

**STATE COMPENSATION INSURANCE FUND
OF THE
STATE OF CALIFORNIA**

FINANCIAL STATEMENT

YEAR 2004

INCOME

Net Premiums Written		
Direct Premium Written Before Charge-Offs		\$ 8,150,893,012
Plus: Net Premium Charge-Offs	\$ 65,511,683	
Minus: Reinsurance Premium Ceded	<u>266,739,417</u>	<u>(201,227,734)</u>
Net Premiums Written		\$ 7,949,665,278
Change in Unearned Premiums	\$ (13,323,783)	
Change in Earned But Unbilled Premium	<u>(18,022,117)</u>	<u>(31,345,900)</u>
Premiums Earned		\$ 7,918,319,378
Investment Earnings		636,671,303
Other Income		
Premium Charged-Offs Gain/Loss	\$ (65,511,683)	
Retroactive Reinsurance Gain - LPT	<u>-</u>	<u>(65,511,683)</u>
Total Income		\$ 8,489,478,998

DISBURSEMENTS

Compensation Benefits		\$ 5,528,283,288
Claims Expense		841,684,450
Other Underwriting Expenses		
Acquisition	\$ 721,150,980	
General Expenses	261,164,127	
Taxes & Fees	<u>227,626,751</u>	<u>1,209,941,858</u>
Total Disbursements		\$ 7,579,909,596

Net Income 01/01/04 - 12/31/04		<u>\$ 909,569,402</u>
---------------------------------------	--	------------------------------

**STATE COMPENSATION INSURANCE FUND
OF THE
STATE OF CALIFORNIA**

YEAR 2004

ASSETS

Cash on Deposit-State Treasurer and Banks		\$ 306,211,320
Money Market Funds		250,982,754
Long Term Investments-Bonds		
U.S. Government	\$ 5,108,029,731	
Special Revenue, State & Municipal	5,532,777,190	
Public Utilities	555,751,948	
Corporate and Railroads	5,182,225,859	
Other Government Bonds	49,894,267	16,428,678,995
Short Term Investments		
Bonds-U.S. Government	0	
Marketable Securities-Securities Lending	928,024,074	928,024,074
Real Estate and Home Offices		175,767,608
Premiums Outstanding		154,592,717
Earned but Unbilled Premium (EBUB)		244,491,365
EDP Equipment & Software		7,855,576
Interest, Dividends & Real Estate Due & Accrued		165,120,166
Reinsurance Receivable		9,047,257
Guaranty Funds Receivable - CIGA		160,070,799
Other Assets		
Due From Adjusting Contracts	\$ 66,423,156	
Surcharges Receivable - WCA, FRAUD, UEBT, SIBT	61,990,929	
Structured Settlements-Annuities	457,338	
Reinsurance Premium Credit	-	
Deposits with Reinsurance Companies - LPT	13,500,000	142,371,423
TOTAL ASSETS		\$ 18,973,214,054

LIABILITIES

Reserves		
Compensation Benefits & Expense		
Statement Reserves	\$ 15,459,334,756	
Retroactive Reinsurance Reserve Ceded - LPT	(1,035,000,000)	\$ 14,424,334,756
Declared Dividends Reserve		3,100,000
Unearned Premiums		311,793,126
Advance Premiums		255,625
Payables		
Taxes Payable		9,983,702
Reinsurance Payable		35,632,826
Expense Bills Payable		180,770,396
Securities Payable		-
Amounts Withheld for the Account of Others		84,640,921
Collateral for Loaned Securities		927,217,790
Other Liabilities		132,989,879
TOTAL LIABILITIES		\$ 16,110,719,021

Policyholders' Surplus

Unassigned Surplus	\$ 2,542,738,683	
Special Surplus Funds - LPT	319,756,350	2,862,495,033

TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS

\$ 18,973,214,054

Adjustment of Policyholders' Surplus

Policyholders' Surplus 12/31/03	\$ 2,085,877,169
Net Income 01/01/04 to 12/31/04	909,569,402
Change in Premiums O/S over 90 Days	(104,516,146)
Change in Net Unrealized Capital Gains or (Losses)	662,347
Change in Non-Admitted Assets	(47,755,082)
Change in Provision for Reinsurance	14,725,000
Change in Declared Dividend Reserve	4,100,000
Less: Dividends Paid	167,657

Total Policyholders' Surplus 12/31/04

\$ 2,862,495,033