899999 - Total - Public Utilities Bonds						8,702,530	XXX	9,043,516	8,625,000	8,757,733	.0	(6,549)	.0	.0	XXX	XXX	XXX	116,475	376,969	XXX	XXX
ISSUER OBLIGATIONS																					
002824-AW-2	ABBOTT LABORATORIES				1	498,355	103.4900	517,450	500,000	499,456	.0	338	.0	.0	5.625	5.783	JJ	14,063	28,125	06/28/2001	07/01/2006
00103R-BD-7	AESOP 2003-5 A1 144A				1	499,931	99.0240														

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
03073Q-AB-4	AMERISOURCEBERGEN CORP				3	515,000	.111,2500	556,250	500,000	508,784	.0	(2,007)	.0	.0	8.125	7.711	MS	13,542	40,625	08/16/2001	09/01/2008
00184A-AA-3	AOL TIME WARNER				2	538,415	.103,4550	517,275	500,000	523,598	.0	(14,817)	.0	.0	6.125	2.401	AO	6,465	30,625	03/02/2004	04/15/2006
058498-AB-2	BALL CORP				3	511,250	.105,0000	525,000	500,000	503,844	.0	(2,213)	.0	.0	7.750	7.358	FA	16,146	38,750	04/30/2001	08/01/2006
06423A-AM-5	BANK ONE CORP				1	551,400	.103,5820	517,910	500,000	518,712	.0	(16,743)	.0	.0	6.500	2.988	FA	13,542	32,500	01/08/2003	02/01/2006
066050-CB-9	BANKAMERICA CORP SUB NOTE				1	885,530	.104,9550	1,049,550	1,000,000	980,742	.0	13,506	.0	.0	7.200	9.004	AO	15,200	72,000	11/15/1994	04/15/2006
06606W-AM-6	BBHE 1998-2 A6				1	512,275	.103,7640	501,303	483,118	512,069	.0	(528)	.0	.0	6.640	5.022	MON	2,673	32,079	09/24/2003	12/25/2028
080555-AG-0	BELO CORPORATION				1	570,240	.112,4750	562,375	500,000	566,743	.0	(3,497)	.0	.0	8.000	4.239	MN	6,667	20,000	10/12/2004	11/01/2008
055959-AY-6	BMWOT 2003-A A3				1	651,343	.09,6850	649,381	651,433	651,069	.0	(345)	.0	.0	1.940	1.891	MON	1,053	12,638	04/22/2003	02/25/2007
05948X-R2-9	BOAMS 2003-L 2A2				1	727,910	.09,1920	718,442	724,294	725,875	.0	(1,866)	.0	.0	4.368	4.037	MON	2,636	31,411	12/09/2003	01/25/2034
06424E-AC-8	BOAST 03-1				1	999,960	.09,9210	989,210	1,000,000	999,674	.0	(229)	.0	.0	1.820	1.811	MON	1,517	18,200	10/01/2003	09/20/2007
05565U-AA-7	BP CANADA FINANCE BV				1	898,722	.09,3630	894,267	900,000	899,214	.0	260	.0	.0	3.375	3.437	AO	5,147	30,375	09/18/2002	10/31/2007
111021-AC-5	BRITISH TELECOM PLC				2	499,195	.104,2780	521,390	500,000	499,822	.0	173	.0	.0	7.875	8.071	JD	1,750	39,375	12/05/2000	12/15/2005
120568-AK-6	BUNGE LTD FINANCE CORP				1	513,045	.100,7930	503,965	500,000	510,719	.0	(2,326)	.0	.0	4.375	3.822	JD	972	21,875	01/22/2004	12/15/2008
14912L-X6-3	CATERPILLAR FINANCIAL SERVICES				1	994,360	.09,0740	990,740	1,000,000	996,637	.0	2,109	.0	.0	2.590	2.835	JJ	11,943	25,900	12/02/2003	07/15/2006
158916-AL-0	CHANCELLOR MEDIA CORP				2	568,340	.112,4000	562,000	500,000	563,626	.0	(4,714)	.0	.0	8.000	4.408	MN	6,667	20,000	09/09/2004	11/01/2008
125581-AD-0	CIT GROUP				1	249,355	.104,6170	261,543	250,000	249,602	.0	122	.0	.0	5.500	5.637	MN	1,184	13,750	11/21/2002	10/31/2007
172967-BF-7	CITIGROUP INC				1	1,024,420	.103,4050	1,034,050	1,000,000	1,008,734	.0	(6,054)	.0	.0	5.750	5.142	MN	8,146	57,500	04/18/2002	05/10/2006
161581-CU-5	CMAOT 2003-A A4				1	951,188	.09,4560	925,832	950,000	950,741	.0	(285)	.0	.0	2.060	2.045	MON	1,631	19,570	06/03/2003	12/15/2009
20029P-AF-6	COMCAST CABLE				2	507,096	.110,6010	497,705	450,000	482,415	.0	(12,767)	.0	.0	8.375	5.129	MN	6,281	37,688	01/08/2003	05/01/2007
20825C-AD-6	CONOCOPHILLIPS				1	999,508	.100,1310	1,001,310	1,000,000	999,715	.0	95	.0	.0	3.625	3.669	AO	7,653	36,250	10/03/2002	10/15/2007
22237L-PW-8	COUNTRYSIDE HOME LOAN				1	753,255	.09,6180	747,135	750,000	753,127	.0	(128)	.0	.0	4.125	4.067	MS	9,023	0	10/14/2004	09/15/2009
224050-AR-5	COX ENTERPRISES 144A				2	498,325	.09,7210	498,605	500,000	498,566	.0	241	.0	.0	4.375	4.518	MN	3,646	10,938	05/20/2004	05/01/2008
126304-AD-6	CSC HOLDINGS INC SER B DEBENTURES				3	498,135	.108,5000	542,500	500,000	499,064	.0	161	.0	.0	8.125	8.341	FA	15,347	40,625	08/21/1997	08/15/2009
207678-AC-7	CTRRB 2001-1 A3				1	1,050,480	.103,3330	1,002,330	970,000	1,033,255	.0	(13,383)	.0	.0	5.730	4.113	MJSD	154	55,581	09/15/2003	03/30/2009
12669F-JE-4	CWHL 2003-60 3A1				1	624,360	.100,7920	623,267	618,369	627,904	.0	3,566	.0	.0	5.222	5.165	MON	1,794	32,183	12/01/2003	02/15/2034
233835-AU-1	DAIMLERCHRYSLER NA				2	514,835	.102,0500	510,250	500,000	513,522	.0	(1,313)	.0	.0	4.750	3.835	JJ	10,951	0	09/08/2004	01/15/2008
239753-CY-0	DAYTON HUDSON				1	547,285	.106,2590	531,295	500,000	517,873	.0	(10,896)	.0	.0	7.500	5.121	JJ	17,292	37,500	03/05/2002	07/15/2006
25156P-AA-1	DEUTSCHE TELEKOM FINANCE GRP				2	374,348	.102,2960	383,610	375,000	374,928	.0	148	.0	.0	8.250	8.466	JD	1,375	30,938	06/28/2000	06/15/2005
25746U-AB-5	DOMINION RESOURCES INC				2	324,654	.102,4720	307,416	300,000	308,325	.0	(15,160)	.0	.0	7.625	2.428	JJ	10,548	22,875	12/03/2003	07/15/2005
260543-AY-9	DOW CHEM NT 99				1	967,646	.116,7380	1,091,011	950,000	958,154	.0	(1,336)	.0	.0	8.550	8.503	AO	17,148	81,225	01/10/1995	10/15/2009
26439R-AP-1	DUKE CAPITAL CORP				2	503,335	.101,0400	505,200	500,000	502,338	.0	(997)	.0	.0	4.302	3.990	MN	2,569	10,755	05/20/2004	05/18/2006
26882P-AB-8	ERAC USA FIN 144A				2	527,025	.100,3870	501,935	500,000	501,452	.0	(11,516)	.0	.0	6.625	4.281	FA	12,514	33,125	09/20/2002	02/15/2005
337358-DQ-5	FIRST UNION CORP				1	1,043,150	.102,8050	1,028,050	1,000,000	1,006,742	.0	(10,129)	.0	.0	7.550	6.548	FA	27,893	75,500	01/24/2001	08/18/2005
35177P-AJ-6	FRANCE TELECOM				2	554,415	.105,0650	525,325	500,000	531,023	.0	(23,392)	.0	.0	8.450	3.025	MS	14,083	41,625	02/04/2004	03/01/2006
396789-FN-4	GCCFC 2004 GG1A A2				1	753,731	.100,0220	750,165	750,000	753,209	.0	(522)	.0	.0	3.835	3.777	MON	2,397	16,778	04/29/2004	10/08/2008
36962G-VN-3	GENERAL ELECTRIC CAPITAL CORP				1	1,101,550	.103,0580	1,030,580	1,000,000	1,027,561	.0	(32,024)	.0	.0	6.800	3.450	MN	11,333	68,000	08/20/2002	11/01/2005
375766-AK-8	GILLETTE COMPANY				1	998,290	.09,4110	994,110	1,000,000	999,016	.0	330	.0	.0	3.500	3.569	AO	7,389	35,000	09/24/2002	10/15/2007
370425-RT-9	GMAC				2	537,210	.102,5880	512,940	500,000	519,393	.0	(17,817)	.0	.0	6.750	2.955	JJ	15,563	16,875	01/07/2004	01/15/2006
38141G-CS-1	GOLDMAN SACHS GROUP INC				1	509,795	.101,6520	508,260	500,000	506,394	.0	(1,954)	.0	.0	4.125	3.710	JJ	9,510	20,625	03/26/2003	01/15/2008
41362T-AL-4	HARRAHS OPERATING CO				1	543,980	.107,0380	535,190	500,000	541,390	.0	(2,590)	.0	.0	7.125	3.554	JD	2,969	17,813	11/04/2004	06/01/2007
449182-AW-4	HART 2003-A B				1	199,968	.09,9520	197,904	200,000	200,049	.0	(44)	.0	.0	2.990	3.004	MON	498	5,980	10/29/2003	10/15/2010
449182-AX-2	HART 2003-A C				1	99,991	.09,2630	99,263	100,000	100,033	.0	(24)	.0	.0	3.190	3.206	MON	266	3,190	10/29/2003	10/15/2010
4041A0-AP-3	HBO'S TREASURY SERVICES 144A				1	999,770	.09,9990	994,990	1,000,000	999,846	.0	72	.0	.0	3.125	3.157	JJ	14,670	18,490	12/02/2003	01/12/2007
42805R-AB-5	HERTZ 2004-1 A2				1	999,742	.09,6960	976,960	1,000,000	999,733	.0	(10)	.0	.0	2.380	2.415	MON	397	17,519	03/24/2004	05/25/2008
428040-BV-0	HERTZ CORP				1	502,445	.09,9480	499,740	500,000	502,230	.0	(215)	.0	.0	2.900	2.798	FMAN	2,256	3,706	08/19/2004	08/05/2008
40423Q-AF-4	HMH PROPERTIES MTN				4	109,953	.103,1250	125,813	122,000	115,838	.0	1,380	.0	.0	7.875	9.801	JD	427	10,672	11/12/1999	08/01/2008
448414-AA-0	HUTCHISON WHAMPO 144A				1	271,365	.107,9680	269,920	250,000	269,567	.0	(1,798)	.0	.0	6.950	3.779	FA	7,240	0	10/01/2004	08/01/2007
459056-OG-5	INTL BANK RECON & DEV				1	1,031,758	.102,4620	1,024,620	1,000,000	1,010,978	.0	(8,440)	.0	.0	5.000	4.127	MS	12,917	50,000	06/17/2002	03/28/2006
459745-FJ-9	INTL LEASE FINANCE CORP				1	997,980	.09,9650	999,650	1,000,000	998,661	.0	484	.0	.0	3.750	3.841	FA	15,625	37,500	07/29/2003	08/01/2007
244217-BJ-3	JOHN DEERE CAP CORP				1	500,810	.100,6990	503,495	500,000	500,509	.0	(155)	.0	.0	3.900	3.901	JJ	8,992	19,500	01/08/2003	01/15/2008
480074-AL-7	JONES APPAREL GROUP				2	532,320	.106,1570	530,785	500,000	531,449	.0	(871)	.0	.0	7.875	4.239	JD	1,750	0	12/16/2004	06/15/2006
493267-AA-6	KEYCORP				1	541,380	.104,2830	521,415	500,000	514,551	.0	(11,510)	.0	.0	6.750	3.499	MS	9,938	33,750	08/07/2002	03/15/2006
50075N-AA-2	KRAFT FOODS				2	978,650	.102,0260	1,020,260	1,000,000	990,767	.0	4,680	.0	.0	4.625	5.225	MN	7,708	46,250	04/18/2002	11/01/2006
501044-BV-6	KROGER CO				1	560,305	.109,3950	546,975	500,000	553,287	.0	(7,018)	.0	.0	7.800	3.542	FA	14,733	0	08/20/2004	08/15/2007
52490																					

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	F o r e i g n	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
571748-AH-5	MARSH & MCLENNAN COS INC.				2	249,403	.96	241,563	250,000	249,613	.0	.115	.0	.0	3.625	3.712	FA	3,424	9,063	02/11/2003	02/15/2008
552600-AH-6	MBNA AMERICA BANK NA				2	552,455	.103	515,045	500,000	514,885	.0	(20,460)	.0	.0	7.750	3.479	MS	11,410	38,750	02/20/2003	09/15/2005
57978X-AA-3	MCCORMICK & CO.				1	748,508	.103	775,943	750,000	749,636	.0	.314	.0	.0	6.400	6.551	FA	20,000	48,000	01/26/2001	02/01/2006
617446-GL-7	MORGAN STANLEY DEAN WITTER				1	546,645	.103	518,520	500,000	519,999	.0	(15,000)	.0	.0	6.100	2.939	AO	6,439	30,500	03/14/2003	04/15/2006
637432-CY-9	NATIONAL RURAL UTILITIES				1	757,823	.100	752,610	750,000	757,185	.0	(637)	.0	.0	3.875	3.580	FA	10,979	.0	09/15/2004	02/15/2008
63936W-AC-0	NAVOT 2003-A A3				1	737,988	.99	734,912	738,057	738,032	.0	(215)	.0	.0	1.730	1.685	MON	1,064	12,768	05/20/2003	02/15/2007
651229-AD-8	NEWELL RUBBERMAID INC.				2	149,922	.99	149,516	150,000	149,987	.0	.39	.0	.0	2.000	2.037	MN	500	3,000	05/01/2003	05/01/2005
652478-BW-7	NEWS AMERICA HOLDINGS				2	558,555	.110	554,870	500,000	557,395	.0	(1,160)	.0	.0	7.375	4.121	AO	7,580	.0	12/01/2004	10/17/2008
679833-AB-9	OLD KENT FINANCIAL CORP.				1	1,016,150	.102	1,027,340	1,000,000	1,001,858	.0	(2,005)	.0	.0	6.625	6.505	MN	8,465	66,250	12/05/1995	11/15/2005
695629-AR-6	PAINÉ WEBBER				1	1,139,600	.101	1,010,670	1,000,000	1,004,166	.0	(19,274)	.0	.0	8.875	6.936	MS	26,132	88,750	12/05/1995	03/15/2005
698465-BL-4	PANHANDLE EASTERN PIPELINE				2	499,772	.97	487,760	500,000	499,831	.0	.59	.0	.0	2.750	2.785	MS	4,049	6,990	03/09/2004	03/15/2007
700690-AB-6	PARK PLACE ENTM.				3	503,125	.104	520,025	500,000	501,241	.0	(566)	.0	.0	7.875	7.886	JD	1,750	39,375	04/30/2001	12/15/2006
706451-AP-6	PEMEX PROJ FDG MASTER TR 144A				2	500,500	.102	511,195	500,000	500,458	.0	(42)	.0	.0	2.682	2.691	MJSD	596	7,623	06/09/2004	06/15/2010
713291-AF-9	PEPCO HOLDINGS, INC.				2	542,545	.103	518,730	500,000	532,897	.0	(9,648)	.0	.0	5.500	2.898	FA	10,389	13,750	03/10/2004	08/15/2007
74005P-AB-0	PRAXAIR INC.				1	770,985	.101	762,090	750,000	752,566	.0	(5,386)	.0	.0	6.850	6.171	JD	2,283	51,375	04/19/2001	06/15/2005
75913L-AC-5	REGIONS BANK				1	660,198	.99	653,644	660,000	660,121	.0	(60)	.0	.0	2.900	2.911	JD	851	24,085	09/05/2003	12/15/2006
775310-AB-4	ROGERS WIRELESS				3	328,250	.117	381,875	325,000	327,388	.0	(265)	.0	.0	9.625	9.692	MN	5,214	31,281	04/30/2001	05/01/2011
852060-AM-4	SPRINT CAPITAL CORP.				2	539,665	.104	522,525	500,000	527,323	.0	(12,342)	.0	.0	6.000	3.236	JJ	13,833	15,000	01/13/2004	01/15/2007
792860-AF-5	ST PAUL COMPANIES INC.				1	463,400	.104	485,148	465,000	464,238	.0	.315	.0	.0	5.750	5.915	MS	7,873	26,738	03/07/2002	03/15/2007
879385-AB-8	TELEFONICA EUROP.				1	500,798	.102	514,815	500,000	500,133	.0	(176)	.0	.0	7.350	7.444	MS	10,821	36,750	10/06/2000	09/15/2005
89420G-AG-4	TRAVELERS PROPERTY CASUALTY				1	354,084	.99	352,100	355,000	354,394	.0	.174	.0	.0	3.750	3.843	MS	3,920	13,313	03/06/2003	03/15/2008
907818-CN-8	UNION PACIFIC CORP.				2	532,685	.105	525,125	500,000	529,219	.0	(3,466)	.0	.0	5.750	3.563	AO	6,069	14,375	08/25/2004	10/15/2007
908584-DJ-1	UNION TANK CAR.				1	499,465	.106	533,645	500,000	499,856	.0	.62	.0	.0	7.125	7.268	FA	14,844	35,625	01/22/1997	02/01/2007
903278-AY-5	USAOT 2003-1 A3				1	930,881	.99	926,220	930,968	930,836	.0	(349)	.0	.0	1.580	1.553	MON	1,226	14,709	07/14/2003	06/15/2007
92922F-LD-8	WAMU 2004-AR1 A				1	558,642	.98	545,140	553,111	553,435	.0	(5,207)	.0	.0	4.229	4.276	MON	1,949	19,493	02/01/2004	03/25/2034
929274-AF-5	WESTO 2004-2 C				1	994,063	.99	996,080	1,000,000	994,483	.0	.420	.0	.0	3.200	3.340	MON	889	18,044	05/12/2004	11/21/2011
962166-AX-2	WEYERHAEUSER CO.				2	522,480	.103	545,748	525,000	524,117	.0	.515	.0	.0	6.000	6.206	FA	13,125	31,500	08/03/2001	08/01/2006
98151G-AA-3	WORLD SAVINGS BANK FSB				1	847,365	.100	850,366	850,000	847,395	.0	.30	.0	.0	4.125	4.238	JD	2,240	.0	12/01/2004	12/15/2009
3999999	Total Bonds - Industrial, Misc. - Issuer Obligations					55,374,353	.XXX	55,351,044	53,911,350	54,765,821	.0	(340,171)	.0	.0	XXX	XXX	XXX	669,091	2,371,749	XXX	XXX
DEFINED MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES																					
05947U-B3-1	BACM 2004-6 A1				1	401,008	.100	400,604	400,000	401,007	.0	(1)	.0	.0	3.801	3.585	MON	380	.0	12/16/2004	12/10/2042
07383F-W8-7	BSCMS 2004-PWR6 A1				1	240,596	.100	240,305	240,000	240,579	.0	(17)	.0	.0	3.688	3.418	MON	246	.0	12/08/2004	11/11/2041
173067-EA-3	CGCMT 2004-C2 A1				1	200,495	.99	199,876	200,000	200,480	.0	(15)	.0	.0	3.787	3.668	MON	295	.0	12/15/2004	10/15/2041
38374J-6V-3	GNR 2004-103 A				1	500,000	.99	498,440	500,000	500,000	.0	.0	.0	.0	3.878	3.757	MON	808	.0	11/19/2004	12/16/2019
4199999	Total Bonds - Industrial, Misc. - Defined Multi-Class Residential Mortgage-Backed Securities					1,342,100	.XXX	1,339,225	1,340,000	1,342,066	.0	(33)	.0	.0	XXX	XXX	XXX	1,728	.0	XXX	XXX
4599999	Total - Industrial and Miscellaneous Bonds					56,716,453	.XXX	56,690,269	55,251,350	56,107,887	.0	(340,205)	.0	.0	XXX	XXX	XXX	670,819	2,371,749	XXX	XXX
5499999	Total - Issuer Obligations					93,956,747	.XXX	94,169,249	92,036,186	93,205,862	.0	(466,718)	.0	.0	XXX	XXX	XXX	1,100,754	3,568,203	XXX	XXX
5599999	Total - Single Class Mortgage-Backed/Asset-Backed Securities					21,608,087	.XXX	21,783,761	20,995,730	21,569,689	.0	(10,223)	.0	.0	XXX	XXX	XXX	101,213	1,104,157	XXX	XXX
5699999	Total - Defined Multi-Class Residential Mortgage-Backed Securities					1,963,193	.XXX	1,960,777	1,940,000	1,962,898	.0	(295)	.0	.0	XXX	XXX	XXX	4,220	2,500	XXX	XXX
6099999	Totals					117,528,029	.XXX	117,913,787	114,971,917	116,738,449	.0	(477,237)	.0	.0	XXX	XXX	XXX	1,206,186	4,674,861	XXX	XXX

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Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
US GOVERNMENT OBLIGATIONS								
912828-AT-7	US TREASURY		12/23/2004	Undefined		4,964,844	5,000,000	54,620
912828-BS-8	US TREASURY NT/BD		11/10/2004	Undefined		993,398	1,000,000	8,607
912828-CS-7	US TREASURY NT/BD		09/28/2004	Undefined		2,022,734	2,000,000	8,560
0399999 - Total - Bonds - U.S. Government						7,980,977	8,000,000	71,786
SPECIAL REVENUE AND ASSESSMENTS								
31359M-VA-8	FANNIE MAE		04/21/2004	Undefined		2,498,225	2,500,000	.0
3133X2-UX-1	FEDERAL HOME LOAN BANK		08/31/2004	Undefined		2,000,622	2,000,000	9,500
3133X8-EL-2	FEDERAL HOME LOAN BANK		09/28/2004	Undefined		2,517,605	2,500,000	9,115
3134A4-GK-4	FHLMC		06/18/2004	Undefined		2,619,708	2,500,000	58,438
31283K-WS-3	FHLMC 15 YR GOLD G1-1557		10/29/2004	Undefined		740,284	705,032	1,998
31395G-SU-7	FHR 2872 YB		11/17/2004	Undefined		621,094	600,000	1,750
31394R-PZ-6	FHSF 2004-C		03/03/2004	Undefined		998,887	1,000,000	2,674
31376J-VR-7	FNMA 15 YR #357124		08/25/2004	Undefined		369,300	356,731	1,417
31385J-M8-8	FNMA 15 YR #545883		08/25/2004	Undefined		541,425	523,432	2,319
31402C-W6-5	FNMA 15 YR #725269		08/25/2004	Undefined		1,081,161	1,045,232	4,631
31404G-YM-7	FNMA 15 YR #768516		08/25/2004	Undefined		101,488	101,488	435
31404M-ML-9	FNMA 30 YR #772663		03/09/2004	Undefined		347,268	337,000	721
31404M-MW-5	FNMA 30 YR #772673		03/09/2004	Undefined		84,498	82,000	175
3134A4-TE-4	FREDDIE MAC		06/16/2004	Undefined		527,161	550,000	4,033
3199999 - Total - Bonds - Special Revenue						15,048,727	14,797,498	97,205
PUBLIC UTILITIES								
010392-EN-4	ALABAMA POWER CO		11/10/2004	Undefined		799,741	800,000	.0
037735-CA-3	APPALACHIAN POWER CO		06/24/2004	Undefined		240,000	240,000	.0
15189T-AF-4	CENTERPOINT ENERGY		10/05/2004	Undefined		366,947	350,000	7,254
210518-BL-9	CONSUMERS ENERGY		10/07/2004	Undefined		221,666	210,000	1,021
653522-DJ-8	NIAGARA MOHAWK POWER		09/29/2004	DONALDSN, LUFKN & JENRETT		216,165	190,000	123
743263-AF-2	PROGRESS ENERGY INC		11/04/2004	Undefined		533,775	500,000	731
816851-AH-2	SEMPRA ENERGY		05/18/2004	Undefined		500,000	500,000	.0
842400-EQ-2	SOUTHERN CA EDISON		03/25/2004	Undefined		574,830	500,000	5,000
879403-AL-7	TELEFONOS DE MEXICO SA		10/19/2004	Undefined		232,305	230,000	4,399
959425-AT-6	WESTERN RESOURCES INC		05/12/2004	Undefined		364,472	330,000	1,155
3899999 - Total - Bonds - Public Utilities						4,049,900	3,850,000	19,683
INDUSTRIAL & MISCELLANEOUS								
00184A-AA-3	AOL TIME WARNER		03/02/2004	MORGAN STANLEY		538,415	500,000	11,910
05947U-B3-1	BACM 2004-6 A1		12/16/2004	Undefined		401,008	400,000	.887
080555-AG-0	BELO CORPORATION		10/12/2004	Undefined		570,240	500,000	18,222
07383F-W8-7	BSCMS 2004-PWR6 A1		12/08/2004	Undefined		240,596	240,000	.492
120568-AK-6	BUNGE LTD FINANCE CORP		01/22/2004	Undefined		513,045	500,000	2,552
173067-EA-3	CGCMT 2004-C2 A1		12/15/2004	Undefined		200,495	200,000	.442
158916-AL-0	CHANCELLOR MEDIA CORP		09/09/2004	Undefined		568,340	500,000	14,778
22237L-PM-8	COUNTRYWIDE HOME LOAN		10/14/2004	Undefined		753,255	750,000	2,836
224050-AR-5	COX ENTERPRISES 144A		05/20/2004	Undefined		498,325	500,000	1,458
233835-AU-1	DAIMLERCHRYSLER NA		09/08/2004	Undefined		514,835	500,000	3,826
26439R-AP-1	DUKE CAPITAL CORP		05/20/2004	Undefined		503,335	500,000	.418
35177P-AJ-6	FRANCE TELECOM		02/04/2004	Undefined		554,415	500,000	18,543
396789-FN-4	GCCFC 2004 GGIA A2		04/29/2004	Undefined		753,731	750,000	.959
370425-RT-9	GMAC		01/07/2004	Undefined		537,210	500,000	16,594
38374J-6V-3	GNR 2004-103 A		11/19/2004	Undefined		500,000	500,000	1,562
413627-AL-4	HARRAHS OPERATING CO		11/04/2004	Undefined		543,980	500,000	15,635
42805R-AB-5	HERTZ 2004-1 A2		03/24/2004	Undefined		999,742	1,000,000	.0
428040-BV-0	HERTZ CORP		08/19/2004	Undefined		502,445	500,000	.765
448414-AA-0	HUTCHISON WHAMPO 144A		10/01/2004	Undefined		271,365	250,000	3,137
480074-AL-7	JONES APPAREL GROUP		12/16/2004	Undefined		532,320	500,000	.656
501044-BY-6	KROGER CO		08/20/2004	Undefined		560,305	500,000	1,083
524908-DD-9	LEHMAN BROTHERS HOLDINGS INC		06/18/2004	Undefined		791,528	750,000	4,948
637432-CY-9	NATIONAL RURAL UTILITIES		09/15/2004	Undefined		757,823	750,000	2,826
652478-BW-7	NEWS AMERICA HOLDINGS		12/01/2004	Undefined		558,555	500,000	5,019
698465-BL-4	PANHANDLE EASTERN PIPELINE		03/09/2004	Undefined		499,772	500,000	.0
706451-AP-6	PEMEX PROJ FDG MASTER TR 144A		06/09/2004	Undefined		500,500	500,000	.0

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
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 (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
US GOVERNMENT OBLIGATIONS																				
362059-Y8-4	GNMA POOL #030435		12/15/2004	PRINCIPAL RECEIPT		145	145	156	151	.0	(7)	.0	(7)	.0	145	.0	.0	.0	.7	04/15/2009
362064-L8-8	GNMA POOL #034551		12/15/2004	PRINCIPAL RECEIPT		1,309	1,309	1,413	1,376	.0	(67)	.0	(67)	.0	1,309	.0	.0	.0	.85	05/15/2009
362135-4V-4	GNMA POOL #097136		12/15/2004	PRINCIPAL RECEIPT		4,831	4,831	5,314	5,167	.0	(336)	.0	(336)	.0	4,831	.0	.0	.0	.279	04/15/2013
362146-3M-0	GNMA POOL #106204		07/15/2004	PRINCIPAL RECEIPT		47,434	47,434	51,200	50,007	.0	(2,572)	.0	(2,572)	.0	47,434	.0	.0	.0	1,512	11/15/2013
36214H-GD-4	GNMA POOL #106496		12/15/2004	PRINCIPAL RECEIPT		2,645	2,645	2,855	2,788	.0	(142)	.0	(142)	.0	2,645	.0	.0	.0	.131	12/15/2013
36215N-TV-6	GNMA POOL #140164		12/15/2004	PRINCIPAL RECEIPT		2,299	2,299	2,509	2,486	.0	(186)	.0	(186)	.0	2,299	.0	.0	.0	.172	03/15/2016
36215N-3T-9	GNMA POOL #140410		12/15/2004	PRINCIPAL RECEIPT		835	835	911	897	.0	(62)	.0	(62)	.0	835	.0	.0	.0	.47	03/15/2016
36215N-3U-6	GNMA POOL #140411		12/15/2004	PRINCIPAL RECEIPT		6,999	6,999	7,638	7,546	.0	(547)	.0	(547)	.0	6,999	.0	.0	.0	.505	04/15/2016
36215U-YK-7	GNMA POOL #142114		12/15/2004	PRINCIPAL RECEIPT		255	255	279	274	.0	(18)	.0	(18)	.0	255	.0	.0	.0	.14	03/15/2016
36215U-VT-2	GNMA POOL #145626		12/15/2004	PRINCIPAL RECEIPT		17,349	17,349	18,932	18,657	.0	(1,308)	.0	(1,308)	.0	17,349	.0	.0	.0	.759	02/15/2016
36215U-ZH-4	GNMA POOL #145744		12/15/2004	PRINCIPAL RECEIPT		293	293	320	314	.0	(21)	.0	(21)	.0	293	.0	.0	.0	.16	02/15/2016
36215W-BR-4	GNMA POOL #146848		12/15/2004	PRINCIPAL RECEIPT		959	959	1,046	1,028	.0	(69)	.0	(69)	.0	959	.0	.0	.0	.53	02/15/2016
36215W-OD-9	GNMA POOL #147252		12/15/2004	PRINCIPAL RECEIPT		11,271	11,271	12,300	12,083	.0	(811)	.0	(811)	.0	11,271	.0	.0	.0	.756	02/15/2016
362151-AU-6	GNMA POOL #150419		12/15/2004	PRINCIPAL RECEIPT		2,988	2,988	3,261	3,222	.0	(233)	.0	(233)	.0	2,988	.0	.0	.0	.252	02/15/2016
362153-ED-6	GNMA POOL #152332		12/15/2004	PRINCIPAL RECEIPT		4,462	4,462	4,869	4,758	.0	(296)	.0	(296)	.0	4,462	.0	.0	.0	.247	03/15/2016
362157-W5-4	GNMA POOL #156468		09/15/2004	PRINCIPAL RECEIPT		8,857	8,857	9,665	9,495	.0	(638)	.0	(638)	.0	8,857	.0	.0	.0	.655	11/15/2016
362159-P2-5	GNMA POOL #158041		12/15/2004	PRINCIPAL RECEIPT		898	898	980	963	.0	(65)	.0	(65)	.0	898	.0	.0	.0	.49	04/15/2016
36216H-YB-6	GNMA POOL #165506		12/15/2004	PRINCIPAL RECEIPT		12,293	12,293	12,351	12,330	.0	(37)	.0	(37)	.0	12,293	.0	.0	.0	.264	08/15/2016
36216S-J7-8	GNMA POOL #173186		12/15/2004	PRINCIPAL RECEIPT		2,972	2,972	2,986	2,980	.0	(8)	.0	(8)	.0	2,972	.0	.0	.0	.140	08/15/2016
36216W-WW-9	GNMA POOL #177161		09/15/2004	PRINCIPAL RECEIPT		63,909	63,909	69,740	68,733	.0	(4,825)	.0	(4,825)	.0	63,909	.0	.0	.0	4,731	09/15/2016
362162-SW-0	GNMA POOL #181533		12/15/2004	PRINCIPAL RECEIPT		192	192	208	206	.0	(13)	.0	(13)	.0	192	.0	.0	.0	.10	10/15/2019
362164-X6-7	GNMA POOL #183501		12/15/2004	PRINCIPAL RECEIPT		49,789	49,789	54,333	53,533	.0	(3,744)	.0	(3,744)	.0	49,789	.0	.0	.0	3,764	10/15/2016
36202C-BS-1	GNMA POOL #1849		12/20/2004	PRINCIPAL RECEIPT		924	924	963	962	.0	(38)	.0	(38)	.0	924	.0	.0	.0	.38	08/20/2024
36217C-SU-1	GNMA POOL #189631		12/15/2004	PRINCIPAL RECEIPT		24,218	24,218	26,428	25,974	.0	(1,756)	.0	(1,756)	.0	24,218	.0	.0	.0	.599	08/15/2017
36202C-G5-6	GNMA POOL #2020		12/20/2004	PRINCIPAL RECEIPT		171,485	171,485	178,826	178,600	.0	(7,115)	.0	(7,115)	.0	171,485	.0	.0	.0	8,558	06/20/2025
36218F-KA-5	GNMA POOL #220889		12/15/2004	PRINCIPAL RECEIPT		2,820	2,820	3,044	3,020	.0	(200)	.0	(200)	.0	2,820	.0	.0	.0	.45	05/15/2018
36202C-RF-2	GNMA POOL #2286		12/20/2004	PRINCIPAL RECEIPT		8,001	8,001	8,343	8,333	.0	(333)	.0	(333)	.0	8,001	.0	.0	.0	.357	09/20/2026
36202C-SP-9	GNMA POOL #2326		12/20/2004	PRINCIPAL RECEIPT		96,447	96,447	100,576	100,457	.0	(4,010)	.0	(4,010)	.0	96,447	.0	.0	.0	5,070	11/20/2026
36218V-S9-5	GNMA POOL #233744		12/15/2004	PRINCIPAL RECEIPT		770	770	749	754	.0	16	.0	16	.0	770	.0	.0	.0	.42	09/15/2017
36218W-MD-0	GNMA POOL #234456		12/15/2004	PRINCIPAL RECEIPT		2,838	2,838	3,097	3,066	.0	(228)	.0	(228)	.0	2,838	.0	.0	.0	.157	11/15/2018
36202C-TA-1	GNMA POOL #2345		12/20/2004	PRINCIPAL RECEIPT		35,983	35,983	37,523	37,478	.0	(1,496)	.0	(1,496)	.0	35,983	.0	.0	.0	1,048	12/20/2026
36202C-UX-9	GNMA POOL #2398		12/20/2004	PRINCIPAL RECEIPT		7,617	7,617	7,943	7,931	.0	(315)	.0	(315)	.0	7,617	.0	.0	.0	.290	03/20/2027
36202C-VH-3	GNMA POOL #2416		12/20/2004	PRINCIPAL RECEIPT		1,862	1,862	1,942	1,940	.0	(77)	.0	(77)	.0	1,862	.0	.0	.0	.77	04/20/2027
36202C-WF-6	GNMA POOL #2446		12/20/2004	PRINCIPAL RECEIPT		27,613	27,613	28,795	28,764	.0	(1,151)	.0	(1,151)	.0	27,613	.0	.0	.0	.971	06/20/2027
36219E-BK-5	GNMA POOL #246742		12/15/2004	PRINCIPAL RECEIPT		2,729	2,729	2,946	2,914	.0	(185)	.0	(185)	.0	2,729	.0	.0	.0	.112	04/15/2018
36219E-FG-5	GNMA POOL #248667		10/15/2004	PRINCIPAL RECEIPT		14,544	14,544	15,872	15,645	.0	(1,101)	.0	(1,101)	.0	14,544	.0	.0	.0	1,181	04/15/2018
36219M-S0-1	GNMA POOL #253855		12/15/2004	PRINCIPAL RECEIPT		17,279	17,279	18,651	18,437	.0	(1,158)	.0	(1,158)	.0	17,279	.0	.0	.0	.523	06/15/2018
36202C-ZC-0	GNMA POOL #2539		12/20/2004	PRINCIPAL RECEIPT		20,289	20,289	21,157	21,096	.0	(808)	.0	(808)	.0	20,289	.0	.0	.0	.191	01/20/2028
36219N-HR-4	GNMA POOL #254140		12/15/2004	PRINCIPAL RECEIPT		9,834	9,834	9,481	9,561	.0	273	.0	273	.0	9,834	.0	.0	.0	.560	07/15/2018
36219N-TB-6	GNMA POOL #254446		12/15/2004	PRINCIPAL RECEIPT		49,518	49,518	53,449	52,877	.0	(3,359)	.0	(3,359)	.0	49,518	.0	.0	.0	4,388	05/15/2018
36219S-Z5-1	GNMA POOL #258264		12/15/2004	PRINCIPAL RECEIPT		3,961	3,961	4,322	4,245	.0	(284)	.0	(284)	.0	3,961	.0	.0	.0	.109	12/15/2018
36219T-N6-0	GNMA POOL #258813		12/15/2004	PRINCIPAL RECEIPT		5,205	5,205	5,018	5,060	.0	144	.0	144	.0	5,205	.0	.0	.0	.382	09/15/2018
36219U-4W-1	GNMA POOL #260137		12/15/2004	PRINCIPAL RECEIPT		565	565	545	549	.0	17	.0	17	.0	565	.0	.0	.0	.28	08/15/2018
362199-7D-7	GNMA POOL #271892		12/15/2004	PRINCIPAL RECEIPT		146	146	158	157	.0	(10)	.0	(10)	.0	146	.0	.0	.0	.7	08/15/2019
36220H-OV-9	GNMA POOL #278671		12/15/2004	PRINCIPAL RECEIPT		3,813	3,813	4,116	4,075	.0	(261)	.0	(261)	.0	3,813	.0	.0	.0	.189	08/15/2019
36220L-ZN-0	GNMA POOL #281681		12/15/2004	PRINCIPAL RECEIPT		1,207	1,207	1,303	1,290	.0	(83)	.0	(83)	.0	1,207	.0	.0	.0	.60	11/15/2019
36220M-AP-4	GNMA POOL #281814		12/15/2004	PRINCIPAL RECEIPT		58,704	58,704	63,364	63,151	.0	(4,447)	.0	(4,447)	.0	58,704	.0	.0	.0	1,774	12/15/2019
36203A-P2-6	GNMA POOL #343441		12/15/2004	PRINCIPAL RECEIPT		202	202	208	208	.0	(6)	.0	(6)	.0	202	.0	.0	.0	.9	07/15/2024
36205J-AX-3	GNMA POOL #391622		12/15/2004	PRINCIPAL RECEIPT		1,541	1,541	1,593	1,587	.0	(46)	.0	(46)	.0	1,541	.0	.0	.0	.72	12/15/2024
36205J-HZ-1	GNMA POOL #391848		12/15/2004	PRINCIPAL RECEIPT		62	62	64	64	.0	(2)	.0	(2)	.0	62	.0	.0	.0	.3	03/15/2025
36205L-JF-8	GNMA POOL #393662		11/15/2004	PRINCIPAL RECEIPT		867	867	896	896	.0	(28)	.0	(28)	.0	867	.0	.0	.0	.66	12/15/2024
36210A-RE-6	GNMA POOL #486873		12/15/2004	PRINCIPAL RECEIPT		89,419	89,419	83,642	83,838	.0	5,581	.0	5,581	.0	89,419	.0	.0	.0	2,901	01/15/2029
36201C-RG-1	GNMA POOL #579287		12/15/2004	PRINCIPAL RECEIPT		77,075	77,075	80,471	80,547	.0	(3,472)	.0	(3,472)	.0	77,075	.0	.0	.0	2,541	02/15/2032
36201N-AD-2	GNMA POOL #587804		12/15/2004	PRINCIPAL RECEIPT		5,007	5,007	5,161												

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
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 (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
36225A-L7-3	GNMA POOL #780350		12/15/2004	PRINCIPAL RECEIPT		167,911	167,911	165,078	165,697	.0	2,214	.0	2,214	.0	167,911	.0	.0	.0	5,452	05/15/2009
36221G-SV-4	GNMA POOL #905932		12/15/2004	PRINCIPAL RECEIPT		5,153	5,153	5,632	5,487	.0	(335)	.0	(335)	.0	5,153	.0	.0	.0	291	02/15/2016
36221H-5W-5	GNMA POOL #907161		04/15/2004	PRINCIPAL RECEIPT		33,555	33,555	36,679	35,731	.0	(2,176)	.0	(2,176)	.0	33,555	.0	.0	.0	1,140	02/15/2016
36221J-JS-5	GNMA POOL #907473		05/15/2004	PRINCIPAL RECEIPT		25,179	25,179	27,523	27,046	.0	(1,868)	.0	(1,868)	.0	25,179	.0	.0	.0	1,068	04/15/2016
36221J-UV-5	GNMA POOL #907796		11/15/2004	PRINCIPAL RECEIPT		5,603	5,603	6,125	5,967	.0	(364)	.0	(364)	.0	5,603	.0	.0	.0	517	03/15/2016
36221M-YS-1	GNMA POOL #910621		08/15/2004	PRINCIPAL RECEIPT		52,149	52,149	57,005	55,740	.0	(3,591)	.0	(3,591)	.0	52,149	.0	.0	.0	3,532	02/15/2018
36374B-BC-6	GNR 2003-49-A		12/01/2004	PRINCIPAL RECEIPT		24,539	24,539	24,416	24,426	.0	.113	.0	.113	.0	24,539	.0	.0	.0	296	10/16/2017
912828-AT-7	US TREASURY		04/05/2004	Undef ined.		504,199	500,000	497,422	497,467	.0	151	.0	151	.0	497,618	.0	6,582	6,582	9,560	02/15/2008
912827-5S-7	US TREASURY NOTE		11/15/2004	MATUR ITY		1,000,000	1,000,000	1,050,938	1,014,405	.0	(14,405)	.0	(14,405)	.0	1,000,000	.0	.0	.0	58,750	11/15/2004
912827-6N-7	US TREASURY NT/BD		12/23/2004	Undef ined.		1,026,133	1,000,000	1,068,516	1,038,941	.0	(19,982)	.0	(19,982)	.0	1,018,959	.0	7,174	7,174	64,171	11/15/2005
912828-AR-1	US TREASURY NT/BD		12/31/2004	MATUR ITY		5,550,000	5,550,000	5,588,012	5,575,352	.0	(25,352)	.0	(25,352)	.0	5,550,000	.0	.0	.0	97,125	12/31/2004
0399999 - Bonds - U.S. Governments						10,684,968	10,654,636	10,922,510	10,833,094	0	(161,881)	0	(161,881)	0	10,671,213	0	13,755	13,755	332,889	XXX
SPECIAL REVENUE AND ASSESSMENTS																				
047852-DF-2	ATLANTA GA URBN RESIDENTIAL FIN		04/01/2004	MORGAN KEEGAN & CO.		177,507	495,000	80,157	172,651	.0	3,567	.0	3,567	.0	176,218	.0	1,289	1,289	.0	10/01/2016
31359M-NF-6	FANNIE MAE		06/18/2004	Undef ined.		2,500,000	2,500,000	2,557,500	2,542,429	.0	(5,336)	.0	(5,336)	.0	2,537,093	.0	(37,093)	(37,093)	59,375	06/18/2007
31359M-PT-4	FANNIE MAE		09/28/2004	Undef ined.		3,520,370	3,500,000	3,527,891	3,517,406	.0	(7,121)	.0	(7,121)	.0	3,510,285	.0	10,085	10,085	102,442	10/15/2005
31359M-VA-8	FANNIE MAE		06/18/2004	Undef ined.		1,978,320	2,000,000	1,998,580	1,998,580	.0	99	.0	99	.0	1,998,679	.0	(20,359)	(20,359)	7,639	06/15/2006
3128GX-VA-1	FHLM 15 YR GOLD #E93309		12/15/2004	PRINCIPAL RECEIPT		441,494	441,494	456,670	456,503	.0	(15,009)	.0	(15,009)	.0	441,494	.0	.0	.0	9,239	12/01/2017
31344A-GK-4	FHLMC		09/28/2004	Undef ined.		1,049,259	1,000,000	1,047,883	1,047,883	.0	(6,223)	.0	(6,223)	.0	1,041,660	.0	7,599	7,599	38,806	07/15/2006
31283K-WS-3	FHLMC 15 YR GOLD 61-1557		12/15/2004	PRINCIPAL RECEIPT		20,419	20,419	21,440	21,440	.0	(1,021)	.0	(1,021)	.0	20,419	.0	.0	.0	102	03/01/2019
312950-S3-3	FHLMC PC GOLD 15Y POOL #B00538		12/15/2004	PRINCIPAL RECEIPT		13,948	13,948	14,676	14,071	.0	(123)	.0	(123)	.0	13,948	.0	.0	.0	607	11/01/2005
31359M-ES-8	FNMA		04/21/2004	GOLDMAN SACHS & CO.		2,506,977	2,500,000	2,627,225	2,520,888	.0	(17,239)	.0	(17,239)	.0	2,503,649	.0	3,328	3,328	61,328	05/14/2004
31371K-ZT-7	FNMA 15 YR #254686		12/25/2004	PRINCIPAL RECEIPT		314,203	314,203	327,557	326,971	.0	(12,768)	.0	(12,768)	.0	314,203	.0	.0	.0	8,463	04/01/2018
31376D-W7-3	FNMA 15 YR #352670		12/25/2004	PRINCIPAL RECEIPT		47,665	47,665	48,192	48,404	.0	(381)	.0	(381)	.0	47,665	.0	.0	.0	1,733	02/01/2013
31376J-VR-7	FNMA 15 YR #357124		12/25/2004	PRINCIPAL RECEIPT		30,476	30,476	31,550	31,550	.0	(1,074)	.0	(1,074)	.0	30,476	.0	.0	.0	370	05/01/2016
31378D-NP-1	FNMA 15 YR #395598		12/25/2004	PRINCIPAL RECEIPT		36,213	36,213	36,614	36,470	.0	(256)	.0	(256)	.0	36,213	.0	.0	.0	1,040	10/01/2012
31378F-ZD-6	FNMA 15 YR #397772		12/25/2004	PRINCIPAL RECEIPT		6,157	6,157	6,225	6,205	.0	(48)	.0	(48)	.0	6,157	.0	.0	.0	221	09/01/2012
31378M-GI-8	FNMA 15 YR #402603		12/25/2004	PRINCIPAL RECEIPT		6,292	6,292	6,361	6,337	.0	(45)	.0	(45)	.0	6,292	.0	.0	.0	257	11/01/2012
31378N-GZ-5	FNMA 15 YR #403516		12/25/2004	PRINCIPAL RECEIPT		28,245	28,245	28,557	28,491	.0	(247)	.0	(247)	.0	28,245	.0	.0	.0	818	01/01/2013
31378T-K4-6	FNMA 15 YR #408115		12/25/2004	PRINCIPAL RECEIPT		1,814	1,814	1,834	1,830	.0	(16)	.0	(16)	.0	1,814	.0	.0	.0	65	12/01/2012
31379B-HC-0	FNMA 15 YR #414327		12/25/2004	PRINCIPAL RECEIPT		12,801	12,801	12,943	12,911	.0	(111)	.0	(111)	.0	12,801	.0	.0	.0	502	02/01/2013
31379K-H2-2	FNMA 15 YR #421549		12/25/2004	PRINCIPAL RECEIPT		42,661	42,661	43,133	42,979	.0	(317)	.0	(317)	.0	42,661	.0	.0	.0	1,747	06/01/2013
31379K-H3-0	FNMA 15 YR #421550		12/25/2004	PRINCIPAL RECEIPT		53,006	53,006	53,592	53,500	.0	(444)	.0	(444)	.0	53,006	.0	.0	.0	2,544	06/01/2013
31379X-JT-3	FNMA 15 YR #432374		12/25/2004	PRINCIPAL RECEIPT		54,039	54,039	54,636	54,488	.0	(450)	.0	(450)	.0	54,039	.0	.0	.0	1,507	06/01/2013
31379Y-FR-9	FNMA 15 YR #433176		12/25/2004	PRINCIPAL RECEIPT		119,006	119,006	120,234	119,873	.0	(867)	.0	(867)	.0	119,006	.0	.0	.0	2,716	07/01/2013
31380L-TC-2	FNMA 15 YR #443447		12/25/2004	PRINCIPAL RECEIPT		13,338	13,338	13,486	13,455	.0	(117)	.0	(117)	.0	13,338	.0	.0	.0	480	09/01/2028
313800-GA-9	FNMA 15 YR #446693		12/25/2004	PRINCIPAL RECEIPT		12,221	12,221	12,356	12,329	.0	(107)	.0	(107)	.0	12,221	.0	.0	.0	276	10/01/2013
313800-H3-4	FNMA 15 YR #446750		12/25/2004	PRINCIPAL RECEIPT		35,883	35,883	36,279	36,204	.0	(321)	.0	(321)	.0	35,883	.0	.0	.0	976	10/01/2013
313826-NV-9	FNMA 15 YR #482007		12/25/2004	PRINCIPAL RECEIPT		41,829	41,829	42,291	42,209	.0	(380)	.0	(380)	.0	41,829	.0	.0	.0	1,172	04/01/2014
31382J-T7-6	FNMA 15 YR #483974		12/25/2004	PRINCIPAL RECEIPT		377,603	377,603	381,497	380,538	.0	(2,935)	.0	(2,935)	.0	377,603	.0	.0	.0	17,221	02/01/2014
31382L-BY-1	FNMA 15 YR #485255		12/25/2004	PRINCIPAL RECEIPT		170,266	170,266	172,021	171,465	.0	(1,200)	.0	(1,200)	.0	170,266	.0	.0	.0	3,174	02/01/2014
31382L-X2-7	FNMA 15 YR #485897		12/25/2004	PRINCIPAL RECEIPT		18,445	18,445	18,649	18,609	.0	(164)	.0	(164)	.0	18,445	.0	.0	.0	627	03/01/2014
31382M-CY-8	FNMA 15 YR #486187		12/25/2004	PRINCIPAL RECEIPT		14,612	14,612	14,774	14,746	.0	(133)	.0	(133)	.0	14,612	.0	.0	.0	529	03/01/2014
31382Q-U0-6	FNMA 15 YR #489391		12/25/2004	PRINCIPAL RECEIPT		6,573	6,573	6,646	6,635	.0	(61)	.0	(61)	.0	6,573	.0	.0	.0	236	03/01/2014
31382T-HK-8	FNMA 15 YR #491734		12/25/2004	PRINCIPAL RECEIPT		20,499	20,499	20,725	20,676	.0	(178)	.0	(178)	.0	20,499	.0	.0	.0	662	03/01/2014
31385J-M8-8	FNMA 15 YR #545883		12/25/2004	PRINCIPAL RECEIPT		49,260	49,260	50,953	50,953	.0	(1,693)	.0	(1,693)	.0	49,260	.0	.0	.0	557	09/01/2017
31385X-D7-9	FNMA 15 YR #555526		12/25/2004	PRINCIPAL RECEIPT		331,176	331,176	341,085	341,207	.0	(10,031)	.0	(10,031)	.0	331,176	.0	.0	.0	9,505	05/01/2018
31400K-CU-8	FNMA 15 YR #689583		12/25/2004	PRINCIPAL RECEIPT		178,905	178,905	183,489	183,309	.0	(4,405)	.0	(4,405)	.0	178,905	.0	.0	.0	6,284	02/01/2018
31401C-4K-6	FNMA 15 YR #704726		12/25/2004	PRINCIPAL RECEIPT		82,641	82,641	84,268	84,247	.0	(1,605)	.0	(1,605)	.0	82,641	.0	.0	.0	2,302	06/01/2018
31401J-C2-2	FNMA 15 YR #709389		12/25/2004	PRINCIPAL RECEIPT		316,235	316,235	329,972	329,890	.0	(13,654)	.0	(13,654)	.0	316,235	.0	.0	.0	9,266	07/01/2018
31402B-C3-6	FNMA 15 YR #723790		12/25/2004	PRINCIPAL RECEIPT		146,122	146,122	148,999	148,961	.0	(2,838)	.0	(2,838)	.0	146,122	.0	.0	.0	3,576	06/01/2018
31402C-W6-5	FNMA 15 YR #725269		12/25/2004																	

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	
										11	12	13	14	15							
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 (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	
172474-A6-3	CINERGY CORP.		09/01/2004	MATURITY		500,000	500,000	511,350	504,504	.0	(4,504)	.0	(4,504)	.0	500,000	.0	.0	.0	31,250	09/01/2004	
29364L-AE-2	ENERGY GULF STATES		12/01/2004	Undefined		500,000	500,000	499,755	499,805	.0	.42	.0	.42	.0	499,847	.0	153	153	26,000	12/03/2007	
637432-C0-6	NATIONAL RURAL UTIL		09/15/2004	Undefined		788,490	750,000	823,253	812,194	.0	(18,127)	.0	(18,127)	.0	794,067	.0	(5,577)	(5,577)	38,125	05/15/2006	
653522-DW-1	NIAGARA MOHAWK POWER		10/01/2004	MATURITY		190,000	190,000	189,911	189,976	.0	24	.0	24	.0	190,000	.0	.0	.0	10,213	10/01/2004	
713291-AE-2	PEPCO HOLDINGS INC.		03/10/2004	Undefined		514,935	500,000	499,455	499,616	.0	33	.0	33	.0	499,649	.0	15,286	15,286	10,938	02/15/2006	
816851-AD-1	SEMPRA ENERGY		06/01/2004	Undefined		754,500	750,000	789,338	769,694	.0	(16,389)	.0	(16,389)	.0	753,305	.0	1,195	1,195	46,167	07/01/2004	
389999	Bonds - Public Utilities					4,390,421	4,320,000	4,443,911	4,406,010	0	(38,855)	0	(38,855)	0	4,367,145	0	23,276	23,276	194,999	XXX	
INDUSTRIAL & MISCELLANEOUS																					
008916-AA-6	AGRIUM INC.		02/01/2004	MATURITY		500,000	500,000	498,390	499,976	.0	24	.0	24	.0	500,000	.0	.0	.0	17,500	02/01/2004	
013817-AA-9	ALCOA, INC		06/16/2004	Undefined		421,416	400,000	398,608	399,506	.0	137	.0	137	.0	399,643	.0	21,773	21,773	25,375	08/01/2005	
00184A-AD-7	AOL TIME WARNER INC		03/02/2004	Undefined		521,990	500,000	490,200	495,407	.0	562	.0	562	.0	495,969	.0	26,021	26,021	9,688	05/01/2005	
06406H-AT-6	BANK OF NEW YORK		12/01/2004	Undefined		493,135	500,000	499,800	499,841	.0	61	.0	61	.0	499,902	.0	(6,767)	(6,767)	11,733	05/12/2006	
06606W-AM-6	BBHE 1998-2 A6		12/25/2004	PRINCIPAL RECEIPT		16,882	16,882	17,901	17,912	.0	(1,030)	.0	(1,030)	.0	16,882	.0	.0	.0	1,121	12/25/2028	
073902-CB-2	BEAR STEARNS COS INC		06/18/2004	Undefined		748,238	750,000	772,905	768,586	.0	(3,772)	.0	(3,772)	.0	764,814	.0	(16,576)	(16,576)	16,438	03/30/2006	
055959-AY-6	BNIOT 2003-A A3		12/25/2004	PRINCIPAL RECEIPT		298,567	298,567	298,525	298,558	.0	9	.0	9	.0	298,567	.0	.0	.0	5,083	02/25/2007	
05948X-R2-9	BOANS 2003-L 2A2		12/25/2004	PRINCIPAL RECEIPT		275,706	275,706	277,082	277,017	.0	(1,312)	.0	(1,312)	.0	275,706	.0	.0	.0	5,910	01/25/2034	
125577-AD-8	CIT GROUP HOLDINGS		10/15/2004	MATURITY		500,000	500,000	507,650	503,200	.0	(3,200)	.0	(3,200)	.0	500,000	.0	.0	.0	35,625	10/15/2004	
184502-AM-4	CLEAR CHANNEL COMM		09/09/2004	Undefined		526,235	500,000	540,145	538,157	.0	(8,966)	.0	(8,966)	.0	529,192	.0	(2,957)	(2,957)	26,083	11/01/2006	
210518-BN-5	CONSUMERS ENERGY CO		09/20/2004	Undefined		193,560	190,000	189,956	189,981	.0	11	.0	11	.0	189,992	.0	3,568	3,568	11,558	03/15/2005	
22237L-LQ-3	COUNTRYWIDE HOME LOANS		08/17/2004	Undefined		786,180	750,000	795,034	790,288	.0	(9,496)	.0	(9,496)	.0	780,792	.0	5,388	5,388	43,427	08/01/2006	
224044-AF-4	COX COMMUNICATION		05/20/2004	Undefined		523,220	500,000	508,180	504,080	.0	(1,045)	.0	(1,045)	.0	503,035	.0	20,185	20,185	15,278	06/15/2005	
12689F-JE-4	CWHL 2003-60 3A1		12/25/2004	PRINCIPAL RECEIPT		381,631	381,631	385,328	385,314	.0	(3,683)	.0	(3,683)	.0	381,631	.0	.0	.0	9,455	02/15/2034	
233835-AB-3	DAIMLERCHRYSLER SNR NTS		06/24/2004	CS First Boston		1,008,710	1,000,000	998,510	999,771	.0	164	.0	164	.0	999,934	.0	8,776	8,776	57,117	09/01/2004	
309601-AB-8	FARMERS INS EXCHANGE 144A		08/01/2004	MATURITY		1,000,000	1,000,000	1,087,090	1,009,165	.0	(9,165)	.0	(9,165)	.0	1,000,000	.0	.0	.0	85,000	08/01/2004	
592907-AA-7	FRED MEYER		07/07/2004	Undefined		516,470	500,000	543,860	525,764	.0	(11,298)	.0	(11,298)	.0	514,466	.0	2,004	2,004	31,344	03/01/2005	
370334-AW-4	GENERAL MILLS		06/18/2004	Undefined		496,780	500,000	507,640	506,375	.0	(711)	.0	(711)	.0	505,664	.0	(8,884)	(8,884)	10,925	11/30/2007	
370425-RS-1	GENERAL MOTORS ACCEPTANCE CORP		01/07/2004	Undefined		537,415	500,000	526,970	514,861	.0	(156)	.0	(156)	.0	514,705	.0	22,710	22,710	35,313	07/15/2005	
41283A-BC-2	HDMOT 2003-3 B		03/05/2004	VARIOUS		444,210	443,948	443,881	444,072	.0	(22)	.0	(22)	.0	444,050	.0	160	160	2,326	05/15/2011	
404230-AF-4	HMH PROPERTIES MTN		09/02/2004	DONALDSON, LUFKN & JENRETT		365,327	353,000	318,141	331,178	.0	1,575	.0	1,575	.0	332,753	.0	32,575	32,575	12,231	08/01/2008	
617059-FB-1	JPMC 1999-C7 A2		06/16/2004	Undefined		538,711	500,000	564,824	563,367	.0	(957)	.0	(957)	.0	562,409	.0	(23,698)	(23,698)	18,075	10/15/2035	
487836-AY-4	KELLOGG CO		01/22/2004	Undefined		490,975	500,000	499,840	499,857	.0	2	.0	2	.0	499,859	.0	(8,884)	(8,884)	2,236	06/01/2008	
521865-AE-5	LEAR CORP		03/02/2004	LEHMAN BROTHERS		265,500	225,000	227,250	226,653	.0	(42)	.0	(42)	.0	226,611	.0	38,889	38,889	5,576	05/15/2009	
526055-AA-6	LENFEST SENIOR NOTE		03/25/2004	Undefined		548,555	500,000	534,880	522,623	.0	(2,753)	.0	(2,753)	.0	519,870	.0	28,685	28,685	17,332	11/01/2005	
571748-AH-6	MARSH & MCLENNAN COS INC		11/23/2004	Undefined		293,026	310,000	310,189	310,158	.0	(28)	.0	(28)	.0	310,130	.0	(17,104)	(17,104)	13,832	02/15/2008	
63936W-AC-0	NAVOT 2003-A A3		12/15/2004	PRINCIPAL RECEIPT		11,943	11,943	11,942	11,947	.0	(3)	.0	(3)	.0	11,943	.0	.0	.0	207	02/15/2007	
751025-AA-5	RALCORP		09/15/2004	MATURITY		500,000	500,000	553,350	515,172	.0	(15,172)	.0	(15,172)	.0	500,000	.0	.0	.0	43,750	09/15/2004	
904764-AF-4	UNILEVER CAPITAL CORP		01/13/2004	Undefined		1,088,730	1,000,000	1,101,020	1,086,970	.0	(1,550)	.0	(1,550)	.0	1,085,420	.0	3,310	3,310	14,323	11/01/2005	
914906-AC-6	UNIVISION COMM INC		02/04/2004	Undefined		389,719	390,000	389,945	389,949	.0	2	.0	2	.0	389,951	.0	(231)	(231)	3,551	10/15/2006	
912920-AU-9	US WEST COMMUNICATIONS INC		11/01/2004	MATURITY		530,000	530,000	543,271	533,308	.0	(3,308)	.0	(3,308)	.0	530,000	.0	.0	.0	38,160	11/01/2004	
903278-AY-5	USAOT 2003-1 A3		12/15/2004	PRINCIPAL RECEIPT		69,032	69,032	69,025	69,048	.0	(16)	.0	(16)	.0	69,032	.0	.0	.0	1,091	06/15/2007	
92922F-LD-8	WAMU 2004-ARI A		12/25/2004	PRINCIPAL RECEIPT		246,889	246,889	249,358	249,358	.0	(2,469)	.0	(2,469)	.0	246,889	.0	.0	.0	3,693	03/25/2034	
459999	Bonds - Industrial and Miscellaneous					15,528,752	15,142,598	15,660,692	15,477,419	0	(77,610)	0	(77,610)	0	15,399,809	0	128,943	128,943	630,353	XXX	
609997	Bonds - Part 4					46,913,710	46,689,370	47,556,979	47,205,240	0	(422,353)	0	(422,353)	0	46,782,887	0	130,823	130,823	1,562,456	XXX	
609998	Bonds - Part 5					6,735,929	6,169,000	6,767,431	6,767,431	0	(23,728)	0	(23,728)	0	6,743,703	0	(7,774)	(7,774)	114,377	XXX	
609999	Total - Bonds					53,649,639	52,858,370	54,324,410	53,972,671	0	(446,081)	0	(446,081)	0	53,526,590	0	123,049	123,049	1,676,833	XXX	
659998	Preferred Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
659999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
729998	Common Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
729999	Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
739999	Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
749999	Totals					53,649,639	XXX	54,324,410	53,972,671	0	(446,081)	0	(446,081)	0	53,526,590	0	123,049	123,049	1,676,833	XXX	

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/ Adjusted Carrying Value at Disposal Date	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change In B./A. C.V. (12 + 13 - 14)	16 Total Foreign Exchange Change in B./A. C.V.					
US GOVERNMENT OBLIGATIONS																				
912810-ED-6	US TREASURY BONDS		09/30/2004	Undefined	12/23/2004	Undefined	1,250,000	1,708,984	1,705,566	1,704,013	0	(4,971)	0	(4,971)	0	0	1,553	1,553	36,982	12,971
912828-AW-0	US TREASURY NT/BD		03/31/2004	Undefined	12/23/2004	Undefined	2,000,000	2,009,453	1,997,031	2,002,561	0	(6,892)	0	(6,892)	0	0	(5,530)	(5,530)	24,107	89
0399999	Bonds - U.S. Governments						3,250,000	3,718,438	3,702,598	3,706,574	0	(11,863)	0	(11,863)	0	0	(3,976)	(3,976)	61,089	13,060
SPECIAL REVENUE AND ASSESSMENTS																				
31391P-SS-6	FNMA 30 YR #672929		03/05/2004	Undefined	03/09/2004	Undefined	419,000	430,588	431,439	430,469	0	(119)	0	(119)	0	0	970	970	896	896
3199999	Bonds - Special Revenue						419,000	430,588	431,439	430,469	0	(119)	0	(119)	0	0	970	970	896	896
INDUSTRIAL & MISCELLANEOUS																				
22237L-MD-1	COUNTRYWIDE HOME LOANS		08/17/2004	Undefined	10/14/2004	Undefined	750,000	790,028	788,468	787,551	0	(2,477)	0	(2,477)	0	0	917	917	8,938	2,177
25243Q-AB-2	DJAGEO CAPITAL PLC		08/20/2004	Undefined	09/08/2004	Undefined	500,000	501,790	500,100	501,764	0	(26)	0	(26)	0	0	(1,664)	(1,664)	5,542	4,667
61747R-AL-4	MSALT 2004-HBI C		05/05/2004	Undefined	08/25/2004	Undefined	250,000	249,998	249,375	249,998	0	0	0	0	0	0	(623)	(623)	2,120	0
755111-AN-1	RAYTHEON CO		01/14/2004	Undefined	08/13/2004	Undefined	500,000	552,130	545,090	546,307	0	(5,823)	0	(5,823)	0	0	(1,217)	(1,217)	24,515	6,748
902118-AZ-1	TYCO INTL GROUP SA		09/08/2004	Undefined	12/16/2004	Undefined	500,000	524,460	518,860	521,041	0	(3,419)	0	(3,419)	0	0	(2,181)	(2,181)	11,278	3,544
4599999	Bonds - Industrial and Miscellaneous						2,500,000	2,618,406	2,601,893	2,606,660	0	(11,746)	0	(11,746)	0	0	(4,767)	(4,767)	52,392	17,136
6099998	Total - Bonds						6,169,000	6,767,431	6,735,929	6,743,703	0	(23,728)	0	(23,728)	0	0	(7,774)	(7,774)	114,377	31,092
7399999	Total - Preferred and Common Stocks							0	0	0	0	0	0	0	0	0	0	0	0	0
7499999	Totals						6,767,431	6,735,929	6,743,703	6,743,703	0	(23,728)	0	(23,728)	0	0	(7,774)	(7,774)	114,377	31,092

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Admitted Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book / Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
NONE									
1999999 Totals								XXX	XXX

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$
2. Total amount of intangible assets nonadmitted: \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total				XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE DA - PART 1

Showing all **SHORT-TERM INVESTMENTS** Owned December 31 of Current Year

1	Codes		4	5	6	7	Change In Book/Adjusted Carrying Value				12	13	Interest					20	
	2	3					8	9	10	11			14	15	16	17	18		19
Description	Code	Foreign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due And Accrued Dec. 31 of Current Year On Bond Not In Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	How Paid	Gross Amount Received	Paid for Accrued Interest
Industrial and Miscellaneous - Issuer Obligations			01/01/2004	Undefined	01/01/2005	5,790.005					5,790.005	5,790.005			0.000	0.000	MATR		
3999999 - Industrial and Miscellaneous - Issuer Obligations						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		
4599999 - Total - Industrial and Miscellaneous Bonds						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		
5499999 - Total - Issuer Obligations						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		
6099999 - Total - Bonds						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		
						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		
8299999 Totals						5,790.005					5,790.005	5,790.005			XXX	XXX	XXX		

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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

**ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE E - PART 2 CASH EQUIVALENTS

Showing Investments owned December 31 of current year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
NONE								
0199999 Total Cash Equivalents								

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ANNUAL STATEMENT FOR THE YEAR 2004 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

1	2	3	4	5	6	7
Line Number	Type	Description of Deposit	Where Deposited and Purpose of Deposit	Par or Book Value	Statement Value (a)	Fair Value
9999998 - Totals - All Policyholders				41,170,000	43,067,744	43,767,825
9999999 Totals				41,170,000	43,067,744	43,767,825

(a) Including \$ 201,338 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.