



LIFE ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2004

OF THE CONDITION AND AFFAIRS OF THE

## COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

NAIC Group Code 0565 0565 NAIC Company Code 62049 Employer's ID Number 57-0144607  
(Current Period) (Prior Period)

Organized under the Laws of SOUTH CAROLINA, State of Domicile or Port of Entry SOUTH CAROLINA

Country of Domicile United States of America

Incorporated 04/18/1939 Commenced Business 09/22/1939

Statutory Home Office 1200 COLONIAL LIFE BOULEVARD, COLUMBIA, SC 29210  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1200 COLONIAL LIFE BOULEVARD  
(Street and Number)  
COLUMBIA, SC 29210, 803-798-7000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1200 COLONIAL LIFE BOULEVARD, COLUMBIA, SC 29210  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1200 COLONIAL LIFE BOULEVARD  
(Street and Number)  
COLUMBIA, SC 29210, 803-798-7000  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.coloniallife.com

Statutory Statement Contact VICKI WRIGHT CORBETT, 423-294-1373  
(Name) (Area Code) (Telephone Number)  
VCorbett@unumprovident.com, 423-294-4260  
(E-mail Address) (FAX Number)

Policyowner Relations Contact 1200 COLONIAL LIFE BOULEVARD  
(Street and Number)  
COLUMBIA, SC 29210, 800-845-7330  
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

### OFFICERS

PRESIDENT RANDALL CRAIG HORN  
SECRETARY SUSAN NANCE ROTH

TREASURER JOHN JOSEPH IWANICKI  
ACTUARY ROGER LUC MARTIN

### VICE PRESIDENTS

ROBERT O'HARA BEST  
JOSEPH RICHARD FOLEY

FLOYD DEAN COPELAND  
ROBERT CARL GREVING

VICKI WRIGHT CORBETT  
KEVIN PAUL MCCARTHY

### DIRECTORS OR TRUSTEES

FLOYD DEAN COPELAND

THOMAS ROS WATJEN

State of Tennessee SS:  
County of Hamilton

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.

Randall Craig Horn  
President and Chief Executive Officer

Susan Nance Roth  
Vice President, Corporate Secretary and Assistant  
General Counsel

John Joseph Iwanicki  
Vice President and Treasurer

Subscribed and sworn to before me this  
9th day of November, 2004

- 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 .....

Joan Porterfield

My commission expires March 28, 2005

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	1,248,428,975		1,248,428,975	1,149,008,736
2. Stocks:				
2.1 Preferred stocks .....	28,000		28,000	28,000
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....	31,794,798		31,794,798	36,717,167
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	9,560,519		9,560,519	9,483,864
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	1,485,314		1,485,314	1,588,555
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	121,813		121,813	121,813
5. Cash (\$ .....(6,873,826) ), cash equivalents (\$ .....6,609,943 ) and short-term investments (\$ ..... ) .....	(263,883)		(263,883)	(7,018,751)
6. Contract loans, (including \$ .....0 premium notes) .....	32,245,878		32,245,878	30,724,663
7. Other invested assets .....	160,972		160,972	201,107
8. Receivable for securities .....	2,777		2,777	6,327
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	1,323,565,164		1,323,565,164	1,220,861,481
11. Investment income due and accrued .....	18,262,086		18,262,086	18,318,710
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....	42,748,234	1,982,868	40,765,366	38,230,113
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....0 earned but unbilled premiums) .....	9,416,589		9,416,589	8,239,093
12.3 Accrued retrospective premiums .....				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....	2,587,841		2,587,841	1,209,120
13.2 Funds held by or deposited with reinsured companies .....				
13.3 Other amounts receivable under reinsurance contracts .....	469,852		469,852	976,422
14. Amounts receivable relating to uninsured plans .....				
15.1 Current federal and foreign income tax recoverable and interest thereon .....				
15.2 Net deferred tax asset .....	156,884,000	115,898,000	40,986,000	44,602,000
16. Guaranty funds receivable or on deposit .....	1,129,927		1,129,927	1,064,696
17. Electronic data processing equipment and software .....	2,999,004	2,999,004		
18. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	3,483,481	3,483,481		
19. Net adjustment in assets and liabilities due to foreign exchange rates .....				
20. Receivables from parent, subsidiaries and affiliates .....			0	12,400,000
21. Health care (\$ .....0 ) and other amounts receivable .....	65,875,682	65,875,682		
22. Other assets nonadmitted .....	2,549,711	2,549,711		
23. Aggregate write-ins for other than invested assets .....	10,141,696	3,638,596	6,503,100	7,064,562
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	1,640,113,267	196,427,343	1,443,685,924	1,352,966,197
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Total (Lines 24 and 25) .....	1,640,113,267	196,427,343	1,443,685,924	1,352,966,197
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) .....				
2301. Funds withheld - LNL .....	6,503,100		6,503,100	6,635,842
2302. Corporate owned life insurance .....	0		0	428,720
2303. Prepaid expenses .....	3,559,175	3,559,175		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	79,421	79,421		
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) .....	10,141,696	3,638,596	6,503,100	7,064,562

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ 495,620,588 less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	495,620,588	472,256,491
2. Aggregate reserve for accident and health contracts (including \$ 0 Modco Reserve)	517,913,315	477,411,006
3. Liability for deposit-type contracts (including \$ 0 Modco Reserve)	7,924	20,808
4. Contract claims:		
4.1 Life	11,553,737	12,814,084
4.2 Accident and health	81,036,362	82,599,351
5. Policyholders' dividends \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ 0 discount; including \$ 3,564,364 accident and health premiums	3,650,163	3,413,717
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ 430,335 assumed and \$ 1,479,988 ceded	1,910,323	1,668,176
9.4 Interest Maintenance Reserve	5,931,433	5,592,272
10. Commissions to agents due or accrued-life and annuity contracts \$ 2,117,899 , accident and health \$ 28,579,510 and deposit-type contract funds \$ 0	30,697,410	26,777,549
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	2,942,887	1,841,649
13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	4,567,601	5,081,594
15.1 Current federal and foreign income taxes, including \$ 0 on realized capital gains (losses)	1,554,855	3,173,458
15.2 Net deferred tax liability		
16. Unearned investment income	235,865	235,865
17. Amounts withheld or retained by company as agent or trustee	20,185	82,619
18. Amounts held for agents' account, including \$ 531,739 agents' credit balances	531,739	1,076,561
19. Remittances and items not allocated	20,039,490	17,387,528
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	1,159,465	1,352,016
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	3,484,757	1,058,406
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	4,675,579	8,486,860
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	4,426,242	3,588,648
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	1,191,959,921	1,125,918,659
27. From Separate Accounts Statement		
28. Total liabilities (Lines 26 and 27)	1,191,959,921	1,125,918,659
29. Common capital stock	15,076,209	15,076,209
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	8,561,315	9,809,624
32. Surplus notes		
33. Gross paid in and contributed surplus	2,369,298	2,369,298
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	225,719,182	199,792,407
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$ )		
36.2 shares preferred (value included in Line 30 \$ )		
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ in Separate Accounts Statement)	236,649,794	211,971,329
38. Totals of Lines 29, 30 and 37	251,726,003	227,047,538
39. Totals of Lines 28 and 38	1,443,685,924	1,352,966,197
<b>DETAILS OF WRITE-INS</b>		
2501. Reserve for unclaimed property	4,366,410	3,580,002
2502. Miscellaneous amounts payable	59,832	8,646
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	4,426,242	3,588,648
3101. Deferred gains on reinsurance of inforce block of business	8,561,315	9,809,624
3102. ....		
3103. ....		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)	8,561,315	9,809,624
3401. ....		
3402. ....		
3403. ....		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

## STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE &amp; ACCIDENT INSURANCE COMPANY

**SUMMARY OF OPERATIONS**

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	575,481,933	555,776,998	741,249,500
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	71,728,720	66,245,699	92,391,307
4. Amortization of Interest Maintenance Reserve (IMR)	522,451	611,413	877,910
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	14,273,818	11,379,792	15,459,067
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	893,710	46,562	40,717
9. Totals (Lines 1 to 8.3)	662,900,630	634,060,465	850,018,501
10. Death benefits	33,578,074	28,651,377	40,157,495
11. Matured endowments (excluding guaranteed annual pure endowments)	118,834	175,935	237,559
12. Annuity benefits	4,851	4,851	6,468
13. Disability benefits and benefits under accident and health contracts	208,044,326	206,680,327	276,986,480
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	19,512,563	18,183,619	25,113,730
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	12,892	8,532	13,655
18. Payments on supplementary contracts with life contingencies	826	826	1,101
19. Increase in aggregate reserves for life and accident and health and contracts	63,866,406	73,552,892	90,470,325
20. Totals (Lines 10 to 19)	325,138,771	327,258,359	432,986,813
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	143,576,484	133,876,717	178,589,772
22. Commissions and expense allowances on reinsurance assumed	104,960	133,793	184,793
23. General insurance expenses	90,920,884	84,428,211	113,419,157
24. Insurance taxes, licenses and fees, excluding federal income taxes	17,304,592	15,026,284	19,458,610
25. Increase in loading on deferred and uncollected premiums	691,550	683,431	922,733
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	3,016	5,775	25,482
28. Totals (Lines 20 to 27)	577,740,256	561,412,571	745,587,360
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	85,160,374	72,647,894	104,431,141
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	85,160,374	72,647,894	104,431,141
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	32,933,622	25,693,224	35,409,013
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	52,226,752	46,954,670	69,022,128
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ 0 (excluding taxes of \$ (463,945) transferred to the IMR)	(1,986,107)	(7,588,807)	(12,767,675)
35. Net income (Line 33 plus Line 34)	50,240,645	39,365,863	56,254,453
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	227,047,538	187,656,154	187,656,153
37. Net income (Line 35)	50,240,645	39,365,863	56,254,453
38. Change in net unrealized capital gains (losses)	2,027,200	(2,334,800)	1,833,430
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	832,000	2,329,000	4,029,000
41. Change in non-admitted assets and related items	10,253,281	(3,349,792)	(5,739,386)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(2,426,351)	165,243	200,134
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(1,248,309)	(2,894,611)	(3,346,246)
52. Dividends to stockholders	(35,000,000)	(10,000,000)	(10,000,000)
53. Aggregate write-ins for gains and losses in surplus	0	(3,840,001)	(3,840,000)
54. Net change in capital and surplus for the year (Lines 37 through 53)	24,678,465	19,440,902	39,391,385
55. Capital and surplus, as of statement date (Lines 36 + 54)	251,726,003	207,097,056	227,047,538
<b>DETAILS OF WRITE-INS</b>			
08.301. Other income	893,710	46,562	40,717
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	893,710	46,562	40,717
2701. Fines and penalties paid to regulatory authorities	3,016	5,775	25,482
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	3,016	5,775	25,482
5301. Prior year adjustment for other-than-temporary bond impairment	0	(3,840,001)	(3,840,000)
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	0	(3,840,001)	(3,840,000)

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	572,155,102	733,864,442
2. Net investment income .....	65,980,138	81,329,169
3. Miscellaneous income .....	14,425,788	11,849,661
4. Total (Lines 1 to 3) .....	652,561,028	827,043,272
5. Benefit and loss related payments .....	265,232,274	322,926,869
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	246,623,706	302,822,387
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) \$ ..... (1,156,000) net of tax on capital gains (losses) .....	34,552,224	33,263,375
10. Total (Lines 5 through 9) .....	546,408,204	659,012,631
11. Net cash from operations (Line 4 minus Line 10) .....	106,152,824	168,030,641
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	108,265,609	228,063,184
12.2 Stocks .....	0	1,989,019
12.3 Mortgage loans .....	4,922,369	4,325,807
12.4 Real estate .....	0	797,040
12.5 Other invested assets .....	37,809	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7 Miscellaneous proceeds .....	3,482	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	113,229,269	235,175,050
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	199,824,979	419,866,444
13.2 Stocks .....	0	2,013,707
13.3 Mortgage loans .....		
13.4 Real estate .....	631,558	308,366
13.5 Other invested assets .....	0	80
13.6 Miscellaneous applications .....	0	9,971
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	200,456,537	422,198,568
14. Net increase (or decrease) in policy loans and premium notes .....	1,521,215	2,298,572
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(88,748,484)	(189,322,090)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....		
16.2 Capital and paid in surplus, less treasury stock .....		
16.3 Borrowed funds .....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	(12,884)	(9,000)
16.5 Dividends to stockholders .....	35,000,000	10,000,000
16.6 Other cash provided (applied) .....	24,363,413	18,837,216
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(10,649,471)	8,828,216
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17) .....	6,754,868	(12,463,233)
19. Cash and short-term investments:		
19.1 Beginning of year .....	(7,018,751)	5,444,482
19.2 End of period (Line 18 plus Line 19.1) .....	(263,883)	(7,018,751)

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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.....		
.....		

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life .....			
2. Ordinary life insurance .....	116,944,585	106,829,678	142,703,383
3. Ordinary individual annuities .....	25,271	40,713	48,737
4. Credit life (group and individual) .....			
5. Group life insurance .....	8,073,388	7,553,900	10,472,137
6. Group annuities .....			
7. A & H - group .....	17,380,230	24,875,741	32,702,473
8. A & H - credit (group and individual) .....			
9. A & H - other .....	468,308,284	438,820,754	586,275,602
10. Aggregate of all other lines of business .....			
11. Subtotal .....	610,731,758	578,120,786	772,202,332
12. Deposit-type contracts .....			
13. Total	610,731,758	578,120,786	772,202,332
DETAILS OF WRITE-INS			
1001. ....			
1002. ....			
1003. ....			
1098. Summary of remaining write-ins for Line 10 from overflow page .....			
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)			

## NOTES TO FINANCIAL STATEMENTS

### 1. Contingencies

#### The Multidistrict Litigation - Policyholder Class Actions

On May 22, 2003, UnumProvident Corporation (UnumProvident), several of its subsidiaries, including Colonial Life Insurance Company (the Company), and some of their officers and directors filed a motion with the Judicial Panel on Multidistrict Litigation seeking to transfer a number of class action suits now pending against them in various federal district courts to a single district for coordinated or consolidated pre-trial proceedings. The action, discussed below, contends, among other things, that the defendants engaged in improper claims handling practices in violation of the Employee Retirement Income Security Act (ERISA) or various state laws. On September 2, 2003, the Judicial Panel on the Multidistrict Litigation entered an order transferring this case, described below, and a number of other class action suits to the U.S. District Court for the Eastern District of Tennessee for coordinated or consolidated pretrial proceedings. The lawsuits are in a very preliminary stage, the outcome is uncertain, and the Company is unable to estimate a range of reasonably possible losses. Reserves have not been established for these matters. An adverse outcome in one or more of these actions could, depending on the nature, scope, and amount of the ruling, materially adversely affect the Company's results of operations in a period.

On November 4, 2002 the case of Keir et al. v. UnumProvident Corporation et al., was filed in the United States District Court for the Southern District of New York. This case purports to be a class action on behalf of a putative class of group long-term disability participants insured under ERISA plans whose claims were denied or terminated on or after June 30, 1999. The amended complaint alleges that these claimants had their claims improperly challenged and allege that UnumProvident and its insurance subsidiaries, including the Company, breached certain fiduciary duties owed to these participants in ERISA plans in which the Company is the claims adjudicator. The Company maintains that the allegations are false and that the claims, as framed, are not permissible under ERISA's carefully structured avenues of relief. On April 29, 2003, the court denied the defendants' motion to dismiss the complaint. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class. This action was transferred to the Eastern District of Tennessee as part of the multidistrict litigation transfer order.

On February 11, 2003, the case of Harris, et al. v. UnumProvident Corporation, et al., was filed in the Circuit Court of St. Clair County, Illinois. This case purports to be a class action. The complaint alleges that individuals were wrongfully denied benefits and alleges causes of action under breach of contract, breach of the covenant of good faith and fair dealing, violation of the Illinois Consumer Fraud Act, common law fraud, intentional misrepresentation, and breach of fiduciary duty. Alternatively, the complaint alleges violations of ERISA. The complaint seeks injunctive and declaratory relief as well as restitution and punitive damages. On April 4, 2003 the case was removed to the United States District Court for the Southern District of Illinois. The Company strongly denies the allegations in the complaint and will vigorously defend the litigation. This action was transferred to the Eastern District of Tennessee as part of the multidistrict litigation transfer order.

On April 30, 2003, the case of Taylor v. UnumProvident Corporation, et al., was filed in the Circuit Court for Shelby County, Tennessee in the Thirteenth Judicial District at Memphis. The plaintiff seeks to represent all individuals who were insured by long-term disability policies issued by subsidiaries of UnumProvident and who did not obtain their coverage through employer sponsored plans and who had a claim denied, terminated, or suspended by a UnumProvident subsidiary after January 1, 1995. Plaintiff alleges that UnumProvident and its subsidiaries, including the Company, employed various unfair claim practices in assessing entitlement to benefits by class members during this period and, as a result, wrongfully denied legitimate claims. The plaintiff and the class seek contractual, equitable and injunctive relief. On June 9, 2003, the defendants removed this action to the United States District Court for the Western District of Tennessee. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class. This action was transferred to the Eastern District of Tennessee as part of the multidistrict litigation transfer order.

On July 18, 2003, Contreras v. UnumProvident Corporation, et al., was filed in the Southern District of New York. Plaintiffs allege claims on behalf of a putative class of ERISA plan participants, beneficiaries, third-party beneficiaries or assignees of group long-term disability insurance issued by the insuring subsidiaries of UnumProvident, including the Company, who have had a disability claim denied, terminated or suspended by UnumProvident on or after June 30, 1999. Plaintiffs assert bad faith claims practices by UnumProvident in violation of ERISA. Plaintiffs seek equitable and injunctive relief to require, among other things, that UnumProvident re-evaluate all previously denied, terminated, or suspended claims. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class. This action was transferred to the Eastern District of Tennessee as part of the multidistrict litigation transfer order.

On July 15, 2002, the case of Rombeiro v. Unum Life Insurance Company of America, et al., was filed in the Superior Court of Sonoma County, California. It was subsequently removed to the United States District Court for the Northern District of California. On January 21, 2003, a First Amended Complaint was filed, purporting to be a class action. This complaint alleges that plaintiff individually was wrongfully denied disability benefits under a group long-term disability plan and alleges breach of state law fiduciary duties on behalf of himself and others covered by similar plans whose disability benefits have been denied or terminated after a claim was made. The complaint seeks, among other things, injunctive and declaratory relief and payment of benefits. On April 30, 2003, the court granted in part and denied in part the defendants' motion to dismiss the complaint. On May 14, 2003, the plaintiff filed a Second Amended Complaint seeking injunctive relief on behalf of a putative nationwide class of long-term disability insurance policyholders. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class. This action was transferred to the Eastern District of Tennessee as part of the multidistrict litigation transfer order.

On November 13, 2003, the case of Dauphinee et al. v. UnumProvident, et al., was filed in the United States District Court for the Eastern District of Tennessee. This action is brought as a putative class action lawsuit on behalf of representative plaintiffs and all disabled individuals insured under a UnumProvident long-term disability plan. The complaint alleges that UnumProvident and its subsidiaries fraudulently and otherwise unlawfully denied and terminated long-term disability insurance benefits. Additionally, the complaint alleges misuse of authority as an ERISA claims fiduciary. The complaint seeks injunctive and declaratory relief to require, among other things, that UnumProvident re-evaluate all previously denied, terminated, or suspended claims. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On December 22, 2003, the Tennessee Federal District Court entered an order consolidating all of the above actions other than the Taylor action for all pretrial purposes under the caption In re UnumProvident Corp. ERISA Benefit Denial Actions. Among other things, the

## NOTES TO FINANCIAL STATEMENTS

court in that order appointed a lead counsel in the actions and directed lead counsel to file a consolidated amended complaint in the ERISA Benefit Denial Actions, which was filed on February 20, 2004. On March 26, 2004, the defendants answered the complaints in these actions, and simultaneously filed a motion for judgment on the pleadings in the ERISA Benefit Denial Actions. The court has not yet ruled upon that motion.

The parties have engaged in certain limited discovery in connection with a court-ordered mediation to take place later this year, as well as certain discovery on the merits of the claims asserted in the actions.

On April 9, 2004, the plaintiffs in Taylor and in the ERISA Benefit Denial Actions separately filed motions seeking certification of a plaintiff class. The defendants opposed each of those motions. The court has not yet ruled upon the motions.

The court entered a schedule providing for the completion of all pretrial proceedings in these actions by December 2005. The Company denies the allegations in the complaints and will vigorously defend the litigation and any attempt to certify the putative class.

### Claim Litigation

UnumProvident and its insurance company subsidiaries, including the Company, as part of their normal operations in managing disability claims are engaged in claim litigation where disputes arise as a result of a denial or termination of benefits. Most typically those lawsuits are filed on behalf of a single claimant or policyholder, and in some of these individual actions punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims. For claim litigation, UnumProvident and its insurance company subsidiaries, including the Company, maintain reserves based on experience to satisfy judgments and settlements in the normal course. Management expects that the ultimate liability, if any, with respect to claim litigation, after consideration of the reserves maintained, will not be material to the financial condition of the Company. Nevertheless, given the inherent unpredictability of litigation, it is possible that an adverse outcome in certain claim litigation involving punitive damages could, from time to time, have a material adverse effect on the Company's results of operations in a period. The Company is unable to estimate a range of reasonably possible punitive losses.

On July 17, 2003, a qui tam action, The State of California ex rel. Linda Nee and John Metz v. UnumProvident Corporation, et al., was filed under seal in the Superior Court of the State of California, County of Los Angeles. On April 16, 2004, UnumProvident was notified that the Insurance Commissioner decided not to bring an action which permitted the case to go forward with private plaintiffs. The complaint alleges unlawful sales, marketing and claims handling practices, including delaying or limiting payment for, denying or terminating claims by California claimants and/or claims that are handled by UnumProvident's Glendale or other claims centers. The complaint seeks civil penalties and assessments, attorneys' fees and cost, interest and such other relief as the court deems proper for violation of California Insurance Code § 1871.7(b). In addition, the complaint seeks injunctive relief. The Company denies the allegations in the complaint and will vigorously defend the litigation. On August 5, 2004, the Company filed several motions challenging the sufficiency of the complaint. The plaintiffs have responded to those motions and a hearing will be held during November, 2004.

### *Examinations and Investigations*

#### Broker Compensation, Quoting Process, and Related Matters

In June 2004, UnumProvident received a subpoena from the Office of the New York Attorney General (NYAG) requesting documents and information relating to compensation agreements between insurance brokers and UnumProvident and its subsidiaries. UnumProvident has received subpoenas for additional information, including information regarding its quoting process and the placement of reinsurance coverages. UnumProvident is reviewing its compensation policies and procedures for compliance with applicable legal requirements. As announced on October 19, 2004, UnumProvident and its subsidiaries will not enter into any new broker compensation agreements until this review is completed, and UnumProvident fully supports the complete and timely disclosure of compensation paid to the broker of a customer. UnumProvident is cooperating with the NYAG's requests and is in the process of gathering and providing information in response to these requests.

On October 26, 2004, UnumProvident received a subpoena from the Office of the Attorney General of the State of Connecticut. This subpoena also requested information regarding the quoting process and information regarding compensation agreements with brokers. UnumProvident will fully cooperate with this investigation.

On October 25, 2004, UnumProvident received a letter from the Massachusetts Division of Insurance announcing its intention to conduct a limited scope market conduct examination to determine whether the allegations raised in the NYAG's complaint against Marsh & McLennan are prevalent in the Commonwealth of Massachusetts. UnumProvident will fully cooperate with the Division's conduct of this examination.

#### Claim Related

UnumProvident has experienced increased market conduct examinations by state insurance departments focused specifically on its disability claims handling policies and practices. On March 19, 2003, UnumProvident consented to the entry of an order by the Georgia Insurance Commissioner that, among other things, ordered four of UnumProvident's insurance subsidiaries to each pay a monetary penalty of \$250,000 and to adhere to certain claims handling practices. The order also placed these four companies on regulatory probation for two years, during which period certain Georgia claims and complaints will be reviewed on a quarterly basis by representatives of the Georgia Department of Insurance. The Georgia order did not cite any violations of Georgia law or regulations.

Because of the number of market conduct examinations initiated during 2002 and 2003, the insurance commissioners of Maine, Massachusetts, and Tennessee, the states of domicile of UnumProvident's principal insurance subsidiaries, initiated a multistate targeted market conduct examination in September 2003 that focused on the disability claims handling policies and practices of these subsidiaries and whether they reflected unfair claim settlement practices. These three insurance commissioners have acted as the lead state regulators in conducting the exam. The insurance departments of 47 other states, the District of Columbia, and American Samoa have joined as participants in the multistate exam.

## NOTES TO FINANCIAL STATEMENTS

While the multistate exam was in progress, other investigations of UnumProvident's claims handling practices were proceeding. UnumProvident received a letter in September 2003 from the NYAG indicating that it was reviewing the disability claims handling practices and related issues of UnumProvident and its insurance subsidiaries. UnumProvident received several subsequent requests for additional information relating to several claims handling related issues and has been providing information in response to those requests.

In a letter dated March 25, 2004, the U.S. Department of Labor (DOL) informed UnumProvident that it was conducting an examination pursuant to the Employee Retirement Income Security Act of 1974 (ERISA) of the benefit plans UnumProvident provides to its employees and the products and services provided to third party plans. UnumProvident has been in the process of gathering and providing information in response to several requests.

As a result of the multistate exam and the other claim-related investigations, UnumProvident has had extensive discussions beginning with the lead state regulators that were joined later by the DOL, the NYAG, and the insurance department of the State of New York, which joined because UnumProvident has two insurance companies writing disability insurance that are domesticated in New York. Discussions also included the insurance department of California, which had an examination and investigation relating in part to claims handling practices that raised issues similar to the issues raised in the multistate exam. UnumProvident's goal has been to have these regulators and agencies join a combined resolution of the claim handling issues that addresses the needs of the various constituents that have an interest in UnumProvident and affect its business. While UnumProvident acknowledges that this objective adds complexity to the process, it believes that substantial progress has been made. The discussions are ongoing, and no assurances can be given as to their outcome or the number of parties that may join a combined resolution.

While the multistate examination has been in progress, several states have chosen to pursue their own market conduct examinations and investigations, which include claim related as well as certain other state specific issues. These include California, Arizona, Minnesota and New Mexico. Although these states are also participants in the multistate examination, it is uncertain as to whether any of these states will join in any combined resolution of the claims handling matters, pursue their own examination to conclusion, or pursue a combination of joining a multistate resolution and resolving certain state specific issues separately.

These regulatory examinations and investigations could result in, among other things, changes in business practices, including broker compensation and related disclosure practices, changes in the Company's claims handling practices, increases in policy liabilities, reopening of closed or denied claims, changes in governance and other oversight procedures, fines, and other administrative action. Such results, singly or in combination, could injure the Company's reputation, cause negative publicity, adversely affect the Company's ratings, or impair the Company's ability to sell or retain insurance policies, thereby adversely affecting the Company's business, and potentially materially adversely affecting the consolidated results of operations in a period. Determination by regulatory authorities that UnumProvident or its insurance subsidiaries have engaged in improper conduct could also adversely affect the Company's defense of various lawsuits described herein.

### *Other Litigation*

On October 20, 2004, a purported class action complaint for violations of the Racketeer Influenced and Corrupt Organizations Act (RICO), Ronald Scott Shirley v. Universal Life Resources, et al., was filed in the United States District Court for the Southern District of California. The allegations are made against Universal Life Resources, a major broker, and several major insurers, including UnumProvident, claiming there was a conspiracy to fraudulently market, sell and administer insurance products to employee benefit plans by extracting undisclosed compensation and fees from the employers sponsoring the plans and from the participants of those plans. The Company will vigorously defend the litigation.

### **2. Other**

All other notes to the financial statements have not changed significantly since the 2003 annual statement.

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY  
**GENERAL INTERROGATORIES**

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

**PART 1 - COMMON INTERROGATORIES  
 GENERAL**

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? ..... Yes [ ] No [ X ]
- 1.2 If yes, explain:
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [ X ]
- 2.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [ X ]
- 3.2 If yes, date of change: .....  
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 4. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ X ] No [ ]  
 If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ X ] N/A [ ]  
 If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/1999
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/1999
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 10/18/2000
- 7.4 By what department or departments? Delaware, Nevada, and South Carolina
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [ X ]
- 8.2 If yes, give full information:
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

# GENERAL INTERROGATORIES

## INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [ X ]
- 10.2 If yes, explain:
- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [ X ]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ ..... 160,972
13. Amount of real estate and mortgages held in short-term investments: ..... \$ .....
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [ X ]
- 14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ .....	\$ .....
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]  
If no, attach a description with this statement.
16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase .....	New York, NY .....
.....	.....
.....	.....

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

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

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [ X ]
- 16.4 If yes, give full information relating thereto:

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

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

1 Central Registration Depository	2 Name(s)	3 Address
30172 .....	Metropolitan West Securities, LLC .....	Los Angeles, CA .....
.....	JP Morgan Fleming Asset Management .....	New York, NY .....
.....	Provident Investment Management, LLC .....	Chattanooga, TN .....

**GENERAL INTERROGATORIES**

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

**PART 2 - LIFE & HEALTH**

1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:	1 Amount
1.1 Long-Term Mortgages In Good Standing	
1.11 Farm Mortgages .....	\$ .....
1.12 Residential Mortgages .....	\$ .....
1.13 Commercial Mortgages .....	\$ ..... 31,794,798
1.14 Total Mortgages in Good Standing .....	\$ ..... 31,794,798
1.2 Long-Term Mortgages In Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing with Restructured Terms .....	\$ .....
1.3 Long-Term Mortgage Loans Upon which Interest is Overdue more than Three Months	
1.31 Farm Mortgages .....	\$ .....
1.32 Residential Mortgages .....	\$ .....
1.33 Commercial Mortgages .....	\$ .....
1.34 Total Mortgages with Interest Overdue more than Three Months .....	\$ .....
1.4 Long-Term Mortgage Loans in Process of Foreclosure	
1.41 Farm Mortgages .....	\$ .....
1.42 Residential Mortgages .....	\$ .....
1.43 Commercial Mortgages .....	\$ .....
1.44 Total Mortgages in Process of Foreclosure .....	\$ .....
1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Column 3, Lines 3.1 + 3.2) .....	\$ ..... 31,794,798
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages .....	\$ .....
1.62 Residential Mortgages .....	\$ .....
1.63 Commercial Mortgages .....	\$ .....
1.64 Total Mortgages Foreclosed and Transferred to Real Estate .....	\$ .....

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE A - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	11,194,232	12,216,260
2. Increase (decrease) by adjustment .....	(658,144)	(849,232)
3. Cost of acquired .....		
4. Cost of additions to and permanent improvements .....	631,558	308,366
5. Total profit (loss) on sales .....		315,878
6. Increase (decrease) by foreign exchange adjustment .....		
7. Amount received on sales .....		797,040
8. Book/adjusted carrying value at end of current period .....	11,167,646	11,194,232
9. Total valuation allowance .....		
10. Subtotal (Lines 8 plus 9) .....	11,167,646	11,194,232
11. Total nonadmitted amounts .....		
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	11,167,646	11,194,232

**SCHEDULE B - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....	36,717,167	41,042,974
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....		
3. Accrual of discount and mortgage interest points and commitment fees .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during the period .....	4,922,369	4,325,807
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	31,794,798	36,717,167
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	31,794,798	36,717,167
12. Total nonadmitted amounts .....		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	31,794,798	36,717,167

**SCHEDULE BA - VERIFICATION**

Other Invested Assets Included in Schedule BA

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	201,107	201,027
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....		301
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....	(2,326)	
6. Amounts paid on account or in full during the period .....	37,809	221
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	160,972	201,107
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	160,972	201,107
12. Total nonadmitted amounts .....		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	160,972	201,107

**SCHEDULE D - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	1,149,036,736	958,466,972
2. Cost of bonds and stocks acquired .....	199,824,979	421,880,151
3. Accrual of discount .....	7,932,498	12,265,681
4. Increase (decrease) by adjustment .....	(328,050)	(10,658,348)
5. Increase (decrease) by foreign exchange adjustment .....		
6. Total profit (loss) on disposal .....	1,233,080	(1,258,761)
7. Consideration for bonds and stocks disposed of .....	108,265,609	230,052,203
8. Amortization of premium .....	976,659	1,606,756
9. Book value/adjusted carrying value, current period .....	1,248,456,975	1,149,036,736
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	1,248,456,975	1,149,036,736
12. Total nonadmitted amounts .....		
13. Statement value	1,248,456,975	1,149,036,736

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 1B**

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

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 .....	634,864,103	28,084,575	24,681,277	1,747,346	607,695,912	634,864,103	640,014,747	562,162,697
2. Class 2 .....	556,079,057	14,952,300	10,918,054	3,402,734	531,080,968	556,079,057	563,516,037	519,507,140
3. Class 3 .....	24,572,406		4,072,276	(3,607,615)	21,856,206	24,572,406	16,892,515	29,225,740
4. Class 4 .....	10,980,837		3,799,586	5,467,775	13,535,264	10,980,837	12,649,026	17,844,484
5. Class 5 .....	19,036,179		2,188,480	(3,898,179)	14,138,000	19,036,179	12,949,520	13,972,995
6. Class 6	3,360,160			(953,030)	4,890,220	3,360,160	2,407,130	6,295,680
7. Total Bonds	1,248,892,742	43,036,875	45,659,673	2,159,031	1,193,196,570	1,248,892,742	1,248,428,975	1,149,008,736
PREFERRED STOCK								
8. Class 1 .....								
9. Class 2 .....								
10. Class 3 .....								
11. Class 4 .....								
12. Class 5 .....	28,000				28,000	28,000	28,000	28,000
13. Class 6								
14. Total Preferred Stock	28,000				28,000	28,000	28,000	28,000
15. Total Bonds and Preferred Stock	1,248,920,742	43,036,875	45,659,673	2,159,031	1,193,224,570	1,248,920,742	1,248,456,975	1,149,036,736

**SCHEDULE DA - PART 1**

**Short-Term Investments Owned End of Current Quarter**

	1	2	3	4	5
	Book Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
8299999 Totals		XXX			

**NONE**

**SCHEDULE DA - PART 2 - Verification**

**Short-Term Investments Owned**

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		18,344,497
2. Cost of short-term investments acquired .....		1,318,132,713
3. Increase (decrease) by adjustment .....		
4. Increase (decrease) by foreign exchange adjustment .....		
5. Total profit (loss) on disposal of short-term investments .....		
6. Consideration received on disposal of short-term investments .....		1,336,477,210
7. Book/adjusted carrying value, current period .....		
8. Total valuation allowance .....		
9. Subtotal (Lines 7 plus 8) .....		
10. Total nonadmitted amounts .....		
11. Statement value (Lines 9 minus 10) .....		
12. Income collected during period .....		231,914
13. Income earned during period .....		228,465

Schedule DB - Part F - Section 1

**N O N E**

Schedule DB - Part F - Section 2

**N O N E**



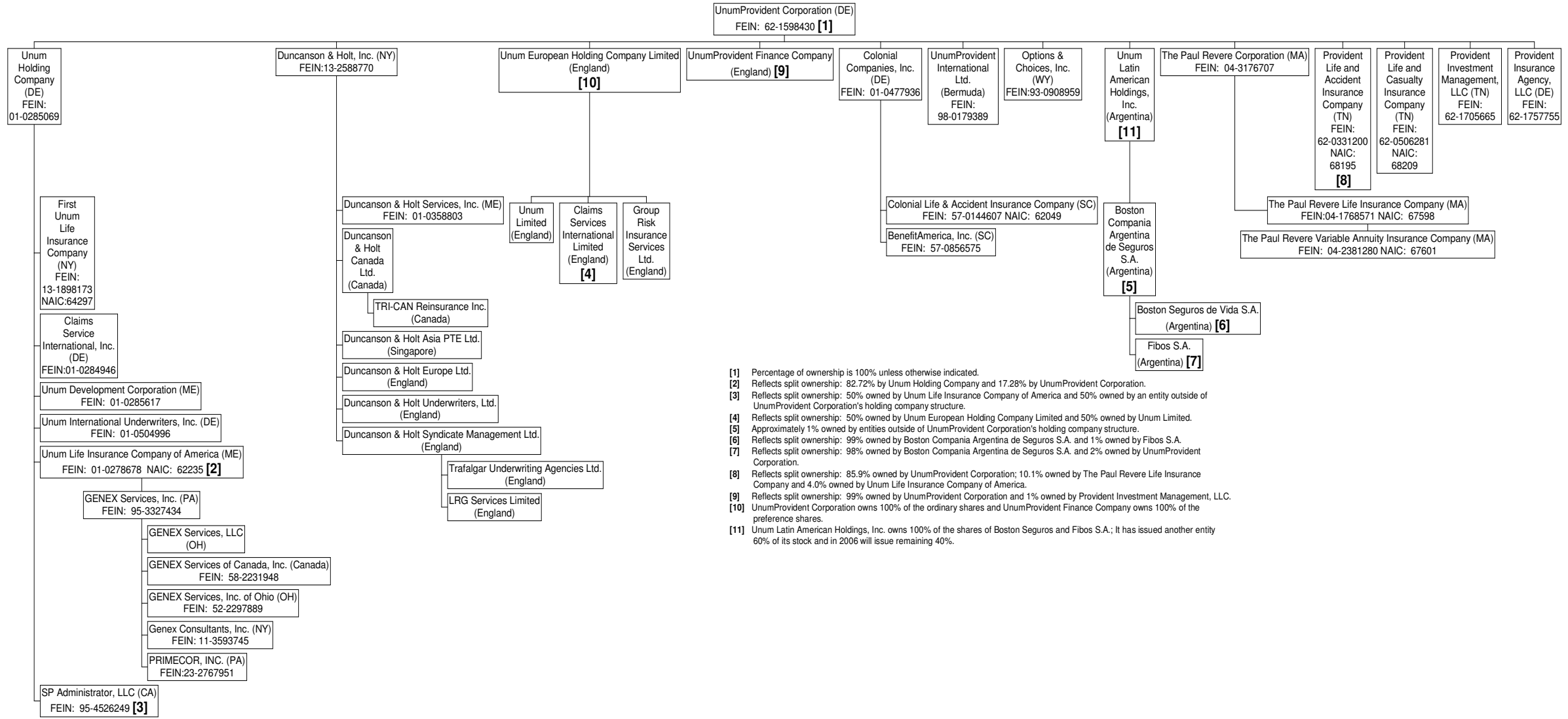
STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY  
**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Life Contracts		Direct Business Only		
		2 Life Insurance Premiums	3 Annuity Considerations	4 Accident and Health Insurance Premiums, Including Policy Membership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
1. Alabama	AL	Yes	2,754,558	225	10,822,196	
2. Alaska	AK	Yes	83,753		259,428	
3. Arizona	AZ	Yes	1,842,969	2,053	9,003,446	
4. Arkansas	AR	Yes	1,255,921		4,121,228	
5. California	CA	Yes	12,761,744	7,501	62,362,124	
6. Colorado	CO	Yes	1,704,594	794	4,726,623	
7. Connecticut	CT	Yes	1,417,504		14,038,838	
8. Delaware	DE	Yes	224,730		708,501	
9. District of Columbia	DC	Yes	126,229		439,307	
10. Florida	FL	Yes	11,478,513	3,690	36,974,540	
11. Georgia	GA	Yes	7,473,871		19,936,814	
12. Hawaii	HI	Yes	181,939		402,234	
13. Idaho	ID	Yes	283,698		1,485,119	
14. Illinois	IL	Yes	1,467,907		5,349,202	
15. Indiana	IN	Yes	2,387,814	500	6,467,978	
16. Iowa	IA	Yes	375,249		1,307,737	
17. Kansas	KS	Yes	666,053		3,380,930	
18. Kentucky	KY	Yes	3,261,161		10,792,421	
19. Louisiana	LA	Yes	5,859,992	370	22,653,782	
20. Maine	ME	Yes	357,377		1,785,293	
21. Maryland	MD	Yes	1,842,044	1,299	6,788,331	
22. Massachusetts	MA	Yes	2,508,615	433	14,577,826	
23. Michigan	MI	Yes	3,243,464		10,949,969	
24. Minnesota	MN	Yes	966,089		4,209,060	
25. Mississippi	MS	Yes	3,715,084		13,873,948	
26. Missouri	MO	Yes	1,247,650		6,398,062	
27. Montana	MT	Yes	326,602		1,284,903	
28. Nebraska	NE	Yes	413,097		1,989,075	
29. Nevada	NV	Yes	1,142,427	1,201	6,058,269	
30. New Hampshire	NH	Yes	549,819	950	2,197,735	
31. New Jersey	NJ	Yes	1,609,811		5,918,675	
32. New Mexico	NM	Yes	1,347,741		4,353,964	
33. New York	NY	No	117,985		401,241	
34. North Carolina	NC	Yes	8,247,622	900	54,334,448	
35. North Dakota	ND	Yes	292,892		810,720	
36. Ohio	OH	Yes	7,753,160	2,554	19,481,235	
37. Oklahoma	OK	Yes	639,575		2,506,461	
38. Oregon	OR	Yes	293,324		2,118,494	
39. Pennsylvania	PA	Yes	3,682,659	450	12,513,282	
40. Rhode Island	RI	Yes	303,363		1,232,277	
41. South Carolina	SC	Yes	6,479,723		19,475,226	
42. South Dakota	SD	Yes	137,538		608,483	
43. Tennessee	TN	Yes	2,958,373		12,382,493	
44. Texas	TX	Yes	9,280,291	500	34,772,727	
45. Utah	UT	Yes	548,157		2,870,236	
46. Vermont	VT	Yes	82,001		357,833	
47. Virginia	VA	Yes	2,956,651	1,851	11,121,189	
48. Washington	WA	Yes	618,732		3,597,509	
49. West Virginia	WV	Yes	479,265		1,543,360	
50. Wisconsin	WI	Yes	595,317		3,459,909	
51. Wyoming	WY	Yes	167,338		444,742	
52. American Samoa	AS	No				
53. Guam	GU	No			498	
54. Puerto Rico	PR	Yes	25,813		1,759,841	
55. U.S. Virgin Islands	VI	No	637		2,273	
56. Canada	CN	No	2,182		8,263	
57. Aggregate Other Aliens	OT	XXX	4,815		3,674	
58. Subtotal	(a) 51		120,545,434	25,271	481,423,970	
90. Reporting entity contributions for employee benefits plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX		204,832		1,150,059	
94. Aggregate or other amounts not allocable by State	XXX					
95. Totals (Direct Business)	XXX		120,750,266	25,271	482,574,030	
96. Plus Reinsurance Assumed	XXX		5,578,766			
97. Totals (All Business)	XXX		126,329,032	25,271	482,574,030	
98. Less Reinsurance Ceded	XXX		25,240,317	25,271	11,507,644	
99. Totals (All Business) less Reinsurance Ceded	XXX		101,088,716		471,066,386	
DETAILS OF WRITE-INS						
5701. Other Alien	XXX		4,815		3,674	
5702.	XXX					
5703.	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		4,815		3,674	
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX					
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX					

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

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



[1] Percentage of ownership is 100% unless otherwise indicated.  
 [2] Reflects split ownership: 82.72% by Unum Holding Company and 17.28% by UnumProvident Corporation.  
 [3] Reflects split ownership: 50% owned by Unum Life Insurance Company of America and 50% owned by an entity outside of UnumProvident Corporation's holding company structure.  
 [4] Reflects split ownership: 50% owned by Unum European Holding Company Limited and 50% owned by Unum Limited.  
 [5] Approximately 1% owned by entities outside of UnumProvident Corporation's holding company structure.  
 [6] Reflects split ownership: 99% owned by Boston Compania Argentina de Seguros S.A. and 1% owned by Fibos S.A.  
 [7] Reflects split ownership: 98% owned by Boston Compania Argentina de Seguros S.A. and 2% owned by UnumProvident Corporation.  
 [8] Reflects split ownership: 85.9% owned by UnumProvident Corporation; 10.1% owned by The Paul Revere Life Insurance Company and 4.0% owned by Unum Life Insurance Company of America.  
 [9] Reflects split ownership: 99% owned by UnumProvident Corporation and 1% owned by Provident Investment Management, LLC.  
 [10] UnumProvident Corporation owns 100% of the ordinary shares and UnumProvident Finance Company owns 100% of the preference shares.  
 [11] Unum Latin American Holdings, Inc. owns 100% of the shares of Boston Seguros and Fibos S.A.; It has issued another entity 60% of its stock and in 2006 will issue remaining 40%.

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

## 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.

	Response
1. Will the SVO Compliance Certification be filed with this statement? .....	Yes
2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement? .....	No

Explanations:

Bar Codes:



Trusteed Surplus Statement [Document Identifier 490]

**OVERFLOW PAGE FOR WRITE-INS**

Additional Write-ins for Assets Line 23

2304.	Securities receivable .....	23,540	23,540	.....	.....
2305.	Other miscellaneous Assets .....	55,881	55,881	.....	.....
2397.	Summary of remaining write-ins for Line 23 from overflow page	79,421	79,421	.....	.....

Schedule A - Part 2

**N O N E**

Schedule A - Part 3

**N O N E**

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE B - PART 1**

Showing All Mortgage Loans ACQUIRED During the Current Quarter

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

**SCHEDULE B - PART 2**

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

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book Value/Recorded Investment Excluding Accrued Interest at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										
001950146	Eagan	MN		.04/15/1996	1,861,101			1,811,126	1,811,126			
100000009	Renton	WA		.05/13/1997	949,619			933,194	933,194			
0199999. Mortgages closed by repayment					2,810,720			2,744,320	2,744,320			
9999999 - Totals												

Schedule BA - Part 1

**N O N E**

Schedule BA - Part 2

**N O N E**

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 3**

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

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Desig- nation or Market Indicator (a)
	BONDS								
	Special Revenue & Assessment United States								
31339D-YK-8	FHLMC 2412 Z 6.500% 02/15/32		09/01/2004	Interest Capitalization		454,249	454,249		1
31339G-BY-6	FHLMC 2369 Z 6.500% 10/15/31		09/01/2004	Interest Capitalization		582,639	582,639		1
3133TV-UR-5	FHLMC 2434 Z 6.500% 04/15/32		09/01/2004	Interest Capitalization		188,019	188,019		1
31392A-EJ-3	FNMA 2001-64 ZD 6.000% 11/25/31		09/01/2004	Interest Capitalization		337,123	337,123		1
31392P-AH-8	FHLMC 2458 ZQ 6.000% 06/15/32		09/01/2004	Interest Capitalization		260,545	260,545		1
Total United States						1,822,575	1,822,575		XXX
3199999. Bonds - Special Revenues									
	Public Utilities (unaffiliated) United States								
210518-CB-0	CONSUMERS ENERGY CO 144A 1ST MTG 5.500% 08/15/16		08/11/2004	Various		9,952,300	10,000,000		2FE
Total United States						9,952,300	10,000,000		XXX
3899999. Bonds - Public Utilities									
	Industrial & Miscellaneous United States								
10510@-AC-4	BRAMBLES USA INC SER C SR NT 5.940% 08/04/16		08/04/2004	ROYAL BANK OF SCOTLAND		5,000,000	5,000,000		2FE
87305N-AW-8	TTX PASS-THROUGH TRUSTS 2004-A SER 2004-A2 5.503% 01/02/22		07/08/2004	MORGAN STANLEY		11,262,000	11,262,000		1Z
Total United States						16,262,000	16,262,000		XXX
	Other Country								
N4345#-AD-9	IBERDROLA INTERNATIONAL BV SER D SR NT 5.920% 08/19/19	F	08/19/2004	ROYAL BANK OF SCOTLAND		15,000,000	15,000,000		1Z
Total Other Country						15,000,000	15,000,000		XXX
4599999. Bonds - Industrial and Miscellaneous						31,262,000	31,262,000		XXX
6099997. Total - Bonds - Part 3						43,036,875	43,084,575		XXX
6099998. Total - Bonds - Part 5									XXX
6099999. Total - Bonds						43,036,875	43,084,575		XXX
6599997. Total - Preferred Stocks - Part 3							XXX		XXX
6599998. Total - Preferred Stocks - Part 5							XXX		XXX
6599999. Total - Preferred Stocks							XXX		XXX
7299997. Total - Common Stocks - Part 3							XXX		XXX
7299998. Total - Common Stocks - Part 5							XXX		XXX
7299999. Total - Common Stocks							XXX		XXX
7399999. Total - Preferred and Common Stocks							XXX		XXX
7499999 - Totals						43,036,875	XXX		XXX

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

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
	BONDS US Governments United States																				
362064-UP-0	GNMA 34790 9.375% 08/15/09		09/01/2004	Paydown		1,875	1,875	1,875	1,875						1,875				117	08/15/2009	1
362127-SW-3	GNMA 90533 9.375% 09/15/09		09/01/2004	Paydown		314	314	257	286		28		28		314				20	09/15/2009	1
36216D-SP-1	GNMA 161726 8.500% 12/15/16		09/01/2004	Paydown		346	346	329	333		12		12		346				20	12/15/2016	1
Total United States						2,535	2,535	2,461	2,494		40		40		2,535				157	XXX	XXX
0399999. Bonds - U.S. Governments						2,535	2,535	2,461	2,494		40		40		2,535				157	XXX	XXX
	Political Subdivisions of States Other Country																				
745268-PL-0	PUERTO RICO ELEC PWR AUTH 6.000% 07/01/04	F	07/01/2004	Maturity		410,000	410,000	405,609	409,702		298		298		410,000				24,600	07/01/2004	1FE
Total Other Country						410,000	410,000	405,609	409,702		298		298		410,000				24,600	XXX	XXX
2499999. Bonds - Political Subdivisions						410,000	410,000	405,609	409,702		298		298		410,000				24,600	XXX	XXX
	Special Revenue & Assessment  United States																				
283756-BT-0	EL PASO TEX HSG CORP 7.250% 01/01/24		07/01/2004	Redemption 100.0000		15,000	15,000	14,855	14,891		109		109		15,000				1,088	01/01/2024	1FE
3128F7-DE-1	FGLMC FGD67301 7.000% 01/01/26		09/01/2004	Paydown		25,457	25,457	25,330	25,331		126		126		25,457				1,187	01/01/2026	1
3128FM-P2-1	FGLMC FGD79441 7.000% 04/01/27		09/01/2004	Paydown		106,620	106,620	105,753	105,765		855		855		106,620				5,592	04/01/2027	1
3128FR-GT-1	FGLMC D82010 7.000% 08/01/27		09/01/2004	Paydown		13	13	13	13						13				1	08/01/2027	1
3133TM-AA-4	FHLMC 2190 ZB 7.000% 10/20/29		09/01/2004	Paydown		2,681,722	2,681,722	2,465,364	2,497,414		184,308		184,308		2,681,722				46,949	10/20/2029	1
3133TM-SE-7	FHLMC 2196 Z 7.000% 11/15/29		09/01/2004	Paydown		1,505,029	1,505,029	1,365,119	1,392,543		112,486		112,486		1,505,029				69,200	11/15/2029	1
Total United States						4,333,841	4,333,841	3,976,434	4,035,957		297,884		297,884		4,333,841				124,017	XXX	XXX
3199999. Bonds - Special Revenues						4,333,841	4,333,841	3,976,434	4,035,957		297,884		297,884		4,333,841				124,017	XXX	XXX
	Public Utilities (unaffiliated)  United States																				

E05

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/Adjusted Carrying Value (11 + 12 - 13)	Total Foreign Exchange Change in Book /Adjusted Carrying Value	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
177342-AP-7	CITIZENS UTILITIES CO DEBS 7.050% 10/01/46		07/19/2004	JP MORGAN CHASE		4,100,000	5,000,000	4,067,400	4,071,070		1,206		1,206		4,072,276		27,724	27,724	284,938	10/01/2046	3FE	
837004-BF-6	SO CAROLINA EL & GAS 1ST MTG BDS 7.700% 07/15/04		07/15/2004	Maturity		5,000,000	5,000,000	4,986,450	4,998,989		1,011		1,011		5,000,000				385,000	07/15/2004	1	
<b>Total United States</b>						9,100,000	10,000,000	9,053,850	9,070,059		2,217		2,217		9,072,276		27,724	27,724	669,938	XXX	XXX	
389999. Bonds - Public Utilities						9,100,000	10,000,000	9,053,850	9,070,059		2,217		2,217		9,072,276		27,724	27,724	669,938	XXX	XXX	
05361H-BY-9	Industrial & Miscellaneous United States AVERY DENNISON MTN SER B 7.800% 07/28/04		07/28/2004	Maturity		2,000,000	2,000,000	2,000,000	2,000,000						2,000,000				161,633	07/28/2004	1FE	
120075-AB-2	BUHRMANN US INC SR NTS 12.250% 11/01/09		07/01/2004	Call 108.5596		3,799,586	3,500,000	3,450,720	3,464,513		335,073		335,073		3,799,586				285,833	11/01/2009	4	
161551-DK-9	CHASE FDG MTG LN CFAB 2000-3 IA5 7.898% 09/25/30		09/01/2004	Paydown		2,127,475	2,127,475	2,127,384	2,120,103		7,372		7,372		2,127,475				112,261	09/25/2030	1FE	
224044-BE-6	COX COMMUNICATIONS NTS 7.125% 10/01/12		09/27/2004	CREDIT SUISSE/FIRST BOSTON		5,449,750	5,000,000	4,963,150	4,966,718		2,096		2,096		4,968,814		480,936	480,936	355,260	10/01/2012	2FE	
277432-AB-6	EASTMAN CHEMICAL CO DEBS 7.250% 01/15/24		09/27/2004	JP MORGAN CHASE		3,404,340	3,000,000	2,955,510	2,959,539		689		689		2,960,228		444,112	444,112	262,813	01/15/2024	2FE	
492386-AT-4	KERR-MCGEE CORP BDS 7.875% 09/15/31		08/30/2004	CREDIT SUISSE/FIRST BOSTON		3,469,560	3,000,000	2,988,900	2,988,934		78		78		2,989,012		480,548	480,548	227,719	09/15/2031	2FE	
524660-C@-4	LEGGETT AND PLATT INC MTN SER C 7.750% 07/26/04		07/26/2004	Maturity		5,000,000	5,000,000	5,000,000	5,000,000						5,000,000				317,535	07/26/2004	1FE	
62704#-AG-0	MURRAY ENERGY CORP SER A SR SEC NT 9.000% 11/30/10		09/02/2004	Capital Distribution		188,480		188,480	188,480						188,480					11/30/2010	5Z	
741929-AJ-2	PRIMUS TELECOM SR NTS 12.750% 10/15/09		07/30/2004	LEHMAN BROTHERS		1,740,000	2,000,000	2,000,000	2,000,000						2,000,000		(260,000)	(260,000)	204,708	10/15/2009	5FE	
86358R-VE-4	SASCO 2002-2 IA3 6.550% 02/25/32		09/01/2004	Paydown		5,807,426	5,807,426	5,219,825	5,222,373		585,053		585,053		5,807,426				160,132	02/25/2032	1FE	
<b>Total United States</b>						32,986,617	31,434,901	30,893,969	30,910,660		930,361		930,361		31,841,021		1,145,596	1,145,596	2,087,894	XXX	XXX	
459999. Bonds - Industrial and Miscellaneous						32,986,617	31,434,901	30,893,969	30,910,660		930,361		930,361		31,841,021		1,145,596	1,145,596	2,087,894	XXX	XXX	
609997. Total - Bonds - Part 4						46,832,993	46,181,277	44,332,323	44,428,872		1,230,800		1,230,800		45,659,673		1,173,320	1,173,320	2,906,606	XXX	XXX	
609998. Total - Bonds - Part 5																				XXX	XXX	
609999. Total - Bonds						46,832,993	46,181,277	44,332,323	44,428,872		1,230,800		1,230,800		45,659,673		1,173,320	1,173,320	2,906,606	XXX	XXX	
659997. Total - Preferred Stocks - Part 4							XXX														XXX	XXX
659998. Total - Preferred Stocks - Part 5							XXX														XXX	XXX
659999. Total - Preferred Stocks							XXX														XXX	XXX
729997. Total - Common Stocks - Part 4							XXX														XXX	XXX
729998. Total - Common Stocks - Part 5							XXX														XXX	XXX
729999. Total - Common Stocks							XXX														XXX	XXX

E05.1

STATEMENT AS OF SEPTEMBER 30, 2004 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 4**

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

1 CUSIP Ident- ification	2 Description	3 For- eign	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Maturity Date	22 NAIC Desig- nation or Market In- dicator (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amor- tization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in Book/ Adjusted Carrying Value (11 + 12 - 13)	15 Total Foreign Exchange Change in Book /Adjusted Carrying Value								
7399999. Total - Preferred and Common Stocks							XXX													XXX	XXX	
7499999 - Totals							46,832,993	XXX	44,332,323	44,428,872		1,230,800		1,230,800		45,659,673		1,173,320	1,173,320	2,906,606	XXX	XXX

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

Schedule DB - Part A - Section 1

**N O N E**

Schedule DB - Part B - Section 1

**N O N E**

Schedule DB - Part C - Section 1

**N O N E**

Schedule DB - Part D - Section 1

**N O N E**



**Footnotes:**

(A) The rate of interest varies.

(B) Reported per NAIC website instruction "Guidance for Reporting Cash Equivalents in the 2004 Quarterly Statements."