

VIRGINIA

ANNUAL STATEMENT

OF THE

**HOW INSURANCE COMPANY,
A RISK RETENTION GROUP
IN RECEIVERSHIP**

RICHMOND, VIRGINIA

TO THE

**STATE CORPORATION
COMMISSION**

OF THE

COMMONWEALTH OF VIRGINIA

THROUGH THE

COMMISSIONER OF INSURANCE

FOR THE YEAR ENDED
DECEMBER 31, 1997

1997

PROPERTY AND CASUALTY

1997

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ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1997
OF THE CONDITION AND AFFAIRS OF THE

HOW Insurance Company, A Risk Retention Group, In Receivership

NAIC Group Code 0000 NAIC Company Code 41246 Employer's ID Number 52-1208234

Organized under the Laws of the State of Virginia, using _____ as the Port of Entry, made to the _____

INSURANCE DEPARTMENT OF THE STATE OF Virginia
PURSUANT TO THE LAWS THEREOF

Incorporated 02/23/1981 Commenced Business 07/27/1981

Statutory Home Office 1300 E. Main Street, Richmond, VA 23219
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 111 Congress Avenue, Suite 1850
(Street and Number)
Austin, TX 78701 512-404-6555
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 111 Congress Avenue, Suite 1850, Austin, TX 78701
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 111 Congress Avenue, Suite 1850
(Street and Number)
Austin, TX 78701 512-404-6555
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Annual Statement Contact Mike R. Parker 512-404-6555
(Name) (Area Code) (Telephone Number) (Extension)

On Friday, 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 State Corporation Commission of the Commonwealth of Virginia (the "Commission") permanent Receiver of HOW Insurance Company ("HOWIC" or "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 appoints Steven T. Foster, Commissioner of Insurance, Bureau of Insurance, State Corporation Commission of the Commonwealth of Virginia, as Deputy Receiver and Patrick Cantilo as Special Deputy Receiver of the Companies. HOWIC remains in receivership and the Deputy Receiver continues to conduct the affairs of HOWIC and administers its operations pursuant to the terms of the Receivership Order. On April 24, 1996, a "Second Order in Aid of Receivership" appointed Alfred W. Gross, Acting Commissioner of Insurance, Bureau of Insurance, State Corporation Commission of the Commonwealth of Virginia (the "Bureau") Acting Deputy Receiver of the Companies, effective May 1, 1996. Mr Gross has now been officially appointed Commissioner of Insurance of the Bureau and Deputy Receiver of the Companies.

AUTHORIZED REPRESENTATIVES

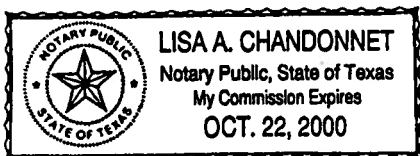
State of Texas }
County of Travis } ss:

Mike R. Parker Luis Vigil, Jr.
Authorized Representative Authorized Representative

of the HOW Insurance Company, A Risk Retention Group, In Receivership being duly sworn, each deposes and says that they are the above described representatives of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer, free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said insurer as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, and have been completed in accordance with the NAIC annual statement instructions and accounting practices and procedures manuals 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.

- 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 27th day of April, 1998
Lisa A. Chandonnet



**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

ASSETS

	Current Year				Prior Year
	1 Ledger Assets	2 Non-Ledger Assets	3 Assets Not Admitted	4 Net Admitted Assets (Cols 1 + 2 - 3)	5 Net Admitted Assets
1. Bonds (less \$0) liability for asset transfers with put options, Schedule D, Part 1)	121,691,108		3,976	121,687,132	125,322,764
2. Stocks:					
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....					0
2.2 Common stocks (Schedule D, Part 2, Section 2).....					0
3. Mortgage loans on real estate (Schedule B):					
3.1 First liens					0
3.2 Other than first liens					0
4. Real estate: (Schedule A):					
4.1 Properties occupied by the company (less \$ encumbrances)					0
4.2 Other properties (less \$ encumbrances)					0
5. Collateral loans (Schedule C)					0
6. Cash (\$1,392,241 Schedule E, Part 1) and short-term investments (\$4,478,887 Schedule DA, Part 1)	5,871,128			5,871,128	9,176,308
7. Other invested assets (Schedule BA)					0
7A. Receivable for securities					
8. Aggregate write-ins for invested assets					336,000
9. Subtotals, cash and invested assets (Lines 1 to 8)	127,562,236		3,976	127,558,259	134,835,072
10. Agents' balances or uncollected premiums (net as to commissions and dividends):					
10.1 Premiums and agents' balances in course of collection (after deducting ceded reinsurance balances payable of (\$))					0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (after deducting ceded reinsurance balances payable of \$) (Including \$ earned but unbilled premiums)					0
10.3 Accrued retrospective premiums (after deducting ceded reinsurance balances payable of \$)					0
11. Funds held by or deposited with reinsured companies					0
12. Bills receivable, taken for premiums					0
13. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 2 and 3)	4,581,879			4,581,879	5,017,019
14. Federal income tax recoverable and interest thereon	1,017,397			1,017,397	596,900
14A. Guaranty funds receivable or on deposit					0
15. Electronic data processing equipment					0
16. Interest, dividends and real estate income due and accrued		1,662,560		1,662,560	1,737,227
17. Receivable from parent, subsidiaries and affiliates	4,289,865		4,289,865	0	0
18. Equities and deposits in pools and associations					0
19. Amounts receivable relating to uninsured accident and health plans					0
20. Other assets nonadmitted (Exhibit 1)					0
21. Aggregate write-ins for other than invested assets	637,670		3,550	634,120	919,779
22. TOTALS (Lines 9 through 21)	138,089,047	1,662,560	4,297,392	135,454,215	143,105,997
DETAILS OF WRITE-INS					
0801. Due from Broker.....					336,000
0802.					
0803.					
0898. Summary of remaining write-ins for Line 8 from overflow page					
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)					336,000
2101. Loss Reserve Prepayments.....	634,120			634,120	919,779
2102. Miscellaneous Receivables.....	3,550		3,550	0	0
2103.					0
2198. Summary of remaining write-ins for Line 21 from overflow page					
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	637,670		3,550	634,120	919,779

**ANNUAL STATEMENT FOR THE YEAR 1997 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 3A, Line 32, Column 5)	69,439,408	63,359,590
1A. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 2)	0	0
2. Loss adjustment expenses (Part 3A, Line 32, Column 6)	42,041,382	41,821,751
3. Contingent commissions and other similar charges	0	0
4. Other expenses (excluding taxes, licenses and fees)	1,432,759	1,489,837
5. Taxes, licenses and fees (excluding federal and foreign income taxes)	0	0
6. Federal and foreign income taxes (excluding deferred taxes)	0	0
7. Borrowed money	0	0
8. Interest, including \$0 on borrowed money	0	0
9. Unearned premiums (Part 2A, Line 34, Column 5) (after deducting ceded reinsurance unearned premiums of \$10,214,000)	28,974,000	42,840,000
10. Dividends declared and unpaid:		
a. Stockholders	0	0
b. Policyholders	0	0
11. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 14)	30,562,127	28,896,776
12. Amounts withheld or retained by company for account of others	0	0
13. Provision for reinsurance (Schedule F, Part 7)	1,207,800	1,551,605
14. Excess of statutory reserves over statement reserves (Schedule P Interrogatories)	0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
16. Drafts outstanding	0	0
17. Payable to parent, subsidiaries and affiliates	0	0
18. Payable for securities	0	0
19. Liability for amounts held under uninsured accident and health plans	0	0
20. Aggregate write-ins for liabilities	18,971,976	16,151,596
21. Total liabilities (Lines 1 through 20)	192,629,451	196,111,155
22. Aggregate write-ins for special surplus funds		
23A. Common capital stock	1,000,000	1,000,000
23B. Preferred capital stock	0	0
23C. Aggregate write-ins for other than special surplus funds		
24A. Surplus Notes	0	0
24B. Gross paid in and contributed surplus	5,115,405	5,115,405
24C. Unassigned funds (surplus)	(63,290,640)	(59,120,563)
24D. Less treasury stock, at cost:		
(1) .....0 shares common (value included in Line 23A \$)	0	0
(2) .....0 shares preferred (value included in Line 23B \$)	0	0
25. Surplus as regards policyholders (Lines 22 to 24C, less 24D) (Page 4, Line 32)	(57,175,235)	(53,005,158)
26. TOTALS (Page 2, Line 22, Col. 4)	135,454,216	143,105,997
DETAILS OF WRITE-INS		
2001. Loss payments - deferred, see footnote no. 6.....	10,418,563	7,380,241
2002. Indirect losses - 100%, see footnote no. 6.....	1,896,245	1,865,394
2003. Loss reserve prepayments, See footnote no. 6.....	1,582,173	1,893,226
2098. Summary of remaining write-ins for Line 20 from overflow page	5,074,995	5,012,735
2099. Totals (Lines 2001 thru 2003 plus 2098) (Line 20 above)	18,971,976	16,151,596
2201.		
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)		0
23C01.....		
23C02.....		
23C03.....		
23C98. Summary of remaining write-ins for Line 23C from overflow page		
23C99. Totals (Lines 23C01 thru 23C03 plus 23C98) (Line 23C above)		0

**UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 2, Line 32, Column 4)	13,866,000	15,089,000
DEDUCTIONS		
2. Losses incurred (Part 3, Line 32, Column 7)	11,842,727	12,276,225
3. Loss expenses incurred (Part 4, Line 22, Column 1)	8,733,414	6,366,515
4. Other underwriting expenses incurred (Part 4, Line 22, Column 2)	5,460,955	2,673,620
5. Aggregate write-ins for underwriting deductions	39,989	
6. Total underwriting deductions (Lines 2 through 5)	26,077,085	21,316,360
7. Net underwriting gain or (loss) (Line 1 minus Line 6)	(12,211,085)	(6,227,360)
INVESTMENT INCOME		
8. Net investment income earned (Part 1, Line 15)	6,636,076	7,436,532
9. Net realized capital gains or (losses) (Part 1A, Line 11)	(15,865)	(393,777)
9A. Net investment gain or (loss) (Lines 8 + 9)	6,620,211	7,042,755
OTHER INCOME		
10. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
11. Finance and service charges not included in premiums (Schedule T, Column 8 total)		0
12. Aggregate write-ins for miscellaneous income	3,042	483,934
13. Total other income (Lines 10 through 12)	3,042	483,934
14. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 7 + 9A + 13)	(5,587,832)	1,299,329
14A. Dividends to policyholders (Exhibit 2, Line 16, Column 1 plus Page 3, Line 10b, Column 1 minus Column 2)		0
14B. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 14 minus Line 14A)	(5,587,832)	1,299,329
15. Federal and foreign income taxes incurred		50,000
16. Net income (Line 14B minus Line 15) (to Line 18)	(5,587,832)	1,249,329
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards policyholders, December 31 prior year (Page 4, Line 32, Column 2)	(53,005,157)	(53,472,156)
GAINS AND (LOSSES) IN SURPLUS		
18. Net income (from Line 16)	(5,587,832)	1,249,329
19. Net unrealized capital gains or (losses) (Part 1A, Line 12)	67,886	(71,862)
20. Change in non-admitted assets (Exhibit 1, Line 6, Col. 3)	(61,334)	105,734
21. Change in provision for reinsurance (Page 3, Line 13, Column 2 minus Column 1)	343,805	201,195
22. Change in foreign exchange adjustment		0
23. Change in excess of statutory reserves over statement reserves (Page 3, Line 14, Column 2 minus Column 1)		0
23A. Change in surplus notes		
24. Capital changes:		
a. Paid in (Exhibit 2, Line 6, Column 1)		0
b. Transferred from surplus (Stock Dividend)		0
c. Transferred to surplus		0
25. Surplus adjustments:		
a. Paid in (Exhibit 2, Line 7, Column 1)		0
b. Transferred to capital (Stock Dividend)		0
c. Transferred from capital		0
26. Net remittances from or (to) Home Office (Exhibit 2, Line 4b minus Line 12b, Column 1)		0
27. Dividends to stockholders (cash)		0
28. Change in treasury stock (Page 3, Line 24D (1) and (2), Column 2 minus Column 1)		0
29. Extraordinary amounts of taxes for prior years	1,067,397	(1,017,397)
30. Aggregate write-ins for gains and losses in surplus		
31. Change in surplus as regards policyholders for the year (Lines 18 through 30)	(4,170,079)	466,999
32. Surplus as regards policyholders, December 31 current year (Lines 17 plus Line 31) (Page 3, Line 25)	(57,175,236)	(53,005,157)
DETAILS OF WRITE-INS		
0501. Increase in Approved Proofs of Claim	39,989	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	39,989	0
1201. Miscellaneous income	3,042	483,934
1202.		
1203.		
1298. Summary of remaining write-ins for Line 12 from overflow page		
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	3,042	483,934
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)		0

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance		0
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	13,841,553	18,545,191
3. Underwriting expenses paid	5,517,198	1,224,318
4. Other underwriting income (expenses)	(39,989)	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(19,398,740)	(19,769,509)
6. Net investment income	7,085,539	8,141,012
7. Other income (expenses):		
7.1 Agents' balances charged off		0
7.2 Net funds held under reinsurance treaties	1,665,351	1,732,310
7.3 Net amount withheld or retained for account of others		0
7.4 Aggregate write-ins for miscellaneous items	3,042	483,934
7.5 Total other income (Lines 7.1 to 7.4)	1,668,393	2,216,244
8. Dividends to policyholders on direct business, less \$0 dividends on reinsurance assumed or ceded (net)		0
9. Federal and foreign income taxes (paid) recovered	(420,497)	(1,664,297)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(11,065,306)	(11,076,550)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	64,231,675	41,030,576
11.2 Stocks		0
11.3 Mortgage loans		0
11.4 Real estate		0
11.5 Collateral loans		0
11.6 Other invested assets		0
11.7 Net gains or (losses) on cash and short-term investments	418	0
11.8 Miscellaneous proceeds		0
11.9 Total investment proceeds (Lines 11.1 to 11.8)	64,232,093	41,030,576
12. Cost of investments acquired (long-term only):		
12.1 Bonds	60,920,069	25,809,464
12.2 Stocks		0
12.3 Mortgage loans		0
12.4 Real estate		0
12.5 Collateral loans		0
12.6 Other invested assets		0
12.7 Miscellaneous applications		0
12.8 Total investments acquired (Lines 12.1 to 12.7)	60,920,069	25,809,464
13. Net Cash from investments (Line 11.9 minus Line 12.8)	3,312,024	15,221,112
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in		0
14.2 Net transfers from affiliates		0
14.3 Borrowed funds received		0
14.4 Other cash provided	5,002,013	5,228,802
14.5 Total (Lines 14.1 to 14.4)	5,002,013	5,228,802
15. Cash applied:		
15.1 Dividends to stockholders paid		0
15.2 Net transfers to affiliates		0
15.3 Borrowed funds repaid		250,000
15.4 Other applications	553,913	2,695,256
15.5 Total (Lines 15.1 to 15.4)	553,913	2,945,256
16. Net cash from financing and miscellaneous sources (Line 14.5 minus Line 15.5)	4,448,100	2,283,546
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(3,305,181)	6,428,108
18. Cash and short-term investments:		
18.1 Beginning of year	9,176,308	2,748,200
18.2 End of year (Line 17 plus Line 18.1)	5,871,127	9,176,308
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income.....	3,042	483,934
07.402		
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page		
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	3,042	483,934

ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - INTEREST, DIVIDENDS AND REAL ESTATE INCOME**

1	2	3	Paid in Advance		Due and Accrued (h)		8 Earned During Year Cols. 3 + 5 + 6 - 4 - 7
			4	5	6	7	
	Schedule	Collected During Year	Current Year	Prior Year	Current Year	Prior Year	
1. U.S. government bonds	D (a)	2,723,919		.0	399,588	560,619	2,562,888
1.1 Bonds exempt from U.S. tax	D (a)	106,534		.0	22,928	.0	129,462
1.2 Other bonds (unaffiliated)	D (a)	5,931,859		.0	1,230,877	1,157,770	6,004,965
1.3 Bonds of affiliates	D (a)			.0			.0
2.1 Preferred stocks (unaffiliated)	D (b)			.0		.0	.0
2.11 Preferred stocks of affiliates	D (b)			.0		.0	.0
2.2 Common stocks (unaffiliated)	D			.0		.0	.0
2.21 Common stocks of affiliates	D			.0		.0	.0
3. Mortgage loans	B (c)			.0		.0	.0
4. Real estate	A (d)			.0		.0	.0
5. Collateral loans	C			.0		.0	.0
6.1 Cash on hand and on deposit	E	74,561		.0		.0	74,561
6.2 Short-term investments	DA (e)	394,648		.0	9,167	18,838	384,977
7. Other invested assets	BA			.0		.0	.0
8. Derivative instruments	DB/DC (f)			.0		.0	.0
9. Aggregate write-ins for investment income		48,579					48,579
10. TOTALS		(g) 9,280,099			1,662,560	1,737,227	(g) 9,205,432

DEDUCTIONS							
11. Total investment expenses incurred (Part 4, Line 22, Col. 3)						2,569,357	
11A. Interest expense						(i)	
12. Depreciation on real estate (for companies which depreciate annually on a formula basis)							
13. Aggregate write-ins for deductions from investment income							
14. Total deductions (Lines 11 to 13)							2,569,357
15. Net Investment Income Earned (Line 10 minus Line 14 - to Page 4, Line 8)							6,636,076

DETAILS OF WRITE-INS							
0901. Miscellaneous investment income		48,579		.0		.0	48,579
0902.							
0903.							
0998. Summary of remaining write-ins for Line 9 from overflow page							
0999. Totals (Lines 0901 thru 0903 plus 0998) (Part 1, Line 9)		48,579		0		0	48,579
1301.							
1302.							
1303.							
1398. Summary of remaining write-ins for Line 13 from overflow page							
1399. Totals (Lines 1301 thru 1303 plus 1398) (Part 1, Line 13)							

- (a) Includes \$ 360,168 accrual of discount less \$ 735,798 amortization of premium.
 (b) Includes \$ accrual of discount less \$ amortization of premium.
 (c) Includes \$ accrual of discount less \$ amortization of premium.
 (d) Includes \$ for company's occupancy of its own buildings.
 (e) Includes \$ accrual of discount less \$ amortization of premium.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes asset transfers with put options accounted for as financing arrangements: \$ Column 3, \$ Column 8.
 (h) Admitted items only. State basis of exclusions.
 (i) Includes \$ interest on surplus notes and \$ interest on capital notes.

PART 1A - CAPITAL GAINS AND (LOSSES) ON INVESTMENTS

1	2	3	4	5	6	7
	Profit on Sales or Maturity	Loss on Sales or Maturity	Increases by Adjustment in Book Value	Decreases by Adjustment in Book Value	Net Gain or (Loss) from change in Difference Between Book and Admitted Values	Total (Net of Cols. 2 to 6 incl.) (Cols. 2 - 3 + 4 - 5 + 6)
1. U.S. government bonds	11,343	121,808				(110,465)
1.1 Bonds exempt from U.S. tax	88	6,237				(6,149)
1.2 Other bonds (unaffiliated)	226,783	126,452			67,886	168,217
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				(a)		
5. Collateral loans						
6.1 Cash on hand and on deposit						
6.2 Short-term investments	418					418
7. Other invested assets						
8. Derivative instruments						
9. Aggregate write-ins for capital gains and (losses)						
10. TOTALS	238,632	254,497			67,886	52,020
(Distribution of Line 10, Col. 7)						
11. Net realized capital gains or (losses) (Page 4, Line 9) (Col. 2-3, Line 10)						(15,865)
12. Net unrealized capital gains or (losses) (Page 4, Line 19) (Col. 4 - 5 + 6, Line 10)						67,886
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998. Summary of remaining write-ins for Line 9 from overflow page						
0999. Totals (Lines 0901 thru 0903 plus 0998) (Part 1A, Line 9)						

(a) Excluding \$ depreciation on real estate included in Part 1, Line 12.

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

Lines of Business	1 Net Premiums Written per Column 4, Part 2B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 2A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
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		42,840,000	28,974,000	13,866,000
18.2 Products liability - claims-made			0	
19.1 Private passenger auto liability			0	
19.2 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	
30A. Reinsurance			0	
30B. Reinsurance			0	
30C. Reinsurance			0	
31. Aggregate write-ins for other lines of business				
32. TOTALS		42,840,000	28,974,000	13,866,000
DETAILS OF WRITE-INS				
3101.				
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)			0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - 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, viz:

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 Advance Premiums 100%	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health				(c)	
14. Credit accident and health (group and individual)					
15. Other accident and health				(c)	
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence		28,974,000			28,974,000
18.2 Products liability - claims-made					
19.1 Private passenger auto liability					
19.2 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30A. Reinsurance					
30B. Reinsurance					
30C. Reinsurance					
31. Aggregate write-ins for other lines of business					
32. TOTALS		28,974,000			28,974,000
33. Accrued retrospective premiums based on experience					
34. Balance (Line 32 plus Line 33)					28,974,000
DETAILS OF WRITE-INS					
3101.					
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)					

(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

(c) Including \$ reserved for deferred maternity and other similar benefits.

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - 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		4 Net Premiums Written Cols. 1 + 2a + 2b - 3a - 3b
		2a From Affiliates	2b From Non-Affiliates	3a To Affiliates	3b To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims- made						
19.1 Private passenger auto liability						
19.2 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30A. Reinsurance	XXX					
30B. Reinsurance	XXX					
30C. Reinsurance	XXX					
31. Aggregate write-ins for other lines of business						
32. TOTALS						
DETAILS OF WRITE-INS						
3101.						
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)						

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 \$

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 3A, Col. 5)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 3) to Premiums Earned (Col. 4, Part 2)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
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	6,336,246		573,337	5,762,909	69,439,408	63,359,590	11,842,727 85.4	
18.2 Products liability - claims-made						0		
19.1 Private passenger auto liability						0		
19.2 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		
30A. Reinsurance	XXX					0		
30B. Reinsurance	XXX					0		
30C. Reinsurance	XXX					0		
31. Aggregate write-ins for other lines of business						0		
32. TOTALS	6,336,246		573,337	5,762,909	69,439,408	63,359,590	11,842,727 85.4	
DETAILS OF WRITE-INS								
3101.								
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)						0		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Adjusted or in Process of Adjustment		2 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	3 Net Losses Excl. Incurred But Not Reported (Cols. 1a + 1b - 2)	Incurred But Not Reported			5 Net Losses Unpaid (Cols. 3 + 4a + 4b - 4c)	6 Unpaid Loss Adjustment Expenses
	1a Direct	1b Reinsurance Assumed			4a Direct	4b Reinsurance Assumed	4c Reinsurance Ceded		
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)								(a)	
15. Other accident and health									
16. Workers' compensation									
17.1 Other liability - occurrence									
17.2 Other liability - claims-made									
18.1 Products liability - occurrence	12,077,973		2,118,565	9,959,408	80,446,000		20,966,000	69,439,408	42,041,382
18.2 Products liability - claims-made									
19.1 Private passenger auto liability									
19.2 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30A. Reinsurance	XXX				XXX				
30B. Reinsurance	XXX				XXX				
30C. Reinsurance	XXX				XXX				
31. Aggregate write-ins for other lines of business									
32. TOTALS	12,077,973		2,118,565	9,959,408	80,446,000		20,966,000	69,439,408	42,041,382
DETAILS OF WRITE-INS									
3101.									
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)									

(a) Including \$ for present value of life indemnity claims and \$ reserved for deferred maternity and other similar benefits.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 4 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
a. Direct	6,806,337			6,806,337
b. Reinsurance assumed				
c. Reinsurance ceded	622,059			622,059
d. Net claim adjustment service (a + b - c)	6,184,278			6,184,278
2. Commission and brokerage:				
a. Direct excluding contingent				
b. Reinsurance assumed excluding contingent				
c. Reinsurance ceded excluding contingent				
d. Contingent-direct				
e. Contingent-reinsurance assumed				
f. Contingent-reinsurance ceded				
g. Policy and membership fees				
h. Net commission and brokerage (a + b - c + d + e - f + g)				
3. Allowances to managers and agents				
4. Advertising				
5. Boards, bureaus and associations				
6. Surveys and underwriting reports				
7. Audit of assureds' records				
8. Salary and related items:				
a. Salaries				
b. Payroll taxes				
9. Employee relations and welfare				
10. Insurance				
11. Directors' fees				
12. Travel and travel items				
13. Rent and rent items				
14. Equipment				
15. Printing and stationery				
16. Postage, telephone and telegraph, exchange and express				
17. Legal and auditing		5,460,955		5,460,955
17A. Totals (Lines 3 to 17)		5,460,955		5,460,955
18. Taxes, licenses and fees:				
a. State and local insurance taxes deducting guaranty association credits of \$				
b. Insurance department licenses and fees				
c. Gross guaranty association assessments				
d. All other (excluding federal and foreign income and real estate)				
e. Total taxes, licenses and fees (a + b + c + d)				
19. Real estate expenses				
20. Real estate taxes				
20A. Reimbursements by uninsured accident and health plans				
21. Aggregate write-ins for miscellaneous expenses	2,549,136		2,569,357	5,118,493
22. Total expenses incurred	8,733,414	5,460,955	2,569,357	(a) 16,763,726
23. Less unpaid expenses - current year	42,041,382	1,393,059	39,700	43,474,141
24. Add unpaid expenses - prior year	41,821,752	1,449,302	40,534	43,311,588
25. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	
26. Amounts receivable relating to uninsured accident and health plans, current year				
27. TOTAL EXPENSES PAID (Lines 22 - 23 + 24 - 25 + 26)	8,513,785	5,517,198	2,570,191	16,601,173
DETAILS OF WRITE-INS				
2101. Excess of ULAE Expenses Over Decrease in ULAE Reserve	2,549,136			2,549,136
2102. Investment Management Expenses			203,902	203,902
2103. Investment Interest Expense			2,365,455	2,365,455
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	2,549,136		2,569,357	5,118,493

(a) Includes management fees of \$0 paid to affiliates and \$0 paid to non-affiliates.

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED
ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 15 and 17 to 19, Column 3	4,289,865	4,228,037	(61,828)
2. Other Assets:			
2.1 Bills receivable not taken for premiums		0	
2.2 Furniture, equipment and supplies		0	
2.3 Loans on personal security, endorsed or not		0	
3. Total (Lines 2.1 to 2.3) (Page 2, Line 20, Column 3)			
4. Aggregate write-ins for other than invested assets (Page 2, Line 21, Column 3)	3,550	4,044	494
5. Aggregate write-ins for related items			
6. Total (Line 1 plus Lines 3 to 5)	4,293,415	4,232,081	(61,334)
DETAILS OF WRITE-INS			
0401. Miscellaneous Receivables.....	3,550	4,044	494
0402.			
0403.			0
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	3,550	4,044	494
0501. Loans on company's stock.....		0	
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)		0	

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT 2 - RECONCILIATION OF LEDGER ASSETS

	1 Current Year	2 Prior Year
INCREASE IN LEDGER ASSETS		
1. Net premiums written (Part 2, Line 32, Col. 1)		0
2. Interest, dividends and real estate income received (Part 1, Line 10, Col. 3)	9,280,099	10,206,062
3. From sale or maturity of ledger assets (Part 1A, Line 10, Col. 2)	238,632	337,232
4. Other income items or increases, viz:		
a. Agents' balances previously charged off		0
b. Remittances from home office to U.S. branch (gross)		0
c. Funds held under reinsurance treaties (net)		1,732,310
d. Borrowed money (gross)		0
e. Amounts withheld or retained for account of others (net)		0
f. Aggregate write-ins for increases in ledger assets	4,759,837	2,927,357
5. Adjustment in book value of ledger assets (Part 1A, Line 10, Col. 4)		0
6. Capital paid in (Page 4, Line 24a)		0
7. Surplus paid in (Page 4, Line 25a)		0
7A. Surplus notes (Page 4, Line 23A)		
8. Total (Lines 1 to 7A)	14,278,568	15,202,961
DECREASE IN LEDGER ASSETS		
9. Net losses paid (Part 3, Line 32, Col. 4)	5,762,909	7,612,723
10. Expenses paid (Part 4, Line 27, Col. 4)	16,601,173	15,472,406
10A. Interest expense (Part 1, Line 11A)		
11. From sale or maturity of ledger assets (Part 1A, Line 10, Col. 3)	254,497	731,009
11A. Surplus notes (Page 4, Line 23A)		
12. Other disbursement items or decreases, viz:		
a. Agents' balances charged off		0
b. Remittances to home office from U.S. branch (gross)		0
c. Funds held under reinsurance treaties (net)		0
d. Borrowed money (gross)		250,000
e. Amounts withheld or retained for account of others (net)		0
f. Aggregate write-ins for decreases in ledger assets	311,053	298,581
13. Adjustment in book value of ledger assets (Part 1A, Line 10, Col. 5) and depreciation (Part 1, Line 12)		0
14. Federal and foreign income taxes paid	(1,067,397)	1,067,397
15. Dividends paid stockholders		0
16. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)		0
17. Total (Lines 9 to 16)	21,862,235	25,432,116
RECONCILIATION BETWEEN YEARS		
18. Amount of ledger assets as per balance December 31 of previous year	145,672,714	155,901,868
19. Increase or (decrease) in ledger assets during the year (Line 8 minus Line 17)	(7,583,667)	(10,229,155)
20. Balance = ledger assets December 31 of current year	138,089,047	145,672,713
DETAILS OF WRITE-INS		
04f01. Miscellaneous Income	3,042	483,934
04f02. Loss Payments Deferred	3,038,322	2,704,596
04f03. Increase in Loss Reserve Prepayments		34,911
04f98. Summary of remaining write-ins for Line 4f from overflow page	1,718,473	(296,084)
04f99. Totals (Lines 04f01 thru 04f03 plus 04f98) (Line 4f above)	4,759,837	2,927,357
12f01. Decrease in Loss Reserve Prepayments	311,053	0
12f02. Decrease in Ledger Liabilities		298,581
12f03.		
12f98. Summary of remaining write-ins for Line 12f from overflow page		
12f99. Totals (Lines 12f01 thru 12f03 plus 12f98) (Line 12f above)	311,053	298,581



ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)

NAIC Group Code 0000

BUSINESS IN THE STATE OF Alien(01)

DURING THE YEAR 1997

NAIC Company Code 41246

1 Line of Business	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 Unearned Premium Reserves	6 Direct Losses Paid (deducting salvage)	7 Direct Losses Incurred	8 Direct Losses Unpaid	9 Direct Allocated Loss Adjustment Expense Paid	10 Direct Allocated Loss Adjustment Expense Incurred	11 Direct Allocated Loss Adjustment Expense Unpaid	12 Commissions and Brokerage Expenses	13 Taxes, Licenses and Fees
	2 Direct Premiums Written	3 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												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H												
15.2 Non-cancellable A & H												
15.3 Guaranteed renewable A & H												
15.4 Non-renewable for stated reasons only												
15.5 Other accident only												
15.6 All other A & H												
15.7 Federal employees health benefits program premium												
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												
31. Aggregate write-ins for other lines of business												
32. TOTALS (a)												
DETAILS OF WRITE-INS												
3101. SEE SCHEDULE T												
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)												

(a) Finance and service charges not included in Line 1 to 32 \$

15.01



ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)

NAIC Group Code 0000

BUSINESS IN THE STATE OF Grand Aliens

DURING THE YEAR 1997

NAIC Company Code 41246

1 Line of Business	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 Unearned Premium Reserves	6 Direct Losses Paid (deducting salvage)	7 Direct Losses Incurred	8 Direct Losses Unpaid	9 Direct Allocated Loss Adjustment Expense Paid	10 Direct Allocated Loss Adjustment Expense Incurred	11 Direct Allocated Loss Adjustment Expense Unpaid	12 Commissions and Brokerage Expenses	13 Taxes, Licenses and Fees
	2 Direct Premiums Written	3 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												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H												
15.2 Non-cancellable A & H												
15.3 Guaranteed renewable A & H												
15.4 Non-renewable for stated reasons only												
15.5 Other accident only												
15.6 All other A & H												
15.7 Federal employees health benefits program premium												
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												
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31. Aggregate write-ins for other lines of business												
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3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)												

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ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)

NAIC Group Code 0000

BUSINESS IN THE STATE OF Consolidated

DURING THE YEAR 1997

NAIC Company Code 41246

1 Line of Business	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 Unearned Premium Reserves	6 Direct Losses Paid (deducting salvage)	7 Direct Losses Incurred	8 Direct Losses Unpaid	9 Direct Allocated Loss Adjustment Expense Paid	10 Direct Allocated Loss Adjustment Expense Incurred	11 Direct Allocated Loss Adjustment Expense Unpaid	12 Commissions and Brokerage Expenses	13 Taxes, Licenses and Fees
	2 Direct Premiums Written	3 Direct Premiums Earned										
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2.2 Multiple peril crop												
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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												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H												
15.2 Non-cancellable A & H												
15.3 Guaranteed renewable A & H												
15.4 Non-renewable for stated reasons only												
15.5 Other accident only												
15.6 All other A & H												
15.7 Federal employees health benefits program premium												
16. Workers' compensation												
17. Other liability												
18. Products liability												
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21.1 Private passenger auto physical damage												
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22. Aircraft (all perils)												
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26. Burglary and theft												
27. Boiler and machinery												
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31. Aggregate write-ins for other lines of business												
32. TOTALS (a)												
DETAILS OF WRITE-INS												
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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)												

(a) Finance and service charges not included in Line 1 to 32 \$

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ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF

Address (City, State and Zip Code)
NAIC Group Code 0000 NAIC Company Code 41246
Person Completing This Exhibit
Title Telephone Number
Policy Form Number Standardized Medicare Supplement Benefit Plan
Medicare Select (Yes/No) Plan Characteristics
Date Approved Date Approval Withdrawn
Date Last Amended Date Closed
Policy Marketing/Trade Name

Table with 5 columns: 1 Classification, 2 Premiums Earned, 3 Amount, 4 Percent of Premiums Earned, 5 Number of Covered Lives. The table contains categories for individual and group policies issued through 1994 and in 1995-1997. A large 'NONE' watermark is centered across the table.

GENERAL INTERROGATORIES

(i) Has the company complied with the requirements contained in the federal Omnibus Budget Reconciliation Act of 1987, Section 4081 (42 U.S.C. 1395ss(c), et. seq.) as regards to its business reported in this Exhibit? Yes [] No [] NA []

(ii) If no, give full and complete details

(iii) Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.

(a) Address:

(b) Contact Person and Phone Number:

(iv) Billing address and contact person for user fees established under 42 U.S.C. 1395u(h)(3)(B).

(a) Address:

(b) Contact Person and Phone Number:

(v) Explain any policies identified above as policy type "O".

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

GENERAL INTERROGATORIES

1. (a) Does the company issue both participating and non-participating policies? Yes [] No [X]
 (b) If yes, state the amount of calendar year net premiums written on:
 (i) Participating policies: \$ 0
 (ii) Non-participating policies: \$ 0
2. For Mutual Companies and Reciprocal Exchanges Only:
 (a) Does company issue assessable policies? Yes [] No []
 (b) Does company issue non-assessable policies? Yes [] No []
 (c) If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
 (d) Total amount of assessments laid or ordered to be laid during the year on deposit notes or contingent premiums? \$
3. For Reciprocal Exchanges Only:
 (a) Does the Exchange appoint local agents? Yes [] No []
 (b) If yes, is the commission paid:
 (i) out of Attorney's-in-fact compensation? Yes [] No [] NA []
 (ii) as a direct expense of the Exchange? Yes [] No [] NA []
 (c) What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- (d) Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
 (e) If yes, give full information

4. CAPITAL STOCK OF THIS COMPANY

1 Class	2 Number of Shares Authorized	3 Number of Shares Outstanding	4 Par Value Per Share	5 Redemption Price If Callable	6 Is Dividend Rate Limited?	7 Are Dividends Cumulative?
Preferred	0	0	0.000	0	Yes [] No [X]	Yes [] No [X]
Common	50,000	50,000	20.000	X X X	XXX XXX	XXX XXX

5. (a) Does the company own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 (b) If yes, (i) explain
- (ii) Name of real estate holding company
- (iii) Number of parcels involved?
- (iv) Total book value \$ 0
6. (a) Is the company a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
 (b) If yes, did the company 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 in its Model Holding Company System Regulatory Act and model regulations pertaining thereto, or is the company subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
 (c) State regulating VA
7. (a) Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the company? Yes [] No [X]
 (b) If yes, (i) state the percentage of foreign control: 0.0 %
- (ii) State the nationality(s) of the foreign person(s) or entity(s) or if the company is a mutual or reciprocal, the nationality of its manager or attorney in fact; and (iii) Identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).
8. (a) Total amount loaned during the year:
 (i) to directors or other officers \$ 0
 (ii) to stockholders not officers \$ 0
 (b) Total amount of loans outstanding at end of year:
 (i) to directors or other officers \$ 0
 (ii) to stockholders not officers \$ 0
9. (a) Did any person while an officer, director or trustee of the company receive directly or indirectly, during the period covered by this statement, any commission on the business transactions of the company? Yes [] No [X]
 (b) Did any person while an officer, director, trustee or employee receive directly or indirectly, during the period covered by this statement, any compensation in addition to their regular compensation on account of the reinsurance transactions of the company? Yes [] No [X]
 (c) Has this company an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of its officers, directors, trustees, or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No []
 (d) Except for retirement plans generally applicable to its staff employees and agents and contracts with its agents for the payment of commissions, has the company any agreement with a person whereby it agrees that for any service rendered or to be rendered, they shall receive directly or indirectly any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement? Yes [] No [X]
10. What amount of installment notes is owned and now held by the company? \$ 0
11. (a) Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [] No [X]
 (b) If yes, what amount? \$ 0
12. (a) Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 6,073,159
 (b) 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]
 (c) 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. 0

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

GENERAL INTERROGATORIES (continued)

13. (a) What provision has this company 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*.....
 (b) Describe the method used to estimate this company'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. What provision has this company 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?

14. (a) Has this company guaranteed any financed premium accounts? Yes [] No [X]
 (b) If yes, give full information
15. (a) Has this company reinsured any risk with any other company and agreed to release such company from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [X] No []
 The Company entered into a Commutation Agreement with Philadelphia Reinsurance Corporation, Nederlandse Reassurantie Groep, N.V. and Nationale Nederlanden (collectively, the "Reinsurers") to settle all liability owed by the Reinsurers under the Aggregate Excess of Loss Agreements for calendar year 1993. The Reinsurers paid \$272,063 to settle 100% of amounts due the Company. The Commutation Agreement provides that the Reinsurers are released from all reinsurance obligations to the Company.
 (b) If yes, give full information
16. If the company has assumed risks from another company, there should be charged on account of such reinsurances a reserve equal to that which the original company would have been required to charge had it retained the risks. Has this been done? Yes [] No [] NA [X]
17. (a) Has this company guaranteed policies issued by any other company and now in force? Yes [] No [X]
 (b) If yes, give full information
18. (a) Were all stocks, bonds and other securities owned December 31 of current year, over which the company has exclusive control in the actual possession of the company on said date, except as shown by the Schedule E-Part 2-Special Deposits? Yes [X] No []
 (b) If no, give full and complete information relating thereto:
19. (a) Were any of the stocks, bonds or other assets of the company owned at December 31 of the current year not exclusively under the control of the company, except as shown on the Schedule E-Part 2-Special Deposits; or has the company sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20). Yes [X] No []
 (b) If yes, state the amount thereof at December 31 of the current year:
 (i) loaned to others \$.....0
 (ii) subject to repurchase agreements \$.....0
 (iii) subject to reverse repurchase agreements \$.....0
 (iv) subject to dollar repurchase agreements \$.....0
 (v) subject to reverse dollar repurchase agreements \$.....0
 (vi) pledged as collateral \$.....0
 (vii) placed under option agreements \$.....0
 (viii) letter stock or other securities restricted as to sale \$.....0
 (ix) other \$.....0
 (c) For each category above, if any of these assets are held by others, identify by whom held.
 (i) (vi)
 (ii) (vii)
 (iii) (viii)
 (iv) (ix)
 (v)
 (d) For categories (b)(i) and (iii) above, and for any other securities that were made available for use by another person during the year covered by this statement, attach a schedule as shown in the instructions to the annual statement.
 (e) For category (b)(vii) above, do any of the option agreements involve asset transfers with put options? Yes [] No [] NA [X]
 If yes, disclose in the Notes to Financial Statements the information specified in the instructions to the annual statement.
20. 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]
 If yes, state the amount thereof at December 31 of the current year:
 (i) Rented from others \$.....0
 (ii) Borrowed from others \$.....0
 (iii) Leased from others \$.....0
 (iv) Other \$.....0
 Disclose in Notes to Financial Statements the nature of each of these obligations.
21. (a) State as of what date the latest financial examination of the company was made or is being made. 12/31/1990
 (b) State the as of date of the latest financial examination report that is available from either the state of domicile or the company. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1990
 (c) State as of what date the latest financial examination report became available to other states or the public form either the state of domicile or the company. 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
 (d) By what departments? *Virginia*.....
22. (a) 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 company? Yes [] No [X]
 (b) If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
23. (a) Has any direct new business been solicited or written in any state where the company was not licensed? Yes [] No [X]
 (b) If yes, explain
24. Is the purchase or sale of all investments of the company passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
25. Does the company keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
26. Have the instructions for completing the blank required by this department been followed in every detail? Yes [X] No []

GENERAL INTERROGATORIES (continued)

(ONLY UNITED STATES BRANCHES OF FOREIGN COMPANIES NEED ANSWER INTERROGATORIES 27 AND 28)

27. What changes have been made during the year in the United States manager or the United States trustees of the company?
.....
.....
28. Does this statement contain all business transacted for the company through its United States branch, on risks wherever located? Yes [] No [X]
29. (a) During the period covered by this statement, did any agent, general agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the company) 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:
(i) sales of new business? Yes [] No [X]
(ii) renewals? Yes [] No [X]
(b) During the period covered by this statement, did any sales/service organization owned in whole or in part by the company 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:
(i) sales of new business? Yes [] No [X]
(ii) renewals? Yes [] No [X]
30. (a) If the company recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
(i) unpaid losses: \$0
(ii) unpaid underwriting expenses (including loss adjustment expenses): \$0
(b) Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds.0
(c) If the company 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 [X] NA []
(d) If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
(i) From: %
(ii) To: %
(e) Are letters of credit or collateral and other funds received from insureds being utilized by the company to secure premium or promissory notes taken by the company, or to secure any of the company's reported direct unpaid loss reserves, including unpaid losses under deductible features of commercial policies? Yes [X] No []
(f) If yes, state the amount thereof at December 31 of the current year:
(i) Letters of credit: \$3,528,294
(ii) Collateral and other funds: \$1,701,199
31. What interest, direct or indirect, has the company in the capital stock of any other insurance company?
None.....
.....
32. (a) Does the company have any direct Medicare Supplement Insurance in force? Yes [] No [X]
(b) If yes, indicate premium earned on U.S. business only. \$
(c) What portion of Item (b) is not reported on the Medicare Supplement Insurance Experience Exhibit?
Reason for excluding \$
(d) Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (b) above. \$0
(e) Indicate total incurred claims on all Medicare Supplement insurance.0
33. (a) Was the company's prior year's annual statement amended? Yes [] No [X]
(b) If yes, furnish the following information regarding the last amendment to the prior year's annual statement filed with the company's state of domicile:
(i) Amendment number
(ii) Date of amendment
34. What is the name, address and affiliation (officer/employee of the company or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion?
Theodore J. Zubulake, FCAS, MAAA.....
William M. Mercer, Inc.....
Two World Trade Center 54th Floor, New York, NY 10048.....
35. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Coopers & Lybrand L.L.P.....
1100 Louisiana Street, Suite 400, Houston, TX 77002.....
36. (a) Has the Company been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
(b) If yes, provide name of company, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any company that has ceased to exist as a result of the merger or consolidation.

Name of Company	NAIC Company Code	State of Domicile

37. (a) Has this company 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]
(b) If yes, give full information
38. (a) 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]
(b) If answer is yes,
(i) amount paid as losses or risk adjustment: \$
(ii) amount paid as expenses: \$
(iii) other amounts paid: \$

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 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 State Corporation Commission of the Commonwealth of Virginia (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, Bureau of Insurance (the "Bureau"), State Corporation Commission of the Commonwealth of Virginia as Deputy Receiver and Patrick H. Cantilo as Special Deputy Receiver of the Companies. In May 1996, Alfred W. Gross was appointed Commissioner of Insurance of the Bureau and 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 is continuing to investigate the accuracy of this information. The Deputy Receiver is analyzing and investigating various aspects of, and procedures related to, the Company's affairs and operations before October 7, 1994, and this analysis and investigation may lead the Deputy Receiver to change data and other information presented in this financial statement.

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 sold all personal property and terminated a substantial number of its employees. The remaining employees of the Company were terminated in July of 1996.

3. Investments

Bonds are stated at amortized cost using the scientific method.

The Company's investment guidelines provide as follows: (a) 65% or more of its assets may be invested in fixed-income securities rated NAIC 1, (b) up to 25% of its assets may be invested in fixed-income securities rated NAIC 2, and (c) no more than 10% of its assets may be invested in securities rated NAIC 3. The Company may not invest in equities or fixed-income securities rated NAIC 4 or lower without the approval of the Deputy Receiver.

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 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.

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NOTES TO FINANCIAL STATEMENTS

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 a home which are covered by the Company's Warranty, less any applicable deductible. The unpaid portion of the approved direct claims are 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. Indirect claims are reflected as "Loss payments - 100% indirect losses deferred" in the liabilities. A subsequent directive dated January 23, 1996, increased the direct claim payment rate to 50%, which resulted in the deferral of the unpaid portion of the approved direct claims. The Company began paying direct claims at the 50% rate in February of 1996. The Deputy Receiver has entered into claims handling agreements with certain builders in which such builders settle the direct claims of their customers.

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 December 31, 1997, approximately 997 appeals and 114 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 893 home owner appeals submitted to the Deputy Receiver or the Commission. Besides the home owner appeals, the remaining appeals involve 153 builder appeals, 11 attorney fee appeals, eight former employee appeals, and 46 vendor and local council appeals. 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 (CD's), or Letters of Credit (LOC's). 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) LOC's named the Company as the beneficiary. The Company held LOC's in the amount of \$3,528,294 and a collateralized security interest of \$119,026 at December 31, 1997. Cash prepayments, CD's and accrued interest thereon totaled \$1,582,173 at December 31, 1997, and these amounts are 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 and is continuing to review the Companies' records in an effort to ascertain the most appropriate manner in which revenues and expenses should be allocated. 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. This allocation may change once the Deputy Receiver concludes his review of the Companies' records.

9. Leases

While the Company is not a direct party to any lease obligations, rent payments may be made by the Company. The office space in Arlington, Virginia, was reduced in December 1994 to a partial floor (13,971 square feet), which was vacated on September 30, 1995. The landlord of this lease space has requested that a lump sum payment, in an amount to be determined, be made to the landlord in satisfaction of its alleged loss of approximately \$3,500,000 arising from the early termination of this lease. The Deputy Receiver has established a \$500,000 liability for this matter based on his best estimate of the Company's exposure under this lease. Based upon future events, circumstances, and undetermined factors, this liability may or may not be required and a material reduction or increase of this reserve may be appropriate.

HOW operated an office facility and a warehouse storage facility in Irving, Texas, pursuant to lease arrangements which expired in calendar year 1996. In July 1996, the Company executed a lease for approximately 6,000 square feet of warehouse space located in Dallas, Texas. The lease provides the warehouse space over a five year period at a monthly base rent of approximately \$2,375.00 per month.

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NOTES TO FINANCIAL STATEMENTS

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.

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 reapplication until 1989.

During the 1980's, certain New Jersey home owners began to complain that the roofs of their townhomes 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 non-structural component that is separate and distinct from the structural roof system which consists generally of tresses, 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 do 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 damage to the sheathing or that inevitable premature failure would occur 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 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

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NOTES TO FINANCIAL STATEMENTS

Company's participation in the program to its inception in 1977.

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NOTES TO FINANCIAL STATEMENTS

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 over 50,000 roofs. While the home owner associations in many of these lawsuits have entered into settlement agreements with other co-defendants, invariably, 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 encaptioned as, The Commons at Kingswood Station, C. A. v. Orleans Construction Company, et al. As of the date of these financial statements, all cases involving non-settling parties have been consolidated into The Commons at Kingswood Station, C.A. suit. In this suit, the DCA has asserted its right to recover payments made by it on behalf of non-settling defendants in the original action. The Companies have been severed from this case.

The Deputy Receiver believes that there are meritorious defenses to the FRT plywood claims. Due to the inherent uncertainty of litigation, the Deputy Receiver cannot opine as to the probability of an unfavorable outcome or the potential liability, if any, related thereto. This financial statement does not address the extent of the Company's liability, if any, for FRT plywood litigation and related claims.

B. Peterson v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Case No. 92-CV-568, in the District Court of Douglas County, Colorado; Monahan v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-256, in the United States District Court for the District of Colorado; Tao v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-257, in the United States District Court for the District of Colorado; Anthony, Guerrasio, Fenimore, Nielsen and Miller v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-934, in the United States District Court for the District of Colorado; Solano v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-900, in the United States District Court for the District of Colorado; Hutton v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-901, in the United States District Court for the District of Colorado; DeFranco v. Mission Viejo Company v. Home Owners Warranty Corporation and HOW Insurance Company, Civil Action No. 94-K-1348, in the United States District Court for the District of Colorado; Moore v. Mission Viejo Company, Civil Action No. 94-K-1415, in the United States District Court for the District of Colorado; Kosse v. Mission Viejo Company, Civil Action No. 94-K-1416, in the United States District Court for the District of Colorado; Home Warranty Corporation, Home Owners Warranty Corporation and HOW Insurance Company v. Mission Viejo Company, et al., Civil Action No. CIV-94-2015, in the United States District Court for the District of Colorado. These lawsuits involve a class of approximately 1,750 purchasers of homes built by Mission Viejo Company ("MVC") in Highlands Ranch, Colorado. Of the class members, 22 have filed administrative claims with the Company in connection with alleged damages to their homes. In addition, 12 of the 22 claimants are named plaintiffs in the suits. Although the Company was not originally sued by the home owners, MVC later brought third-party actions against the Company requesting indemnity for repairs and defense in some, but not all, of the cases. As a result, the Company filed a declaratory judgment action in federal court against both the home owners and MVC seeking consolidation of all of the cases, as well as a determination of coverage issues under the Company's Warranties. MVC has filed a counterclaim against the Company in the declaratory judgment action seeking a declaration of the Company's duty to defend and indemnify MVC in these matters. Based upon a Motion for Stay filed by the Company over two years ago, the court having jurisdiction in these matters has entered an order staying further action against the Company.

The lawsuits against MVC arose primarily from the home owner's contentions that their homes were built on highly-expansive soils and that MVC, with knowledge of these conditions, constructed their homes without a foundation system designed to support the homes adequately as the homes moved. The home owners also contended that MVC fraudulently concealed the degree of the expansive nature of the soils and misrepresented that the basements of the homes could be finished off as living areas. Causes of action against MVC included negligence, breach of expressed and implied warranties, violations of the Colorado Consumer Protection Act, non-disclosure or concealment, and violation of certain Colorado statutes. The home owners also sought actual and exemplary damages against MVC.

In November of 1995, a Colorado jury in the class action lawsuit found MVC liable for damages to the homes. Recently, the class Plaintiffs and MVC reached agreement on terms for settlement. As part of the settlement agreement, the class Plaintiffs assigned to MVC all of their rights held under the warranty documents issued by the Companies. Because of this assignment, all administrative claims filed by class members are now being pursued by MVC. On October 28, 1997, a Determination of Appeal was issued awarding MVC, as assignee of the class members, a direct claim in the amount of \$338,232.16. The Determination of Appeal also awarded MVC a general creditor claim in the amount of \$3,663,465.89 for defense costs arising from the class action, individual home owner

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NOTES TO FINANCIAL STATEMENTS

cases and the declaratory judgment action. To date, MVC has not made a further appeal of this determination. Nevertheless, MVC has filed an Application for Hearing (“Application”) with the State Corporation Commission for the Commonwealth of Virginia (“Commission”) objecting to the Deputy Receiver’s suspension and classification of indirect claims. See paragraph D. below for additional information regarding the Application process.

C. In addition to litigation concerning FRT plywood pending in New Jersey, 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. As of December 31, 1997, the Deputy Receiver had posted loss reserves of approximately \$5,604,721 in regard to these litigation matters. This loss reserve amount is included in these financial statements. This reserve amount reflects only a small portion of the potential claims liability, if any, which may arise from FRT litigation or related claims. The Deputy Receiver believes that there are meritorious defenses to many of the litigation or threatened litigation cases which would either preclude or limit any recovery. Due to the inherent uncertainty of litigation, the Deputy Receiver cannot opine as to the probability of an unfavorable outcome or the potential liability related to such litigation matters. The Deputy Receiver has stayed most of the pending litigation cases, while efforts are underway to stay all of the remaining litigation cases filed against the Company and its affiliates. In most cases, litigation continues against the Company's insureds.

D. During July of 1997, the Company began to mail the “REPORT TO HOME OWNERS, MEMBER BUILDERS, CREDITORS, AND OTHER INTERESTED PERSON” (the “Report”) to approximately 1.7 million recipients. The Reports were sent in eight batches each within fifteen days of the prior mailing. Among other things, the Report informed these parties of the status of the receivership proceedings and of the directive issued by the Deputy Receiver on November 29, 1994 (the “Directive”). The Directive authorized the partial payment of approved direct claims (claims for the repair of covered defects as specified in the HOW Warranty Documents) and it temporarily suspended the payment of indirect claims under the HOW Warranty Documents (claims which include, but are not limited to, extra contractual obligations, non-economic damages, consequential damages, and litigation costs and attorneys’ fees) until all direct claims have been paid in full. These parties were also notified that all persons affected by the temporary suspension of payments on indirect claims and who wished to object to the suspension and classification of these types of claims must file an Application with the Clerk of the Commission within ten days of the date indicated on their Report. Failure to file the Application timely constitutes a waiver of any right to object to the Deputy Receiver’s suspension and classification of indirect claims.

To date, six Applications have been filed with the Commission to object to the suspension and classification of indirect claims. These Applications are being reviewed by the Commission and counsel and hearings will be scheduled in the near future to determine the merits of such Applications.

E. The Deputy Receiver has a lawsuit pending against certain former employees, consultants, responsible third parties, and officers and directors of the Company. The litigation, styled Gross, et al. v. National Association of Home Builders, et al.; Cause No. 96-00472, was filed in the 101st Judicial District Court of Dallas County, Texas, in conjunction with a class action lawsuit maintained by home owners with homes enrolled in the HOW Program. The Deputy Receiver seeks damages from the defendants for breach of fiduciary duty, negligence, fraud, waste of corporate assets, voidable transfers, conspiracy and violation of applicable laws. The damages sought exceed \$100,000,000. At this time, the Deputy Receiver cannot predict with certainty the amount that will be recovered in these matters.

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**ANNUAL STATEMENT FOR THE YEAR 1997 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 1997	2 1996	3 1995	4 1994	5 1993
Gross Premiums Written (Page 9, [Page 8, 1994 & prior], Part 2B, Cols. 1 & 2)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1 & 19.2 [Lines 11, 16, 17, 18 & 19, 1994 and prior])		0	86,487	22,778,495	26,227,452
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26 [and 25, 1996 & prior])		0	0	0	0
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)		0	0	0	0
4A. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 31 [and 30D, 1996 and prior])		0	0	0	0
4B. Non-proportional Reinsurance Lines (Lines 30A, 30B & 30C)		0	0	0	0
5. Total (Line 32)			86,487	22,778,495	26,227,452
Net Premiums Written (Page 9, [Page 8, 1994 & prior], Part 2B, Col. 4)					
6. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1 & 19.2 [Lines 11, 16, 17, 18 & 19, 1994 & prior])		0	(1,158,852)	10,880,247	13,054,539
7. Property Lines (Lines 1, 2, 9, 12, 21 & 26 [and 25, 1996 and prior])		0	0	0	0
8. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)		0	0	0	0
9A. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 31 [and 30D, 1996 and prior])		0	0	0	0
9B. Non-proportional Reinsurance Lines (Lines 30A, 30B & 30C)		0	0	0	0
10. Total (Line 32)			(1,158,852)	10,880,247	13,054,539
Statement of Income (Page 4)					
11. Net Underwriting Gain or (Loss) (Line 7)	(12,211,085)	(6,227,360)	52,942,511	(135,345,501)	(14,207,284)
12. Net Investment Gain or (Loss) (Line 9A)	6,620,211	7,042,755	6,213,262	8,285,238	11,845,971
13. Total Other Income (Line 13)	3,042	483,934	5,941	2,792	0
14. Dividends to Policyholders (Line 14A)		0	0	0	0
15. Federal and Foreign Income Taxes Incurred (Line 15)		50,000	0	0	(119,214)
16. Net Income (Line 16)	(5,587,832)	1,249,329	59,161,714	(127,057,471)	(2,242,099)
Balance Sheet Lines (Pages 2 and 3)					
17. Total Admitted Assets (Page 2, Line 22, Col. 4 [Line 21, Col. 1, 1995 & prior])	135,454,215	143,105,997	153,618,380	157,053,330	154,306,852
18. Agents' Balances or Uncollected Premiums (Page 2, Col. 4 [Col. 1, 1995 & prior])					
18.1 In Course of Collection (Line 10.1 [Line 9.1, 1995 & prior])		0	0	0	0
18.2 Deferred and Not Yet Due (Line 10.2 [Line 9.2, 1995 & prior])		0	0	0	(118,030)
18.3 Accrued Retrospective Premiums (Line 10.3 [Line 9.3, 1995 & prior])		0	0	0	0
19. Total Liabilities (Page 3, Line 21)	192,629,451	196,111,155	207,090,536	273,297,430	134,909,393
20. Losses (Page 3, Lines 1 and 1A)	69,439,408	63,359,590	58,696,088	123,416,114	21,282,381
21. Loss Adjustment Expenses (Page 3, Line 2)	42,041,382	41,821,751	47,291,431	38,127,000	6,994,456
22. Unearned premiums (Page 3, Line 9)	28,974,000	42,840,000	57,929,000	79,522,936	86,298,213
23. Capital Paid Up (Page 3, Lines 23A & 23B)	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000
24. Surplus as Regards Policyholders (Page 3, Line 25)	(57,175,235)	(53,005,158)	(53,472,156)	(116,244,100)	19,397,459
Risk-Based Capital Analysis					
25. Total Adjusted Capital	(57,175,235)	(53,005,158)	0	0	XXX
26. Authorized Control Level Risk-Based Capital	14,592,392	12,853,893	0	0	XXX
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 4 [Col. 1, 1995 & prior]) (Line divided by Page 2, Line 9, Col. 4 [Line 8a, Col. 1, 1995 & prior]) x 100.0					
27. Bonds (Line 1)	95.4	92.9	98.1	85.7	85.6
28. Stocks (Lines 2.1 & 2.2)		0.0	0.0	5.2	6.5
29. Mortgage Loans on Real Estate (Lines 3.1 and 3.2 [Line 3, 1995 & prior])		0.0	0.0	0.0	0.0
30. Real Estate (Lines 4.1 & 4.2)		0.0	0.0	0.0	0.0
31. Collateral Loans (Line 5)		0.0	0.0	0.0	0.0
32. Cash and Short-Term Investments (Line 6 [Lines 6.1 & 6.2, 1995 & prior])	4.6	6.8	1.9	9.1	7.9
33. Other Invested Assets (Line 7)		0.0	0.0	0.0	0.0
33A. Aggregate Write-Ins for Invested Assets (Line 8)		0.2	0.0	0.0	0.0
34. Cash and Invested Assets (Line 9 [Line 8a, 1995 & prior])	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
35. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 6)		0	0	0	0
36. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 3)		0	0	0	0
37. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 3)		0	0	0	0
38. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 1, Col. 10)		0	0	0	0
38A. Affiliated Mortgage Loans on Real Estate		0	0	0	0
38B. All Other Affiliated		0	0	0	0
39. Total of above Lines 35, 36, 37, 38, 38A & 38B					
40. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 39 above divided by Page 3, Col. 1, Line 25 x 100.0)					

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 1997	2 1996	3 1995	4 1994	5 1993
Capital and Surplus Accounts (Page 4)					
41. Net Unrealized Capital Gains or (Losses) (Line 19)	67,886	(71,862)	(77,444)	(978,165)	.816,408
42. Dividends to Stockholders (Cash) (Line 27)		0	0	0	0
43. Change in Surplus as Regards Policyholders for the Year (Line 31)	(4,170,079)	467,000	62,771,944	(135,641,559)	.204,912
Gross Losses Paid (Page 10, [Page 9, 1994 and prior] Part 3, Cols. 1 & 2)					
44. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1 & 19.2 [& Lines 11, 16, 17, 18, 19, 1994 and prior])	6,336,246	6,152,181	8,327,984	15,484,622	25,379,031
45. Property Lines (Lines 1, 2, 9, 12, 21 & 26 [and 25, 1996 & prior])		0	0	0	0
46. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)		0	0	0	0
47A. All Other Lines (Lines 10, 13, 14, 15, 23, 24, 28, 29 & 31 [and 30D, 1996 & prior])		0	0	0	0
47B. Non-Proportional Reinsurance Lines (Lines 30A, 30B & 30C)		0	0	0	0
48. Total (Line 32)	6,336,246	6,152,181	8,327,984	15,484,622	25,379,031
Net Losses Paid (Page 10, [Page 9, 1994 and prior] Part 3, Col. 4)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1 & 19.2 [& Lines 11, 16, 17, 18, 19, 1994 and prior])	5,762,909	7,612,723	9,722,598	7,250,190	19,618,299
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26 [and 25, 1996 & prior])		0	0	0	0
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)		0	0	0	0
52A. All Other Lines (Lines 10, 13, 14, 15, 23, 24, 28, 29 & 31 [and 30D, 1996 & prior])		0	0	0	0
52B. Non-Proportional Reinsurance Lines (Lines 30A, 30B & 30C)		0	0	0	0
53. Total (Line 32)	5,762,909	7,612,723	9,722,598	7,250,190	19,618,299
Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0					
54. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
55. Losses Incurred (Line 2)	85.4	81.4	(269.1)	.619.5	130.1
56. Loss Expenses Incurred (Line 3)	63.0	42.2	.81.8	.227.4	.53.0
57. Other Underwriting Expenses Incurred (Line 4)	39.4	17.7	.28.3	.19.7	(5.1)
58. Net Underwriting Gain or (Loss) (Line 7)	(88.1)	(41.3)	.259.1	(766.6)	(78.0)
Other Percentages					
59. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 13 divided by Page 9, [Page 8, 1994 and prior] Lines 4 + 5 - 13 divided by Page 9, [Page 8, 1994 and prior Part 2B, Col. 4, Line 32 x 100.0)		0.0	.498.4	.31.9	(7.1)
60. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	148.4	123.6	(187.4)	.846.9	183.1
61. Net Premiums Written to Policyholders' Surplus (Page 9, [Page 8, 1994 & prior], Part 2B, Col. 4, Line 32 divided by Page 3, Line 25, Col. 1 x 100.0)		0.0	.2.2	(9.4)	.67.3
One Year Loss Development (000 omitted)					
62. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 12)	14,275	7,725	(70,912)	1,813	2,490
63. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 62 above divided by Page 4, Line 17, Col. 1 x 100.0)	(26.9)	(14.4)	.61.0	.9.3	13.0
Two Year Loss Development (000 omitted)					
64. Development in Estimated Losses and Loss Expenses Incurred Two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 13)	22,274	(61,663)	(2,324)	4,888	2,657
65. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 64 above divided by Page 4, Line 17, Col. 2 x 100.0)	(41.7)	53.0	(12.0)	25.5	13.0

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule A - Verification

NONE

Schedule B

NONE

Schedule B - Classification

NONE

Schedule BA - Part 1

NONE

Schedule BA - Verification

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

Schedule C - Part 1

NONE

Schedule C - Part 2

NONE

Schedule C - Part 3

NONE

Schedule C - Part 4

NONE

**ANNUAL STATEMENT FOR THE YEAR 1997 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

1 Description	2 Book Value	3 Market Value (a)	4 Actual Cost	5 Par Value of Bonds	6 Statement Value
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States .....35,058,652	35,564,817	35,626,789	33,737,761	35,058,652
	2. Canada .....0	0	0	0	0
	3. Other Countries .....0	0	0	0	0
	4. Totals .....35,058,652	35,564,817	35,626,789	33,737,761	35,058,652
States, Territories and Possessions (Direct and guaranteed)	5. United States .....0	0	0	0	0
	6. Canada .....0	0	0	0	0
	7. Other Countries .....0	0	0	0	0
	8. Totals .....0	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....0	0	0	0	0
	10. Canada .....0	0	0	0	0
	11. Other Countries .....0	0	0	0	0
	12. Totals .....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 .....6,511,732	6,630,944	6,267,428	10,284,711	6,511,732
	14. Canada .....2,031,199	2,131,140	2,056,070	2,000,000	2,031,199
	15. Other Countries .....0	0	0	0	0
	16. Totals .....8,542,931	8,762,084	8,323,498	12,284,711	8,542,931
Public Utilities (unaffiliated)	17. United States .....4,237,898	4,366,907	4,229,370	4,300,000	4,237,898
	18. Canada .....0	0	0	0	0
	19. Other Countries .....0	0	0	0	0
	20. Totals .....4,237,898	4,366,907	4,229,370	4,300,000	4,237,898
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....73,851,628	75,597,992	74,059,843	74,637,720	73,847,652
	22. Canada .....0	0	0	0	0
	23. Other Countries .....0	0	0	0	0
	24. Totals .....73,851,628	75,597,992	74,059,843	74,637,720	73,847,652
Parent, Subsidiaries and Affiliates	25. Totals .....0	0	0	0	0
	26. Total Bonds .....121,691,109	124,291,800	122,239,500	124,960,192	121,687,133
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States .....0	0	0		
	28. Canada .....0	0	0		
	29. Other Countries .....0	0	0		
	30. Totals .....0	0	0		
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....0	0	0		
	32. Canada .....0	0	0		
	33. Other Countries .....0	0	0		
	34. Totals .....0	0	0		
Industrial and Miscellaneous (unaffiliated)	35. United States .....0	0	0		
	36. Canada .....0	0	0		
	37. Other Countries .....0	0	0		
	38. Totals .....0	0	0		
Parent, Subsidiaries and Affiliates	39. Totals .....0	0	0		
	40. Total Preferred Stocks .....0	0	0		
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States .....0	0	0		
	42. Canada .....0	0	0		
	43. Other Countries .....0	0	0		
	44. Totals .....0	0	0		
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....0	0	0		
	46. Canada .....0	0	0		
	47. Other Countries .....0	0	0		
	48. Totals .....0	0	0		
Industrial and Miscellaneous (unaffiliated)	49. United States .....0	0	0		
	50. Canada .....0	0	0		
	51. Other Countries .....0	0	0		
	52. Totals .....0	0	0		
Parent, Subsidiaries and Affiliates	53. Totals .....0	0	0		
	54. Total Common Stocks .....0	0	0		
	55. Total Stocks .....0	0	0		
	56. Total Bonds and Stocks .....121,691,109	124,291,800	122,239,500		

(a) The aggregate value of bonds which are valued at other than actual market is \$0 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book value of bonds and stocks, per Page 2, Lines 1 and 2, Col. 1, prior year .....125,394,626	6. Deduct consideration for bonds and stocks disposed of Col. 5, Part 4 .....64,231,675
2. Cost of bonds and stocks acquired, Col. 5, Part 3 .....60,920,069	7. Decrease by adjustment in book value:
3. Increase by adjustment in book value:	a. Col. 11, Part 1 .....391,603
a. Col. 10, Part 1 .....332,446	b. Col. 10, Part 2, Sec. 1
b. Col. 9, Part 2, Sec. 1	c. Col. 9, Part 2, Sec. 2
c. Col. 8, Part 2, Sec. 2	d. Col. 10, Part 4 .....344,195 .....735,798
d. Col. 9, Part 4 .....27,723 .....360,169	8. Loss on disposal of bonds and stocks, Col. 12, Part 4 .....254,497
4. Profit on disposal of bonds and stocks, Col. 11, Part 4 .....238,213	9. Book value of bonds and stocks, (Page 2, Lines 1 and 2, Col. 1) .....121,691,107
5. Total .....186,913,077	

ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values By Major Types of Issues and NAIC Designations

1	2	3	4	5	6	7	8	9	10	11	12
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.7	Total from Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	10,180,093	18,757,139	3,798,846	2,200,855	121,718	35,058,651	27.8	45,319,881	33.9	35,058,652	.0
1.2 Class 2	.0	.0	.0	.0	.0	.0		.0		.0	.0
1.3 Class 3	.0	.0	.0	.0	.0	.0		.0		.0	.0
1.4 Class 4	.0	.0	.0	.0	.0	.0		.0		.0	.0
1.5 Class 5	.0	.0	.0	.0	.0	.0		.0		.0	.0
1.6 Class 6	0	0	0	0	0	0		0		0	0
1.7 TOTALS	10,180,093	18,757,139	3,798,846	2,200,855	121,718	35,058,651	27.8	45,319,881	33.9	35,058,652	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.2 Class 2	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.3 Class 3	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.4 Class 4	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.5 Class 5	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.6 Class 6	0	0	0	0	0	0		0		0	0
2.7 TOTALS											
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
3.2 Class 2	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.3 Class 3	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.4 Class 4	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.5 Class 5	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.6 Class 6	0	0	0	0	0	0		0		0	0
3.7 TOTALS											
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
4.2 Class 2	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.3 Class 3	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.4 Class 4	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.5 Class 5	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.6 Class 6	0	0	0	0	0	0		0		0	0
4.7 TOTALS											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	779,563	3,959,158	892,612	2,700,787	210,810	8,542,930	6.8	22,865,851	17.1	8,542,930	.0
5.2 Class 2	.0	.0	.0	.0	.0	.0		.0		.0	.0
5.3 Class 3	.0	.0	.0	.0	.0	.0		.0		.0	.0
5.4 Class 4	.0	.0	.0	.0	.0	.0		.0		.0	.0
5.5 Class 5	.0	.0	.0	.0	.0	.0		.0		.0	.0
5.6 Class 6	0	0	0	0	0	0		0		0	0
5.7 TOTALS	779,563	3,959,158	892,612	2,700,787	210,810	8,542,930	6.8	22,865,851	17.1	8,542,930	

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ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values By Major Types of Issues and NAIC Designations

1	2	3	4	5	6	7	8	9	10	11	12
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.7	Total from Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	.0	2,998,204	936,701	.0	.0	3,934,905	3.1	3,929,738	2.9	3,934,904	.0
6.2 Class 2	.0	.0	.0	.0	.0	.0	.0	2,216,698	1.7	.0	.0
6.3 Class 3	.0	.0	152,993	150,000	.0	302,993	0.2	303,243	0.2	302,993	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6.5 Class 5	.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
6.7 TOTALS		2,998,204	1,089,694	150,000		4,237,898	3.4	6,449,679	4.8	4,237,897	
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	7,992,285	17,772,774	17,649,025	6,154,350	.0	49,568,434	39.3	37,232,056	27.9	49,568,434	.0
7.2 Class 2	.0	13,726,711	7,387,119	1,521,657	617,016	23,252,503	18.4	17,167,528	12.9	23,252,503	.0
7.3 Class 3	.0	516,209	3,033,701	953,690	.0	4,503,600	3.6	3,993,804	3.0	4,503,600	.0
7.4 Class 4	.0	.0	1,002,003	.0	.0	1,002,003	0.8	483,750	0.4	1,002,003	.0
7.5 Class 5	.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
7.7 TOTALS	7,992,285	32,015,694	29,071,848	8,629,697	617,016	78,326,540	62.1	58,877,138	44.1	78,326,540	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.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
8.3 Class 3	.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
8.5 Class 5	.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
8.7 TOTALS											
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
9.2 Class 2	.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
9.4 Class 4	.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
9.6 Class 6	0	0	0	0	0	0	0	0	0	0	0
9.7 TOTALS											

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ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values By Major Types of Issues and NAIC Designations

1	2	3	4	5	6	7	8	9	10	11	12
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.7	Total from Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	18,951,941	43,487,275	23,277,184	11,055,992	332,528	97,104,920	77.0	XXX	XXX	97,104,920	
10.2 Class 2		13,726,711	7,387,119	1,521,657	617,016	23,252,503	18.4	XXX	XXX	23,252,503	
10.3 Class 3		516,209	3,186,694	1,103,690		4,806,593	3.8	XXX	XXX	4,806,593	
10.4 Class 4			1,002,003			1,002,003	0.8	XXX	XXX	1,002,003	
10.5 Class 5								XXX	XXX		
10.6 Class 6								XXX	XXX		
10.7 TOTALS	18,951,941	57,730,195	34,853,000	13,681,339	949,544	126,166,019	100.0	XXX	XXX	126,166,019	
10.8 Line 10.7 as a % of Col. 7	15.0	45.8	27.6	10.8	0.8	100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Class 1	7,069,326	29,832,233	25,277,521	16,342,969	30,825,478	XXX	XXX	109,347,527	81.9	109,347,525	.0
11.2 Class 2	1,858,734	11,705,468	5,202,810	.0	617,213	XXX	XXX	19,384,225	14.5	19,384,226	.0
11.3 Class 3	.0	992,182	2,692,455	612,410	.0	XXX	XXX	4,297,047	3.2	4,297,047	.0
11.4 Class 4	.0	.0	483,750	.0	.0	XXX	XXX	483,750	0.4	483,750	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	.0	.0	.0
11.7 TOTALS	8,928,060	42,529,883	33,656,536	16,955,379	31,442,691	XXX	XXX	133,512,549	100.0	133,512,548	
11.8 Line 11.7 as a % of Col. 9	6.7	31.9	25.2	12.7	23.6	XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Class 1	18,951,941	43,487,275	23,277,184	11,055,992	332,529	97,104,921	77.0	109,347,525	81.9	97,104,921	XXX
12.2 Class 2	.0	13,726,711	7,387,119	1,521,657	617,016	23,252,503	18.4	19,384,225	14.5	23,252,503	XXX
12.3 Class 3	.0	516,209	3,186,694	1,103,690	.0	4,806,593	3.8	4,297,046	3.2	4,806,593	XXX
12.4 Class 4	.0	.0	1,002,003	.0	.0	1,002,003	0.8	483,750	0.4	1,002,003	XXX
12.5 Class 5	.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	XXX
12.7 TOTALS	18,951,941	57,730,195	34,853,000	13,681,339	949,545	126,166,020	100.0	133,512,546	100.0	126,166,020	XXX
12.8 Line 12.7 as a % of Col. 7	15.0	45.8	27.6	10.8	0.8	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 7, Section 10	15.0	45.8	27.6	10.8	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	XXX	
13.2 Class 2	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	
13.3 Class 3	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	
13.4 Class 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	
13.5 Class 5	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	
13.6 Class 6	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	
13.7 TOTALS										XXX	
13.8 Line 13.7 as a % of Col. 7							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 7, Section 10							XXX	XXX	XXX	XXX	

(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. The letter "Z" indicates an obligation whose NAIC designation was not approved by the Securities Valuation Office at the date of the statement.

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ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values by Major Type and Subtype of Issues

1	2	3	4	5	6	7	8	9	10	11	12
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.5	Total from Col 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Bonds not Backed by Other Loans	6,500,731	10,805,819	.0	.0	.0	17,306,550	13.7	23,600,700	17.7	17,306,550	.0
1.2 Loan-Backed Bonds	3,679,362	7,951,320	3,798,846	2,200,855	121,718	17,752,101	14.1	21,719,180	16.3	17,752,102	.0
STRUCTURED SECURITIES:											
1.3 Collateralized Mortgage Obligations	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
1.4 Other Structured Securities	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
1.5 Totals	10,180,093	18,757,139	3,798,846	2,200,855	121,718	35,058,651	27.8	45,319,880	33.9	35,058,652	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Bonds not Backed by Other Loans .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
2.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
2.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
2.5 Totals											
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Bonds not Backed by Other Loans .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
3.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
3.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
3.5 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Bonds not Backed by Other Loans .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
4.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
4.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
4.5 Totals											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Bonds not Backed by Other Loans .....	.0	1,031,976	.0	1,013,147	.0	2,045,123	1.6	2,215,725	1.7	2,045,123	.0
5.2 Loan-Backed Bonds	779,563	2,927,182	892,612	1,687,640	210,810	6,497,807	5.2	4,649,054	3.5	6,497,808	.0
STRUCTURED SECURITIES:											
5.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		16,001,073	12.0	.0	.0
5.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
5.5 Totals	779,563	3,959,158	892,612	2,700,787	210,810	8,542,930	6.8	22,865,852	17.1	8,542,931	

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ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values by Major Type and Subtype of Issues

1	2	3	4	5	6	7	8	9	10	11	12
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.5	Total from Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Bonds not Backed by Other Loans .....	.0	2,998,204	1,089,694	150,000	.0	4,237,898	3.4	6,449,679	4.8	4,237,898	.0
6.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
6.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
6.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
6.5 Totals		2,998,204	1,089,694	150,000		4,237,898	3.4	6,449,679	4.8	4,237,898	
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Bonds not Backed by Other Loans	5,487,592	18,916,475	27,189,371	6,064,994	617,016	58,275,448	46.2	51,605,165	38.7	58,275,447	.0
7.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
7.3 Collateralized Mortgage Obligations	2,095,127	11,646,589	1,746,301	2,564,703	.0	18,052,720	14.3	3,271,396	2.5	18,052,720	.0
7.4 Other Structured Securities	409,567	1,452,630	136,175	0	0	1,998,372	1.6	4,000,576	3.0	1,998,372	0
7.5 Totals	7,992,286	32,015,694	29,071,847	8,629,697	617,016	78,326,540	62.1	58,877,137	44.1	78,326,539	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Bonds not Backed by Other Loans .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
8.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
8.3 Collateralized Mortgage Obligations .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
8.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
8.5 Totals											
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Bonds not Backed by Other Loans .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
9.2 Loan-Backed Bonds .....	.0	.0	.0	.0	.0	.0		.0		.0	.0
STRUCTURED SECURITIES:											
9.3 Collateralized Mortgage Obligations0	.0	.0	.0	.0	.0		.0		.0	.0
9.4 Other Structured Securities	0	0	0	0	0	0		0		0	0
9.5 Totals											

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ANNUAL STATEMENT FOR THE YEAR 1997 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 Statement Values by Major Type and Subtype of Issues

1	2	3	4	5	6	7	8	9	10	11	12
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 7 as a % of Line 10.5	Total From Col. 7 Prior Year	% From Col. 8 Prior Year	Total Publicly Traded	Total Privately Placed
10. Total Bonds Current Year											
10.1 Bonds not Backed by Other Loans	11,988,323	33,752,474	28,279,065	7,228,141	617,016	81,865,019	64.9	XXX	XXX	81,865,018	
10.2 Loan-Backed Bonds	4,458,925	10,878,502	4,691,458	3,888,495	332,528	24,249,908	19.2	XXX	XXX	24,249,910	
STRUCTURED SECURITIES:											
10.3 Collateralized Mortgage Obligations	2,095,127	11,646,589	1,746,301	2,564,703		18,052,720	14.3	XXX	XXX	18,052,720	
10.4 Other Structured Securities	409,567	1,452,630	136,175			1,998,372	1.6	XXX	XXX	1,998,372	
10.5 Totals	18,951,942	57,730,195	34,852,999	13,681,339	949,544	126,166,019	100.0	XXX	XXX	126,166,020	
10.6 Line 10.5 as a % of Col. 7	15.0	45.8	27.6	10.8	0.8	100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Bonds not Backed by Other Loans	8,399,898	39,262,845	26,848,328	8,742,985	617,213	XXX	XXX	83,871,269	62.8	83,871,267	.0
11.2 Loan-Backed Bonds	441,318	949,007	1,831,523	5,813,601	17,332,784	XXX	XXX	26,368,233	19.7	26,368,234	.0
STRUCTURED SECURITIES:											
11.3 Collateralized Mortgage Obligations	86,844	2,318,029	4,976,685	2,398,793	9,492,117	XXX	XXX	19,272,468	14.4	19,272,469	.0
11.4 Other Structured Securities	0	0	0	0	4,000,577	XXX	XXX	4,000,577	3.0	4,000,577	0
11.5 Totals	8,928,060	42,529,881	33,656,536	16,955,379	31,442,691	XXX	XXX	133,512,547	100.0	133,512,547	
11.6 Line 11.5 as a % of Col. 9	6.7	31.9	25.2	12.7	23.6	XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Bonds not Backed by Other Loans	11,988,322	33,752,474	28,279,065	7,228,141	617,016	81,865,018	64.9	83,871,269	62.8	81,865,018	XXX
12.2 Loan-Backed Bonds	4,458,925	10,878,502	4,691,459	3,888,495	332,529	24,249,910	19.2	26,368,233	19.7	24,249,910	XXX
STRUCTURED SECURITIES:											
12.3 Collateralized Mortgage Obligations	2,095,127	11,646,589	1,746,301	2,564,703	0	18,052,720	14.3	19,272,468	14.4	18,052,720	XXX
12.4 Other Structured Securities	409,567	1,452,630	136,175	0	0	1,998,372	1.6	4,000,577	3.0	1,998,372	XXX
12.5 Totals	18,951,941	57,730,195	34,853,000	13,681,339	949,545	126,166,020	100.0	133,512,547	100.0	126,166,020	XXX
12.6 Line 12.5 as a % of Col. 7	15.0	45.8	27.6	10.8	0.8	100.0	XXX	XXX	XXX	100.0	XXX
12.7 Line 12.5 as a % of Line 10.5, Col. 7, Section 10	15.0	45.8	27.6	10.8	0.8	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Bonds not Backed by Other Loans	0	0	0	0	0	0		0		XXX	
13.2 Loan-Backed Bonds	0	0	0	0	0	0		0		XXX	
STRUCTURED SECURITIES:											
13.3 Collateralized Mortgage Obligations	0	0	0	0	0	0		0		XXX	
13.4 Other Structured Securities	0	0	0	0	0	0		0		XXX	
13.5 Totals										XXX	
13.6 Line 13.5 as a % of Col. 7							XXX	XXX	XXX	XXX	
13.7 Line 13.5 as a % of Line 10.5, Col. 7, Section 10							XXX	XXX	XXX	XXX	

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ANNUAL STATEMENT FOR THE YEAR 1997 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

CUSIP Identification	Description	Interest		Date of			Book Value	Par Value	Rate Used to Obtain Market Value	Market Value	Actual Cost	Interest		Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Desig- nation	Year Ac- quired	Effec- tive Rate of In- terest	Statement Value Dec. 31 of Current Year (a)	
		a	b	Maturity		Options c						9.1 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	9.2 Gross Amount Received During Year								
				Year	Month																Year
US GOVERNMENT OBLIGATIONS																					
BONDS AND LOANS NOT BACKED BY LOANS																					
912827-E8-1	0-US TREASURY NOTE 7.0% '99	7.0000	AO	1999	04		1,533,728	1,500,000	101.66	1,524,840	1,627,500	22,167	105,000	0	24,625	0		1993	5.245	1,533,728	
912827-F9-8	0-US TREASURY NOTE 6.375% '99	6.3750	JJ	1999	07		2,317,717	2,300,000	101.05	2,324,081	2,355,344	67,610	146,625	0	10,679	0	1	1994	5.931	2,317,717	
912827-J3-7	0-US TREASURY NOTE 6.375% '00	6.3750	JJ	2000	01		2,016,225	2,000,000	101.31	2,026,240	2,041,875	58,792	127,500	0	7,266	0	1	1994	6.036	2,016,225	
912827-N2-4	0-US TREASURY NOTE 5.125% '98	5.1250	MN	1998	11		6,500,731	6,500,000	99.562	6,471,530	6,503,555	28,686	333,125	0	760	0	1	1993	5.178	6,500,731	
912827-XE-7	0-US TREASURY NOTE 8.875% '99	8.8750	FA	1999	02		2,112,351	2,050,000	103.45	2,120,786	2,359,422	68,732	181,938	0	52,026	0	1	1992	6.129	2,112,351	
912827-Y4-8	0-US TREASURY NOTE 6.625% '01	6.6250	JD	2001	06		772,600	765,000	102.77	786,160	773,091	141	41,903	0	408	0	1	1997	6.407	772,600	
912827-YE-6	0-US TREASURY NOTE 7.875% '99	7.8750	MN	1999	11		2,053,199	2,000,000	103.84	2,076,880	2,171,875	20,125	157,500	0	25,925	0	1	1992	6.449	2,053,199	
COUNTRY TOTAL - U.S.							17,306,550	17,115,000	XXX	17,330,517	17,832,662	266,252	1,093,591	0	121,688	0	XXX	XXX	XXX	17,306,550	
0199999 - Total Bonds - U.S. Government - Bonds Not Backed by Other Loans							17,306,550	17,115,000	XXX	17,330,517	17,832,662	266,252	1,093,591	0	121,688	0	XXX	XXX	XXX	17,306,550	
BONDS BACKED BY LOANS																					
36202K-P8-2	GNMA POOL #8547	6.8750	MPLY	2024	11		1,231,072	1,241,513	102.91	1,277,591	1,231,037	7,113	85,483	0	208	0	1	1994	7.238	1,231,072	
36203A-P2-6	GNMA POOL #343441	8.5000	MPLY	2024	07		90,219	87,388	106.01	92,642	90,323	619	7,428	0	93	0	1	1996	7.618	90,219	
36205J-AX-3	GNMA POOL #391622	8.5000	MPLY	2024	12		831,655	805,321	105.70	851,225	832,520	5,704	68,452	0	746	0	1	1996	7.838	831,655	
36205J-HZ-1	GNMA POOL #391848	8.5000	MPLY	2025	03	2024	24,349	23,598	105.70	24,943	24,391	167	2,006	0	37	0	1	1996	6.903	24,349	
36205L-JF-8	GNMA POOL #393662	8.5000	MPLY	2024	12		18,267	17,677	106.01	18,740	18,271	125	1,503	0	2	0	1	1996	7.635	18,267	
362135-4V-4	GNMA POOL #097136	10.5000	MPLY	2013	04		78,747	71,919	110.71	79,619	79,111	629	7,552	0	282	0	1	1996	8.315	78,747	
362135-T3-9	GNMA POOL #096870	10.5000	MPLY	2013	04		76,460	69,908	110.71	77,392	76,899	612	7,340	0	345	0	1	1996	9.274	76,460	
362151-AU-6	GNMA POOL #150419	10.0000	MPLY	2016	02		127,591	117,502	110.92	130,339	128,224	979	11,750	0	342	0	1	1995	7.482	127,591	
362153-ED-6	GNMA POOL #152332	10.0000	MPLY	2016	03		252,941	232,850	110.92	258,289	254,098	1,940	23,285	0	586	0	1	1995	8.670	252,941	
362157-W5-4	GNMA POOL #156468	10.0000	MPLY	2016	11		186,008	171,250	110.92	189,959	186,877	1,427	17,125	0	478	0	1	1995	7.570	186,008	
362159-P2-5	GNMA POOL #158041	10.0000	MPLY	2016	04		97,074	89,433	110.92	99,203	97,745	303	8,943	0	594	0	1	1995	6.460	97,074	
36215D-WA-0	GNMA POOL #132141	10.0000	MPLY	2016	01		151,054	139,205	110.92	154,413	151,907	1,160	13,920	0	506	0	1	1995	5.970	151,054	
36215N-3T-9	GNMA POOL #140410	10.0000	MPLY	2016	03		151,148	139,249	110.92	154,462	151,956	1,160	13,925	0	466	0	1	1995	6.562	151,148	
36215N-3U-6	GNMA POOL #140411	10.0000	MPLY	2016	04		135,099	124,192	110.92	137,760	135,525	1,035	12,419	0	124	0	1	1995	7.644	135,099	
36215N-TV-6	GNMA POOL #140164	10.0000	MPLY	2016	03		162,846	149,650	110.92	166,000	163,306	1,247	14,965	0	94	0	1	1995	6.561	162,846	
36215Q-YK-7	GNMA POOL #142114	10.0000	MPLY	2016	03		100,323	92,402	110.92	102,497	100,834	770	9,240	0	285	0	1	1995	6.781	100,323	
36215U-VT-2	GNMA POOL #145626	10.0000	MPLY	2016	02		335,362	308,823	110.92	342,562	337,003	2,574	30,882	0	877	0	1	1995	7.541	335,362	
36215U-ZH-4	GNMA POOL #145744	10.0000	MPLY	2016	02	2015	31,883	29,491	110.92	32,713	32,182	246	2,949	0	226	0	1	1995	1.115	31,883	
36215W-BR-4	GNMA POOL #146848	10.0000	MPLY	2016	02		128,146	118,066	110.92	130,965	128,840	984	11,807	0	402	0	1	1995	6.422	128,146	
36215W-QD-9	GNMA POOL #147252	10.0000	MPLY	2016	02		101,143	93,176	110.92	103,355	101,678	776	9,318	0	305	0	1	1995	6.672	101,143	
362164-X6-7	GNMA POOL #183501	10.0000	MPLY	2016	10		302,658	278,041	110.92	308,417	303,413	2,317	27,804	0	114	0	1	1995	6.775	302,658	
36216H-YB-6	GNMA POOL #165506	8.5000	MPLY	2016	08		257,865	257,026	106.89	274,730	258,232	1,821	21,847	0	112	0	1	1986	8.588	257,865	
36216S-J7-8	GNMA POOL #173186	8.5000	MPLY	2016	08		228,082	227,336	106.89	242,995	228,402	1,610	19,324	0	94	0	1	1986	8.649	228,082	
36216W-WW-9	GNMA POOL #177161	10.0000	MPLY	2016	09		561,894	517,520	110.92	574,059	564,744	4,313	51,752	0	1,647	0	1	1995	6.681	561,894	
36217B-5D-6	GNMA POOL #189044	10.0000	MPLY	2018	05	2017	30,225	31,168	110.92	34,574	30,048	260	3,117	0	55	0	1	1989	13.785	30,225	
36217C-SU-1	GNMA POOL #189631	10.0000	MPLY	2017	08		299,797	275,908	110.99	306,222	301,084	2,299	27,591	0	706	0	1	1995	8.084	299,797	
36218V-S9-5	GNMA POOL #233744	10.0000	MPLY	2017	09		139,803	143,075	110.99	158,795	139,319	1,192	14,307	0	55	0	1	1989	11.501	139,803	
36218W-MD-0	GNMA POOL #234456	10.0000	MPLY	2018	11		422,871	389,455	110.92	432,003	424,992	3,245	38,945	0	1,402	0	1	1995	5.943	422,871	
362193-SA-3	GNMA POOL #266113	10.0000	MPLY	2019	03		51,379	52,598	110.89	58,328	51,217	5,289	5,260	19	0	0	1	1989	11.490	51,379	
36219G-FG-5	GNMA POOL #248667	10.0000	MPLY	2018	04		59,289	54,605	110.92	60,571	59,588	455	5,461	0	192	0	1	1995	6.059	59,289	
36219N-HR-4	GNMA POOL #254140	10.0000	MPLY	2018	07		74,136	76,555	110.92	84,919	73,804	638	7,656	0	35	0	1	1989	10.910	74,136	
36219S-Z5-1	GNMA POOL #258264	10.0000	MPLY	2018	12		344,376	316,825	110.92	351,439	345,736	2,640	31,683	0	780	0	1	1995	8.699	344,376	
36219T-N6-0	GNMA POOL #258813	10.0000	MPLY	2018	09		46,226	47,744	110.92	52,960	46,028	398	4,774	0	15	0	1	1989	11.237	46,226	
36219U-4W-1	GNMA POOL #260137	10.0000	MPLY	2018	08		61,515	63,842	110.92	70,817	61,548	532	6,384	0	22	0	1	1989	11.355	61,515	
36221A-LH-5	GNMA POOL #900328	10.5000	MPLY	2013	08		33,665	30,775	110.71	34,070	33,852	269	3,231	0	148	0	1	1996	9.297	33,665	
36221G-SV-4	GNMA POOL #905932	10.2500	MPLY	2016	02		135,802	124,754	110.55	137,912	136,372	1,066	12,787	0	460	0	1	1996	9.278	135,802	
36221H-3B-3	GNMA POOL #907094	10.2500	MPLY	2016	02		72,257	66,645	110.55	73,674	72,851	569	6,831	0	341	0	1	1996	4.378	72,257	
36221H-5W-5	GNMA POOL #907161	10.2500	MPLY	2016	02		44,109	40,521	110.55	44,795	44,294	346	4,153	0	150	0	1	1996	9.278	44,109	
36221H-JU-4	GNMA POOL #906575	10.2500	MPLY	2016	02		125,886	115,762	110.55	127,972	126,542	989	11,866	0	401	0	1	1996	6.665	125,886	
36221J-EG-8	GNMA POOL #907357	10.2500	MPLY	2016	02		36,793	33,800	110.55	37,365	36,948	289	3,465	0	125	0	1	1996	9.278	36,793	
36221J-JS-5	GNMA POOL #907473	10.2500	MPLY	2016	04		96,647	88,885	110.55	98,26											

ANNUAL STATEMENT FOR THE YEAR 1997 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

CUSIP Identification	Description	Interest		Date of			Book Value	Par Value	Rate Used to Obtain Market Value	Market Value	Actual Cost	Interest		Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Year Acquired	Effective Rate of Interest	Statement Value Dec. 31 of Current Year (a)		
		a	b	Maturity		Options						9.1 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	9.2 Gross Amount Received During Year									
				Year	Month																Year	Call Price
36221J-UV-5	GNMA POOL #907796	.10.250	MTLY	2016	03		34,134	31,357	110.55	34,664	34,277	268	3,214	0	115	0	1	1996	9.282	34,134		
36221M-7K-8	GNMA POOL #910798	.10.250	MTLY	2018	07		92,667	85,068	110.31	93,841	92,990	727	8,720	0	262	0	1	1996	9.375	92,667		
36221M-YS-1	GNMA POOL #910621	.10.250	MTLY	2018	02		64,374	59,102	110.31	65,196	64,606	505	6,058	0	188	0	1	1996	9.360	64,374		
36221M-ZP-6	GNMA POOL #910650	.10.250	MTLY	2019	03		64,000	58,740	110.30	64,789	64,210	502	6,021	0	171	0	1	1996	9.390	64,000		
36221N-2N-5	GNMA POOL #911581	.10.250	MTLY	2019	04		316,806	291,054	110.30	321,024	318,158	2,486	29,833	0	835	0	1	1996	7.258	316,806		
36221N-PB-6	GNMA POOL #911218	.10.250	MTLY	2019	04	2018	103,079	95,004	110.30	104,787	103,851	811	9,738	0	443	0	1	1996	4.791	103,079		
36225A-DX-5	GNMA POOL #780118	.9.5000	MTLY	2021	08		1,235,745	1,152,249	108.83	1,253,969	1,237,227	9,122	109,470	0	371	0	1	1995	7.244	1,235,745		
36225A-FR-6	GNMA POOL #780176	.10.000	MTLY	2021	03		8,104,335	7,494,733	110.83	8,306,487	8,120,074	62,456	749,474	0	5,460	0	1	1995	7.724	8,104,335		
COUNTRY TOTAL - U.S.							17,752,102	16,622,761	XXX	18,234,300	17,794,128	133,336	1,600,168	201	21,534	0	XXX	XXX	XXX	17,752,102		
0299999 - Total Bonds - U.S. Government - Loan-Backed Bonds							17,752,102	16,622,761	XXX	18,234,300	17,794,128	133,336	1,600,168	201	21,534	0	XXX	XXX	XXX	17,752,102		
0599999 - Total - U.S. Government Bonds							35,058,652	33,737,761	XXX	35,564,817	35,626,789	399,588	2,693,758	201	143,222	0	XXX	XXX	XXX	35,058,652		
SPECIAL REVENUE AND ASSESSMENTS BONDS AND LOANS NOT BACKED BY LOANS NEW YORK																						
649885-HV-5	0-NEW YORK ST MTG AGY REC H/O SER	.10.750	AO	2012	10		562,034	520,000	100.80	524,155	566,800	13,975	55,900	0	1,247	0	1	1993	9.944	562,034		
STATE TOTAL							562,034	520,000	XXX	524,155	566,800	13,975	55,900	0	1,247	0	XXX	XXX	XXX	562,034		
TEXAS																						
539761-AC-0	0-LOCKHART CORRECTIONAL FAC (MBIA)	.8.7500	AO	2012	04		451,113	455,000	106.62	485,126	450,450	9,953	39,812	132	0	0	1	1991	9.053	451,113		
STATE TOTAL							451,113	455,000	XXX	485,126	450,450	9,953	39,812	132	0	0	XXX	XXX	XXX	451,113		
COUNTRY TOTAL - U.S.							1,013,147	975,000	XXX	1,009,280	1,017,250	23,928	95,712	132	1,247	0	XXX	XXX	XXX	1,013,147		
QUEBEC																						
74815H-AS-1	QUEBEC PROVIDENCE CANADA MTN	.9.0000	MN	2001	04		1,031,976	1,000,000	107.54	1,075,360	1,057,320	11,500	90,000	0	8,210	0	1	1994	8.033	1,031,976		
STATE TOTAL							1,031,976	1,000,000	XXX	1,075,360	1,057,320	11,500	90,000	0	8,210	0	XXX	XXX	XXX	1,031,976		
COUNTRY TOTAL - CANADA							1,031,976	1,000,000	XXX	1,075,360	1,057,320	11,500	90,000	0	8,210	0	XXX	XXX	XXX	1,031,976		
2199999 - Total Bonds - Special Revenues - Bonds Not Backed by Other Loans							2,045,123	1,975,000	XXX	2,084,640	2,074,570	35,428	185,712	132	9,457	0	XXX	XXX	XXX	2,045,123		
BONDS BACKED BY LOANS GEORGIA																						
047852-DF-2	0-ATLANTA GA URBAN RESIDENTIAL FIN	.0.0000	MATR	2016	10		1,061,562	5,000,000	22.805	1,140,250	809,670	0	0	84,199	0	0	1	1994	8.615	1,061,562		
STATE TOTAL							1,061,562	5,000,000	XXX	1,140,250	809,670	0	0	84,199	0	0	0	XXX	XXX	XXX	1,061,562	
U.S. GOVERNMENT																						
312950-S3-3	FHLMC PC GOLD 15Y POOL #B00538	.9.5000	MTLY	2005	11		2,075,195	1,984,675	107.03	2,124,218	2,088,250	15,712	188,544	0	4,564	0	1	1995	7.713	2,075,195		
313610-VQ-7	FNMA POOL #46523	.8.0000	MTLY	2002	05		79,604	82,262	102.97	84,702	75,784	548	6,581	377	0	0	1	1987	9.712	79,604		
313611-A2-1	FNMA POOL #46825	.8.0000	MTLY	2002	06		16,391	16,951	102.97	17,454	15,616	113	1,356	71	0	0	1	1987	10.051	16,391		
313613-QF-1	FNMA POOL #49054	.8.0000	MTLY	2002	06		10,313	10,678	102.97	10,994	9,837	71	854	33	0	0	1	1987	10.750	10,313		
31361X-7J-8	FNMA POOL #44997	.8.0000	MTLY	2002	06		143,332	148,101	102.97	152,493	136,438	987	11,848	747	0	0	1	1987	9.678	143,332		
31361Y-GK-3	FNMA POOL #45202	.8.0000	MTLY	2002	04		8,597	8,883	102.97	9,146	8,183	59	711	38	0	0	1	1987	10.040	8,597		
31365E-BN-2	FNMA POOL #125245	.7.0000	MTLY	2023	10		2,103,591	2,058,161	101.18	2,082,406	2,106,400	12,006	144,071	0	1,004	0	1	1993	6.763	2,103,591		
STATE TOTAL							4,437,023	4,309,711	XXX	4,481,414	4,440,508	29,497	353,966	1,267	5,568	0	XXX	XXX	XXX	4,437,023		
COUNTRY TOTAL - U.S.							5,498,585	9,309,711	XXX	5,621,664	5,250,178	29,497	353,966	85,466	5,568	0	XXX	XXX	XXX	5,498,585		
MANITOBA																						
563469-DA-0	MANITOBA PROVINCE CANADA DEB	.7.7500	FA	2002	02		999,223	1,000,000	105.58	1,055,780	998,750	32,292	77,500	156	0	0	1	1994	7.924	999,223		
STATE TOTAL							999,223	1,000,000	XXX	1,055,780	998,750	32,292	77,500	156	0	0	0	XXX	XXX	XXX	999,223	
COUNTRY TOTAL - CANADA							999,223	1,000,000	XXX	1,055,780	998,750	32,292	77,500	156	0	0	0	XXX	XXX	XXX	999,223	
2299999 - Total Bonds - Special Revenues - Loan-Backed Bonds							6,497,808	10,309,711	XXX	6,677,444	6,248,928	61,789	431,466	85,622	5,568	0	XXX	XXX	XXX	6,497,808		
2599999 - Total - Special Revenue Bonds							8,542,930	12,284,711	XXX	8,762,084	8,323,498	97,217	617,178	85,754	15,025	0	XXX	XXX	XXX	8,542,930		
PUBLIC UTILITIES BONDS AND LOANS NOT BACKED BY LOANS																						
283677-AI-9	EL PASO ELECTRIC CO 1ST MTG	.8.9000	FA	2006	02		152,993	150,000	109.34	164,012	153,450	5,562	13,350	0	249	0	3	1996	8.737	152,993		
283677-AU-6	EL PASO ELECTRIC CO 1ST MTG	.9.4000	MN	2011	05		150,000	150,000	113.06	169,586	150,000	2,350	14,100	0	0	0	3	1996	9.621	150,000		
637432-BA-2	NATNL RURAL UTIL COOP	.6.5000	MS	2002	09		1,998,204	2,000,000	101.23	2,024,580	1,997,500	38,278	130,000	317	0	0	1	1995	6.629	1,998,204		

ANNUAL STATEMENT FOR THE YEAR 1997 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

CUSIP Identification	Description	Interest		Date of			4	5	6	7	8	Interest		10	11	12	13	14	15	16	
		a	b	Maturity		Options						9.1	9.2								
				Rate of	How Paid	Year															Month	Year	Call Price	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Year Acquired	Effective Rate of Interest	Statement Value Dec. 31 of Current Year (a)
74325X-AA-8	PROGRESS CAPITAL MTN.....	.6.8800	FA	2001.	08		1,000,000	1,000,000	101.78	1,017,770	1,000,000	28,667	64,022	0	0	0	1996.	6.998	1,000,000		
744567-DT-2	PUBLIC SVC ELECTRIC & GAS CO.....	.6.2500	JJ	2007.	01		936,701	1,000,000	99.096	990,960	928,420	31,250	62,500	4,850	0	0	1996.	7.349	936,701		
COUNTRY TOTAL - U.S.																					
2699999 - Total Bonds - Public Utilities - Bonds Not Backed by Other Loans							4,237,898	4,300,000	XXX	4,366,907	4,229,370	106,107	283,972	5,167	249	0	XXX	XXX	XXX	4,237,898	
3099999 - Total - Public Utilities Bonds							4,237,898	4,300,000	XXX	4,366,907	4,229,370	106,107	283,972	5,167	249	0	XXX	XXX	XXX	4,237,898	
INDUSTRIAL & MISCELLANEOUS BONDS AND LOANS NOT BACKED BY LOANS																					
008916-AA-6	AGRIUM INC.....	.7.0000	FA	2004.	02		997,120	1,000,000	103.27	1,032,700	996,780	29,167	35,194	340	0	2	1997.	7.184	997,120		
023586-AA-8	AMERCO NOTE.....	.7.8500	MN	2003.	05		999,757	1,000,000	103.56	1,035,580	999,700	10,031	78,500	35	0	2	1996.	8.010	999,757		
029062-AA-4	AMERICAN PORTA TELE 144A.....	.0.0000	MATR.	2006.	11		1,745,310	3,590,000	51.708	1,856,317	1,586,780	0	0	136,797	0	12	1996.	8.505	1,745,310		
066050-CB-9	BANKAMERICA CORP SUB NOTE.....	.7.2000	AO	2006.	04		906,650	1,000,000	104.45	1,044,540	885,530	15,200	72,000	7,387	0	1	1994.	9.004	906,650		
12686C-AL-3	CABLEVISION SYSTEMS.....	.8.1250	FA	2009.	08		996,335	1,000,000	103.00	1,030,000	996,270	28,212	0	65	0	12	1997.	8.341	996,335		
149123-AP-6	O-CATERPILLAR INC.....	.6.0000	MN	2007.	05		1,897,345	2,000,000	96.241	1,924,820	1,868,820	20,000	120,000	7,680	0	1	1993.	6.864	1,897,345		
200336-AN-5	COMDISCO INC.....	.5.7500	FA	2001.	02		1,496,193	1,500,000	98.342	1,475,130	1,494,195	32,583	86,250	1,080	0	2	1996.	5.925	1,496,193		
20043J-AG-0	COMINCO LTD MTNS.....	.8.0300	MS	2003.	05		1,308,461	1,275,000	106.52	1,358,168	1,313,148	30,146	102,382	0	4,687	0	2	1997.	7.570	1,308,461	
201615-CW-9	COMMERCIAL CR GROUP INC NOTE.....	.7.8750	JJ	2004.	07		1,007,796	1,000,000	107.80	1,078,030	1,010,590	36,312	78,750	0	887	0	1	1994.	7.870	1,007,796	
224044-AH-0	COX COMMUNICATION NEW NOTE.....	.6.3750	JD	2000.	06		3,008,308	3,000,000	100.20	3,005,940	3,014,550	8,500	191,250	0	3,036	0	2	1995.	6.349	3,008,308	
254063-AC-4	DILLARD STORES NOTE.....	.8.0000	JJ	1999.	01		1,513,854	1,500,000	102.04	1,530,645	1,552,890	55,333	120,000	0	12,390	0	1	1994.	7.190	1,513,854	
260543-AY-9	DOW CHEM NT 99.....	.8.5500	AO	2009.	10		1,600,365	1,575,000	115.39	1,817,330	1,603,742	28,429	134,662	0	1,229	0	1	1995.	8.507	1,600,365	
26882X-D2-8	ERAC USA FINANCIAL CO NTE 144A.....	.7.0000	JD	2000.	06		998,880	1,000,000	102.00	1,019,960	998,260	3,889	70,000	404	0	2	1996.	7.175	998,880		
277461-AS-8	EASTMAN KODAK CO NOTE.....	.9.7500	AO	2004.	10		2,335,246	2,000,000	118.00	2,360,060	2,489,740	48,750	195,000	0	38,251	0	1	1993.	6.740	2,335,246	
309601-AB-8	FARMERS INS. EXCH 144A.....	.8.5000	FA	2004.	08		1,085,026	1,000,000	109.92	1,099,160	1,087,090	35,417	0	2,064	0	1	1997.	6.991	1,085,026		
31410H-AF-8	FEDERATED DEPARTMENT STORES.....	.8.1250	AO	2002.	10		1,006,130	1,000,000	106.68	1,066,850	1,006,405	17,153	60,938	307	0	2	1997.	8.129	1,006,130		
315292-AA-0	FERRELLGAS LP FIN CORP.....	.10.0000	FA	2001.	08		516,209	500,000	106.00	530,000	525,000	20,833	50,000	0	3,686	0	3	1995.	9.123	516,209	
345397-NK-5	O-FORD MOTOR CREDIT CO NTS.....	.6.1250	JJ	2006.	01		948,258	1,000,000	98.153	981,530	940,380	29,264	61,250	4,673	0	0	1	1996.	7.100	948,258	
438506-AN-7	HONEYWELL INC NOTES.....	.6.6000	AO	2001.	04		498,706	500,000	101.18	505,875	498,145	6,967	33,000	341	0	1	1996.	6.801	498,706		
524908-AL-4	LEHMAN BROTHERS HOLDINGS INC NOTE.....	.8.8750	MN	1998.	11		1,008,704	1,000,000	102.11	1,021,070	1,039,090	14,792	88,750	0	9,707	0	1	1994.	7.931	1,008,704	
526055-AA-6	LENFEST SENIOR NOTE.....	.8.3750	MN	2005.	11		498,408	500,000	102.75	513,750	498,125	6,979	41,875	139	0	3	1995.	8.609	498,408		
542671-CG-5	LONG ISLAND LIGHTING CO.....	.9.7500	MN	2021.	05		617,016	600,000	101.58	609,510	617,400	9,750	58,500	0	197	0	2	1995.	9.670	617,016	
55262L-AA-8	MBNA CORPORATION.....	.6.8750	JD	2005.	06		983,031	1,000,000	101.04	1,010,370	982,500	5,729	34,375	531	0	2	1997.	7.303	983,031		
628907-AB-3	O-NAC RE CORP NOTE.....	.8.0000	JD	1999.	06		2,000,000	2,000,000	102.34	2,046,780	2,000,000	7,111	160,000	0	0	0	2	1992.	8.160	2,000,000	
638585-AD-1	O-NATIONSBANK CORP.....	.6.8750	FA	2005.	02		996,897	1,000,000	102.59	1,025,920	995,500	25,972	68,750	327	0	1	1993.	7.051	996,897		
638585-AF-6	O-NATIONSBANK SUB NOTE.....	.6.5000	FA	2003.	08		1,000,000	1,000,000	100.96	1,009,620	1,000,000	24,556	65,000	0	0	0	1	1993.	6.606	1,000,000	
652228-AE-7	NEWPORT NEWS.....	.8.6250	JD	2006.	12		524,882	500,000	105.25	526,250	525,000	3,594	0	0	118	0	3	1997.	7.993	524,882	
655422-AK-9	NORANDA INC DEB.....	.8.6250	JJ	2002.	07		1,079,737	1,000,000	108.25	1,082,480	1,109,220	39,771	86,250	0	14,629	0	2	1995.	6.674	1,079,737	
677347-BJ-4	OHIO EDISON CO.....	.8.6250	MS	2003.	09		1,306,963	1,230,000	110.00	1,353,000	1,317,109	31,237	106,088	0	10,145	0	1	1997.	7.398	1,306,963	
679833-AB-9	OLD KENT FINANCIAL CORP.....	.6.6250	MN	2005.	11		1,013,568	1,000,000	100.67	1,006,660	1,016,150	8,465	66,250	0	1,290	0	1	1995.	6.505	1,013,568	
690768-BB-1	OWENS ILLINOIS INC.....	.8.1000	MN	2007.	05		1,498,060	1,500,000	106.43	1,596,495	1,497,975	15,525	60,750	85	0	3	1997.	8.285	1,498,060		
695629-AR-6	PAINE WEBBER SNR.....	.8.8750	MS	2005.	03		1,115,518	1,000,000	111.91	1,119,120	1,139,600	26,132	88,750	0	12,054	0	2	1995.	6.936	1,115,518	
708160-AX-4	PENNEY J C CO INC NOTE.....	.9.4500	JJ	2002.	07		1,034,502	1,000,000	107.15	1,071,510	1,051,690	43,575	94,500	0	5,995	0	1	1994.	8.699	1,034,502	
747410-AB-4	QUAKER ST CORP.....	.6.6250	AO	2005.	10		994,888	1,000,000	99.875	998,750	993,860	13,986	66,250	486	0	2	1995.	6.823	994,888		
79549B-BH-9	SALOMON INC NOTES.....	.6.5000	MS	2000.	03		1,000,000	1,000,000	100.52	1,005,240	1,000,000	21,667	32,139	0	0	0	2	1997.	6.606	1,000,000	
79549B-CF-2	SALOMON SMITH BARNEY HLDGS NOTE.....	.6.8750	JD	2005.	06		1,023,987	1,000,000	100.64	1,006,360	1,028,860	3,056	68,750	0	2,435	0	1	1995.	6.569	1,023,987	
81238X-KR-1	O-SEARS ROEBUCK & CO MED TERM NT.....	.8.5200	AO	2002.	05		1,626,494	1,500,000	108.58	1,628,685	1,721,580	31,950	127,800	0	24,449	0	1	1993.	6.382	1,626,494	
825390-AB-3	SHOWBOAT INC 1ST MTG.....	.9.2500	MN	2008.	05		466,626	500,000	107.00	535,000	462,500	7,708	46,250	0	5,661	0	3	1995.	10.581	466,626	
87666R-AK-8	TAUBMAN REALTY GROUP MTN.....	.8.0000	JD	2001.	07		1,044,884	1,000,000	104.51	1,045,100	1,049,610	3,556	40,000	0	4,726	0	2	1997.	6.682	1,044,884	
88033G-AC-4	TENET HEALTHCARE SNR NOTE.....	.8.6250	JD	2003.	12		512,351	500,000	104.25	521,250	515,625	3,594	43,125	0	1,572	0	3	1995.	8.255	512,351	
88033G-AG-5	TENET HEALTHCARE SSB.....	.8.6250	JJ	2007.	01		499,503	500,000	103.25	516,250	499,470	19,885	19,766	33	0	4	1997.	8.828	499,503		
88037E-AG-6	TENNECO INC NEW.....	.10.2000	MS	2008.	03		1,521,657	1,250,000	125.59	1,569,838	1,540,112	37,542	97,041	0	17,562	0	2	1996.	7.291	1,521,657	
903290-AC-8	USF&G CORP.....	.8.3750	JD	2001.	06		2,092,579	2,000,000	105.76	2,115,100	2,114,704	7,444	167,500	0	22,125	0	2	1997.	6.966	2,092,579	
908068-AD-1	UNION PLANTERS CORP SUB.....	.6.2500	MN	2003.	11		988,344	1,000,000	99.213	992,130	985,150	10,417	62,500	1,596	0	2	1995.	6.599	988,344		
908584-DJ-1	UNION TANK CAR.....	.7.1250	FA	2007.	02		499,501	500,000	103.58	517,890	499,465	14,844	18,208	36	0	1	1997.	7.268	499,501		
909411-AB-6	UNITED ARTIST THEATRE.....	.9.3000	JD	2015.	12		487,064	487,064	101.00	491,934	487,064	24,662	45,297	0	0	0					

ANNUAL STATEMENT FOR THE YEAR 1997 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 CUSIP Identification	2 Description	Interest		3 Date of			4 Book Value	5 Par Value	6 Rate Used to Obtain Market Value	7 Market Value	8 Actual Cost	Interest		10 Increase by Adjustment in Book Value During Year	11 Decrease by Adjustment in Book Value During Year	12 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	13 NAIC Designation	14 Year Acquired	15 Effective Rate of Interest	16 Statement Value Dec. 31 of Current Year (a)	
		a Rate of	b How Paid	Maturity		Options						9.1 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	9.2 Gross Amount Received During Year								
				Year	Month	Year															Call Price
925524-AC-4	VIACOM INC SUB DEBS	.8.0000	JJ	2006	07		506,476	500,000	100.50	502,500	507,500	19,333	40,000	0	519	0	4	1995	7.941	502,500	
931142-AS-2	WAL-MART STORES INC	.7.2500	JD	2013	06		992,947	1,000,000	107.16	1,071,600	991,970	6,042	72,500	241	0	0	1	1993	7.461	992,947	
COUNTRY TOTAL - U.S.							53,800,537	54,507,064	XXX	55,262,797	54,054,844	945,057	3,456,141	162,580	200,320	0	XXX	XXX	XXX	53,796,560	
3199999 - Total Bonds - Industrial, Misc. - Bonds Not Backed by Other Loans							53,800,537	54,507,064	XXX	55,262,797	54,054,844	945,057	3,456,141	162,580	200,320	0	XXX	XXX	XXX	53,796,560	
COLLATERALIZED MORTGAGE OBLIGATIONS																					
003916-AP-8	ACCESS MTG LOAN TR 1996-3 A2	.6.9000	MTLY	2011	05	2000	998,634	1,000,000	100.44	1,004,380	999,844	5,558	69,000	0	1,148	0	1	1996	7.003	998,634	
021091-AB-9	ALPS 94-1 A2	.7.1500	MTLY	2004	09	1998	920,251	916,168	100.64	922,041	925,330	2,911	67,010	0	5,079	0	1	1997	5.876	920,251	
312911-Z6-0	FHLMC 1360Z	.7.5000	MTLY	2021	10	2009	727,309	740,582	104.59	774,597	673,627	4,629	0	53,463	0	0	1	1995	8.030	727,309	
31340Y-LE-7	FHLMC SER 34 CL 34-C	.9.0000	MTLY	2019	11	2002	483,948	509,562	103.25	526,123	475,405	2,038	45,861	4,837	0	0	1	1989	13.250	483,948	
31358M-YQ-1	FNMA 92-61Z	.7.5000	MTLY	2005	08	2000	1,227,919	1,214,344	101.16	1,228,381	1,236,184	7,590	91,076	0	6,228	0	1	1995	6.396	1,227,919	
31358T-KP-3	FNMA PAC 1993-603 CL-J	.7.0000	MTLY	2022	03	2010	1,922,837	2,000,000	100.62	2,012,500	1,915,625	11,667	140,000	3,446	0	0	1	1993	7.710	1,922,837	
31359E-OU-8	FNMA PAC 93-188 CL PK	.5.7500	MTLY	2010	09	2000	2,013,203	2,000,000	99.250	1,985,000	2,027,812	9,583	115,000	0	11,151	0	1	1993	5.262	2,013,203	
31359F-SU-3	FNMA CMO SER 93-223 CL PG	.5.8000	MTLY	2021	12	2003	1,978,688	2,000,000	98.562	1,971,240	1,975,000	9,667	116,000	2,472	0	0	1	1993	6.151	1,978,688	
31359H-TL-8	FNMA PAC 94-75E	.6.6000	MTLY	2018	09	2001	1,954,273	2,000,000	100.75	2,015,000	1,937,500	11,000	132,000	13,814	0	0	1	1994	7.736	1,954,273	
393505-BA-9	O-GREEN TREE FINL CORP 93-2 CLA3	.6.5500	MTLY	2018	07	2001	1,996,906	2,000,000	100.41	2,008,120	1,995,938	5,822	131,000	713	0	0	1	1993	6.819	1,996,906	
393505-BH-4	GREENTREE FINL CORP HSG CL 93-3A5	.5.7500	MTLY	2018	10	2001	2,001,665	2,000,000	98.906	1,978,120	2,004,688	9,583	115,000	0	2,719	0	1	1993	5.755	2,001,665	
783760-QK-0	O-RYLAND ACCEPT CORP IV REMIC 81	.9.0000	MTLY	2017	02	2016	1,827,086	1,750,000	105.88	1,852,812	1,839,414	13,125	157,500	0	6,202	0	1	1992	8.611	1,827,086	
COUNTRY TOTAL - U.S.							18,052,720	18,130,656	XXX	18,278,315	18,006,367	93,173	1,179,446	78,744	32,527	0	XXX	XXX	XXX	18,052,720	
3399999 - Total Bonds - Industrial, Misc. - Collateralized Mortgage Obligations							18,052,720	18,130,656	XXX	18,278,315	18,006,367	93,173	1,179,446	78,744	32,527	0	XXX	XXX	XXX	18,052,720	
OTHER STRUCTURED SECURITIES																					
878154-AE-3	TEAM FLEET FINANCE	.7.3500	MTLY	2003	05		1,998,372	2,000,000	102.84	2,056,880	1,998,632	12,250	92,284	0	260	0	1	1997	7.632	1,998,372	
COUNTRY TOTAL - U.S.							1,998,372	2,000,000	XXX	2,056,880	1,998,632	12,250	92,284	0	260	0	XXX	XXX	XXX	1,998,372	
3499999 - Total Bonds - Industrial, Misc. - Other Structured Securities							1,998,372	2,000,000	XXX	2,056,880	1,998,632	12,250	92,284	0	260	0	XXX	XXX	XXX	1,998,372	
3599999 - Total - Industrial and Miscellaneous Bonds							73,851,628	74,637,720	XXX	75,597,992	74,059,843	1,050,481	4,727,870	241,325	233,107	0	XXX	XXX	XXX	73,847,652	
4299999 - Total - Bonds Not Backed By Other Loans							77,390,107	77,897,064	XXX	79,044,862	78,191,446	1,352,845	5,019,416	167,879	331,714	0	XXX	XXX	XXX	77,386,131	
4399999 - Total - Loan-Backed Bonds							24,249,909	26,932,472	XXX	24,911,744	24,043,056	195,125	2,031,633	85,823	27,102	0	XXX	XXX	XXX	24,249,909	
4499999 - Total - Collateralized Mortgage Obligations							18,052,720	18,130,656	XXX	18,278,315	18,006,367	93,173	1,179,446	78,744	32,527	0	XXX	XXX	XXX	18,052,720	
4599999 - Total - Other Structured Securities							1,998,372	2,000,000	XXX	2,056,880	1,998,632	12,250	92,284	0	260	0	XXX	XXX	XXX	1,998,372	
4699999 Totals							121,691,108	124,960,192	XXX	124,291,800	122,239,501	1,653,393	8,322,779	332,446	391,603	0	XXX	XXX	XXX	121,687,132	

(a) Total of \$ commercial property mortgage related securities are included in the Other Structured Securities portion of this schedule.

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Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 1997 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
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
US GOVERNMENT OBLIGATIONS - U.S.							
912827-Y4-8	0-US TREASURY NOTE 6.625% '01	11/17/1997	MERRILL LYNCH		271,998	265,000	6,679
COUNTRY TOTAL					271,998	265,000	6,679
0199999 - Total - Bonds - U.S. Government					271,998	265,000	6,679
INDUSTRIAL & MISCELLANEOUS - U.S.							
008916-AA-6	AGRIUM INC.	01/28/1997	MERRILL LYNCH		996,780	1,000,000	.0
021091-AB-9	ALPS 94-1 A2	01/09/1997	Undefined		925,330	916,168	5,277
12686C-AL-3	CABLEVISION SYSTEMS	08/26/1997	BEAR STEARNS CO.		996,270	1,000,000	.0
20043J-AG-0	COMINCO LTD MTNS	01/14/1997	GOLDMAN SACHS & CO.		1,313,148	1,275,000	34,696
309601-AB-8	FARMERS INS. EXCH 144A	10/17/1997	MERRILL LYNCH		1,087,090	1,000,000	17,944
312911-Z6-0	FHLMC 1360Z	Various	PAR ACCRETION		.0	53,560	.0
31410H-AF-8	FEDERATED DEPARTMENT STORES	04/28/1997	GOLDMAN SACHS & CO.		508,905	500,000	1,467
55262L-AA-8	MBNA CORPORATION	09/09/1997	CHASE MANHATTAN		982,500	1,000,000	18,715
652228-AE-7	NEWPORT NEWS	12/08/1997	J P MORGAN		525,000	500,000	839
677347-BJ-4	OHIO EDISON CO.	01/14/1997	DONALDSON, LUFKN & JENRETT		1,317,109	1,230,000	35,952
690768-BB-1	OWENS ILLINOIS INC.	05/16/1997	MORGAN STANLEY		1,497,975	1,500,000	338
79549B-BH-9	SALOMON INC NOTES	02/25/1997	SALOMON BROTHERS INC		1,000,000	1,000,000	.0
87666R-AK-8	TAUBMAN REALTY GROUP MTN.	07/25/1997	Undefined		1,049,610	1,000,000	8,889
878154-AE-3	TEAM FLEET FINANCE	04/29/1997	First Boston Corp.		1,998,632	2,000,000	.0
88033G-AG-5	TENET HEALTHCARE SSB	01/27/1997	SALOMON BROTHERS INC		499,470	500,000	.0
903290-AC-8	USF&G CORP	01/14/1997	WHEAT FIRST SER		2,114,704	2,000,000	14,889
908584-DJ-1	UNION TANK CAR	01/22/1997	SALOMON BROTHERS INC		499,465	500,000	.0
COUNTRY TOTAL					17,311,988	16,974,729	139,006
0799999 - Total - Bonds - Industrial, Misc.					17,311,988	16,974,729	139,006
1099998 - Total - Bonds - Part 3					17,583,985	17,239,729	145,685
1099999 - Total - Bonds - Part 5					43,336,084	44,096,696	151,996
1199999 - Total - Bonds					60,920,069	61,336,425	297,681
2499999 - Total - Preferred and Common Stocks					0	XXX	0
2599999 Totals					60,920,069	XXX	297,681

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ANNUAL STATEMENT FOR THE YEAR 1997 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	11	12	13	14	
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book Value at Disposal Date	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Profit on Disposal	Loss on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
US GOVERNMENT OBLIGATIONS - U.S.														
36202K-P8-2	GNMA POOL #8547		PRINCIPAL RECEIPT		261,477	261,477	259,271	261,477	2,155	.0	.0	.0	10,180	
36203A-P2-6	GNMA POOL #343441		PRINCIPAL RECEIPT		19,248	19,248	19,894	19,248	.0	644	.0	.0	363	
36205J-AX-3	GNMA POOL #391622		PRINCIPAL RECEIPT		10,557	10,557	10,913	10,557	.0	355	.0	.0	496	
36205J-HZ-1	GNMA POOL #391848		PRINCIPAL RECEIPT		9,927	9,927	10,261	9,927	.0	332	.0	.0	695	
36205L-JF-8	GNMA POOL #393662		VARIOUS		4,964	4,964	5,131	5,008	.0	122	.0	44	220	
362135-4V-4	GNMA POOL #097136		PRINCIPAL RECEIPT		1,750	1,750	1,925	1,750	.0	173	.0	.0	101	
362135-T3-9	GNMA POOL #096870		PRINCIPAL RECEIPT		1,740	1,740	1,914	1,740	.0	172	.0	.0	101	
362151-AU-6	GNMA POOL #150419		PRINCIPAL RECEIPT		26,323	26,323	28,724	26,323	.0	2,337	.0	.0	928	
362153-ED-6	GNMA POOL #152332		PRINCIPAL RECEIPT		16,695	16,695	18,218	16,695	.0	1,482	.0	.0	856	
362157-W5-4	GNMA POOL #156468		PRINCIPAL RECEIPT		3,241	3,241	3,536	3,241	.0	288	.0	.0	181	
362159-P2-5	GNMA POOL #158041		PRINCIPAL RECEIPT		64,145	64,145	69,999	64,145	.0	5,697	.0	.0	4,454	
36215D-WA-0	GNMA POOL #132141		PRINCIPAL RECEIPT		84,931	84,931	92,680	84,931	.0	7,538	.0	.0	2,921	
36215N-3T-9	GNMA POOL #140410		PRINCIPAL RECEIPT		42,039	42,039	45,875	42,039	.0	3,733	.0	.0	2,068	
36215N-3U-6	GNMA POOL #140411		PRINCIPAL RECEIPT		29,200	29,200	31,864	29,200	.0	2,594	.0	.0	1,672	
36215N-TV-6	GNMA POOL #140164		PRINCIPAL RECEIPT		52,855	52,855	57,678	52,855	.0	4,693	.0	.0	2,873	
36215Q-YK-7	GNMA POOL #142114		PRINCIPAL RECEIPT		45,805	45,805	49,984	45,805	.0	4,067	.0	.0	2,104	
36215U-VT-2	GNMA POOL #145626		PRINCIPAL RECEIPT		149,934	149,934	163,616	149,934	.0	13,311	.0	.0	9,686	
36215U-ZH-4	GNMA POOL #145744		PRINCIPAL RECEIPT		13,777	13,777	15,034	13,777	.0	1,223	.0	.0	359	
36215W-BR-4	GNMA POOL #146848		PRINCIPAL RECEIPT		18,221	18,221	19,884	18,221	.0	1,618	.0	.0	625	
36215W-QD-9	GNMA POOL #147252		PRINCIPAL RECEIPT		9,003	9,003	9,824	9,003	.0	799	.0	.0	172	
362164-X6-7	GNMA POOL #183501		PRINCIPAL RECEIPT		110,350	110,350	120,419	110,350	.0	9,815	.0	.0	4,295	
36216H-YB-6	GNMA POOL #165506		PRINCIPAL RECEIPT		28,683	28,683	28,818	28,683	.0	106	.0	.0	1,541	
36216S-J7-8	GNMA POOL #173186		PRINCIPAL RECEIPT		15,942	15,942	16,017	15,942	.0	59	.0	.0	981	
36216W-WW-9	GNMA POOL #177161		PRINCIPAL RECEIPT		70,378	70,378	76,800	70,378	.0	6,259	.0	.0	2,149	
36217B-5D-6	GNMA POOL #189044		PRINCIPAL RECEIPT		2,541	2,541	2,449	2,541	.81	.0	.0	.0	138	
36217C-SU-1	GNMA POOL #189631		PRINCIPAL RECEIPT		83,496	83,496	91,115	83,496	.0	7,443	.0	.0	5,668	
36218V-S9-5	GNMA POOL #233744		PRINCIPAL RECEIPT		57,716	57,716	56,201	57,716	1,342	.0	.0	.0	4,725	
36218W-MD-0	GNMA POOL #234456		PRINCIPAL RECEIPT		5,316	5,316	5,801	5,316	.0	475	.0	.0	291	
362193-SA-3	GNMA POOL #266113		PRINCIPAL RECEIPT		635	635	619	635	.15	.0	.0	.0	35	
36219G-FG-5	GNMA POOL #248667		PRINCIPAL RECEIPT		1,477	1,477	1,611	1,477	.0	132	.0	.0	76	
36219N-HR-4	GNMA POOL #254140		PRINCIPAL RECEIPT		1,394	1,394	1,344	1,394	.45	.0	.0	.0	88	
36219S-Z5-1	GNMA POOL #258264		PRINCIPAL RECEIPT		88,150	88,150	96,194	88,150	.0	7,882	.0	.0	4,198	
36219T-N6-0	GNMA POOL #258813		PRINCIPAL RECEIPT		662	662	638	662	.21	.0	.0	.0	35	
36219U-4W-1	GNMA POOL #260137		PRINCIPAL RECEIPT		24,437	24,437	23,558	24,437	.784	.0	.0	.0	1,363	
36221A-LH-5	GNMA POOL #900328		PRINCIPAL RECEIPT		67,681	67,681	74,450	67,681	.0	6,680	.0	.0	4,700	
36221G-SV-4	GNMA POOL #905932		PRINCIPAL RECEIPT		2,343	2,343	2,561	2,343	.0	216	.0	.0	132	
36221H-3B-3	GNMA POOL #907094		PRINCIPAL RECEIPT		1,146	1,146	1,252	1,146	.0	102	.0	.0	65	
36221H-5W-5	GNMA POOL #907161		PRINCIPAL RECEIPT		57,186	57,186	62,512	57,186	.0	5,275	.0	.0	4,357	
36221H-JU-4	GNMA POOL #906575		PRINCIPAL RECEIPT		61,654	61,654	67,395	61,654	.0	5,606	.0	.0	1,133	
36221J-E6-8	GNMA POOL #907357		PRINCIPAL RECEIPT		596	596	651	596	.0	55	.0	.0	34	
36221J-JS-5	GNMA POOL #907473		PRINCIPAL RECEIPT		1,517	1,517	1,659	1,517	.0	138	.0	.0	86	
36221J-UV-5	GNMA POOL #907796		PRINCIPAL RECEIPT		19,368	19,368	21,171	19,368	.0	1,787	.0	.0	1,246	
36221M-7K-8	GNMA POOL #910798		PRINCIPAL RECEIPT		1,083	1,083	1,184	1,083	.0	100	.0	.0	61	
36221M-YS-1	GNMA POOL #910621		PRINCIPAL RECEIPT		784	784	857	784	.0	72	.0	.0	44	
36221M-ZP-6	GNMA POOL #910650		PRINCIPAL RECEIPT		839	839	918	839	.0	78	.0	.0	47	
36221N-2N-5	GNMA POOL #911581		PRINCIPAL RECEIPT		3,388	3,388	3,703	3,388	.0	309	.0	.0	191	
36221N-PB-6	GNMA POOL #911218		PRINCIPAL RECEIPT		1,682	1,682	1,839	1,682	.0	151	.0	.0	95	
36225A-DX-5	GNMA POOL #780118		PRINCIPAL RECEIPT		331,573	331,573	356,027	331,573	2,040	26,174	.0	.0	16,952	
36225A-FR-6	GNMA POOL #780176		PRINCIPAL RECEIPT		1,769,072	1,769,072	1,916,670	1,769,072	.0	145,172	.0	.0	91,810	
912827-L8-3	US TREASURY NOTE 5.75% '03	01/17/1997	J P MORGAN		2,797,367	2,900,000	2,911,555	2,908,545	.0	51	.0	111,177	70,234	
912827-XE-7	0-US TREASURY NOTE 8.875% '99		VARIOUS		3,300,688	3,150,000	3,625,453	3,310,898	.0	14,851	.376	10,586	158,035	

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ANNUAL STATEMENT FOR THE YEAR 1997 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	11	12	13	14	
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book Value at Disposal Date	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Profit on Disposal	Loss on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
912827-YK-2	VAUS TREASURY NOTE 8.00% 1/15/97	01/15/1997	MATURITY		210,000	210,000	215,742	210,000	0	115	0	0	25,200	
COUNTRY TOTAL					9,984,975	9,936,921	10,703,412	10,106,407	6,484	290,281	376	121,808	441,059	XXX
0199999 - Bonds - U.S. Governments					9,984,975	9,936,921	10,703,412	10,106,407	6,484	290,281	376	121,808	441,059	XXX
SPECIAL REVENUE AND ASSESSMENTS - U.S. NEW YORK														
649885-HV-5	0-NEW YORK ST MTG AGY REC H/O SER		CALLED @ 100.0000000		145,000	145,000	151,883	151,237	0	129	0	6,237	11,556	
STATE TOTAL					145,000	145,000	151,883	151,237	0	129	0	6,237	11,556	XXX
TEXAS														
539761-AC-0	0-LOCKHART CORRECTIONAL FAC (MB1A)	04/01/1997	CALLED @ 100.0000000		10,000	10,000	9,900	9,912	1	0	88	0	438	
STATE TOTAL					10,000	10,000	9,900	9,912	1	0	88	0	438	XXX
U.S. GOVERNMENT														
312910-HB-1	FHLMC PAC 1289-PF		PRINCIPAL RECEIPT		109,038	109,038	109,124	109,038	0	78	0	0	973	
312950-S3-3	FHLMC PC GOLD 15Y POOL #B00538		PRINCIPAL RECEIPT		756,582	756,582	796,066	756,582	0	36,247	0	0	37,675	
313392-TH-5	FEDERAL HOME LOAN BANK SERIES CG01		Undefined		1,936,845	2,000,000	2,006,020	2,004,935	0	59	0	68,090	57,781	
313610-VQ-7	FNMA POOL #46523		PRINCIPAL RECEIPT		18,037	18,037	16,616	18,037	665	0	0	0	791	
313611-A2-1	FNMA POOL #46825		PRINCIPAL RECEIPT		5,767	5,767	5,313	5,767	215	0	0	0	292	
313613-QF-1	FNMA POOL #49054		PRINCIPAL RECEIPT		9,093	9,093	8,377	9,093	339	0	0	0	249	
31361X-7J-8	FNMA POOL #44997		PRINCIPAL RECEIPT		26,386	26,386	24,308	26,386	983	0	0	0	1,158	
31361Y-GK-3	FNMA POOL #45202		PRINCIPAL RECEIPT		2,627	2,627	2,420	2,627	96	0	0	0	111	
31365E-BN-2	FNMA POOL #125245		PRINCIPAL RECEIPT		245,901	245,901	251,664	245,901	0	5,548	0	0	10,168	
STATE TOTAL					3,110,275	3,173,430	3,219,907	3,178,365	2,298	41,932	0	68,090	109,198	XXX
COUNTRY TOTAL					3,265,275	3,328,430	3,381,690	3,339,514	2,298	42,060	88	74,327	121,192	XXX
0599999 - Bonds - Special Revenue					3,265,275	3,328,430	3,381,690	3,339,514	2,298	42,060	88	74,327	121,192	XXX
PUBLIC UTILITIES - U.S.														
207597-CL-7	CONNECTICUT LT & PWR CO	01/24/1997	MORGAN STANLEY		2,241,312	2,350,000	2,201,880	2,218,923	2,225	0	22,390	0	76,195	
COUNTRY TOTAL					2,241,312	2,350,000	2,201,880	2,218,923	2,225	0	22,390	0	76,195	XXX
0699999 - Bonds - Public Utilities					2,241,312	2,350,000	2,201,880	2,218,923	2,225	0	22,390	0	76,195	XXX
INDUSTRIAL & MISCELLANEOUS - U.S.														
00756Q-BG-2	ADVANTA CORP MTN	05/02/1997	DONALDSN, LUFKN & JENRETT		951,140	1,000,000	997,390	997,824	158	0	0	46,684	36,167	
21075V-AA-5	CONTIFINANCIAL	12/10/1997	CS First Boston		506,060	500,000	498,560	498,772	154	0	7,288	0	55,368	
254687-AJ-5	DISNEY GLOBAL BOND	12/04/1997	Undefined		1,007,510	1,000,000	1,000,000	1,000,000	0	0	7,510	0	75,969	
31340Y-LE-7	FHLMC SER 34 CL 34-C		PRINCIPAL RECEIPT		246,192	246,192	229,689	246,192	14,712	0	0	0	12,512	
31358M-YQ-1	FNMA 92-61Z		PRINCIPAL RECEIPT		526,779	526,779	536,253	526,779	0	8,591	0	0	21,824	
362288-AJ-1	GS TR 2 CMO SER B CL B-3	01/02/1997	CALLED @ 99.9999900		444,292	444,293	437,490	438,325	0	0	5,967	0	3,314	
690768-AU-0	OWENS-ILL INC DEB	05/29/1997	Undefined		547,800	500,000	552,500	543,710	0	2,010	4,090	0	26,278	
79549K-D4-6	SALOMON INC MTN SR NOTE	02/25/1997	Undefined		997,390	1,000,000	981,300	987,183	1,012	0	10,207	0	28,233	
909411-AB-6	UNITED ARTIST THEATRE		VARIOUS		8,819	8,819	8,819	8,819	0	0	0	0	620	
COUNTRY TOTAL					5,235,981	5,226,082	5,242,001	5,247,604	16,036	10,600	35,062	46,684	260,283	XXX
0799999 - Bonds - Industrial and Miscellaneous					5,235,981	5,226,082	5,242,001	5,247,604	16,036	10,600	35,062	46,684	260,283	XXX
1099998 - Bonds - Part 4					20,727,544	20,841,432	21,528,982	20,912,447	27,043	342,942	57,915	242,819	898,729	XXX
1099999 - Bonds - Part 5					43,504,131	44,096,696	43,336,084	43,335,510	680	1,253	180,298	11,678	214,114	XXX
1199999 - Total - Bonds					64,231,675	64,938,128	64,865,066	64,247,957	27,723	344,195	238,213	254,497	1,112,843	XXX
2599999 Totals					64,231,675	XXX	64,865,066	64,247,957	27,723	344,195	238,213	254,497	1,112,843	0

ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
CUSIP Identification	Description	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Cost to Company	Consideration	Book Value at Disposal Date	Increase by Adjustment in Book Value During Year	Decrease by Adjustment in Book Value During Year	Profit on Disposal	Loss on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
BONDS															
US GOVERNMENT OBLIGATIONS - U.S.															
912827-2S-0	US TREASURY NOTE	05/05/1997	Undefined	09/09/1997	GOLDMAN SACHS & CO	1,000,000	1,004,453	1,015,156	1,004,189	0	264	10,967	0	23,764	900
COUNTRY TOTAL						1,000,000	1,004,453	1,015,156	1,004,189	0	264	10,967	0	23,764	900
0199999 - Bonds - U.S. Governments						1,000,000	1,004,453	1,015,156	1,004,189	0	264	10,967	0	23,764	900
SPECIAL REVENUE AND ASSESSMENTS - U.S.															
U.S. GOVERNMENT															
31360A-9L-2	FNMA 7Y BLN TBA	Various	VARIOUS		VARIOUS	42,000,000	41,242,578	41,358,789	41,242,772	194	0	127,695	11,678	144,667	144,667
STATE TOTAL						42,000,000	41,242,578	41,358,789	41,242,772	194	0	127,695	11,678	144,667	144,667
COUNTRY TOTAL						42,000,000	41,242,578	41,358,789	41,242,772	194	0	127,695	11,678	144,667	144,667
0599999 - Bonds - Special Revenue						42,000,000	41,242,578	41,358,789	41,242,772	194	0	127,695	11,678	144,667	144,667
INDUSTRIAL & MISCELLANEOUS - U.S.															
021091-AB-9	ALPS 94-1 A2	01/09/1997	Undefined		PRINCIPAL RECEIPT	96,696	97,663	96,696	96,696	22	989	0	0	3,530	557
98155K-AA-0	WORLDCOM INC	04/29/1997	SALOMON BROTHERS INC	10/22/1997	SALOMON BROTHERS INC	1,000,000	991,390	1,033,490	991,853	463	0	41,637	0	42,154	5,872
COUNTRY TOTAL						1,096,696	1,089,053	1,130,186	1,088,549	485	989	41,637	0	45,684	6,429
0799999 - Bonds - Industrial and Miscellaneous						1,096,696	1,089,053	1,130,186	1,088,549	485	989	41,637	0	45,684	6,429
1099999 - Total - Bonds						44,096,696	43,336,084	43,504,131	43,335,510	680	1,253	180,298	11,678	214,114	151,996
2199999 - Total - Preferred and Common Stocks						XXX	0	0	0	0	0	0	0	0	0
2299999 Totals							43,336,084	43,504,131	43,335,510	680	1,253	180,298	11,678	214,114	151,996

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ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years

	1	2	3	4	5	6
	Total	Bonds	Collateral Loans	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book value, prior year	8,189,783	8,189,783	.0	.0	.0	.0
2. Cost of short-term investments acquired	138,539,798	138,539,798				
3. Increase by adjustment in book value						
4. Profit on disposal of short-term investments	418	418				
5. Subtotals (Total of Lines 2 to 4)	138,540,216	138,540,216				
6. Consideration received on disposal of short-term investments	142,251,112	142,251,112				
7. Decrease by adjustment in book value						
8. Loss on disposal of short-term investments						
9. Subtotals (Total of Lines 6 to 8)	142,251,112	142,251,112				
10. Book value, current year	4,478,887	4,478,887				
11. Income collected during year	394,648	394,648				
12. Income earned during year	384,978	384,978				

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

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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 A - Section 4

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 B - Section 4

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 C - Section 4

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 D - Section 4

NONE

Schedule DB - Part E - Section 1

NONE

Schedule DB - Part E - Section 2

NONE

Schedule DC - Part A - Section 1

NONE

Schedule DC - Part A - Section 2

NONE

Schedule DC - Part A - Section 3

NONE

Schedule DC - Part B - Section 1

NONE

Schedule DC - Part B - Section 2

NONE

Schedule DC - Part B - Section 3

NONE

Schedule DC - Part C - Section 1

NONE

Schedule DC - Part C - Section 2

NONE

Schedule DC - Part C - Section 3

NONE

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair market value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Market Value (a)	Excess of Statement over Market (-), or Market over Statement (+)
1. Bonds	126,166,019	128,770,687	2,604,668
2. Preferred Stocks			
3. Totals	126,166,019	128,770,687	2,604,668

(a) Amortized or book values shall not be substituted for fair market values. Describe the sources or methods utilized in determining the fair market values.

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

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ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

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Line Number	Type	Description of Deposit	Where Deposited and Purpose of Deposit	1 Par or Book Value	2 Statement Value	3 Market Value
NY00001		USTNTS 7.0% DUE 04/15/99	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,500,000	1,533,728	1,524,840
NY00002		USTNTS 6.375% DUE 07/15/99	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,300,000	2,317,717	2,324,081
NY00003		USTNTS 6.375% DUE 01/15/00	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,000,000	2,016,225	2,026,240
NY00004		USTNTS 5.125% DUE 11/30/98	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	6,500,000	6,500,731	6,471,530
NY00005		USTNTS 8.875% DUE 02/15/99	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	525,000	540,968	543,128
NY00006		USTNTS 6.625% DUE 06/30/01	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	765,000	772,600	786,160
NY00007		USTNTS 7.785% DUE 11/15/99	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,000,000	2,053,199	2,076,880
NY00008		NEW YORK ST MTG AGY REC H/O 10.75% DUE 10/01/12	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	520,000	562,034	524,155
NY00009		LOCKHART CORRECTIONAL FAC 8.75% DUE 04/01/12	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	455,000	451,113	485,126
NY00010		ATLANTA GA URBAN RES FIN 8.375% DUE 10/01/16	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	5,000,000	1,061,562	1,140,250
NY00011		CATERPILLAR INC 6.00% DUE 05/01/07	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,000,000	1,897,345	1,924,820
NY00012		FORD MOTOR CREDIT CO NTS 6.125% DUE 01/09/06	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,000,000	948,258	981,530
NY00013		NAC RE CORP NOTE 8.00% DUE 06/15/99	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,000,000	2,000,000	2,046,780
NY00014		NATIONSBANK CORP 6.875% DUE 02/15/05	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,000,000	996,897	1,025,920
NY00015		NATIONSBANK SUB NOTE 6.50% DUE 08/15/03	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,000,000	1,000,000	1,009,620
NY00016		SEARS ROEBUCK & CO MED TERM 8.52% DUE 05/13/02	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,500,000	1,626,494	1,628,685
NY00017		RYLAND ACCEPT CORP IV REMIC 9.00% DUE 02/01/17	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	1,750,000	1,827,086	1,852,812
NY00018		GREEN TREE FINL CORP 93-2 6.55% DUE 07/15/18	NEW YORK, NY, BANKERS TRUST COMPANY; REINSURANCE TRUST AGREEMENT W/ AMERICAN RE.	2,000,000	1,996,906	2,008,120
NY99999 - New York				33,815,000	30,102,863	30,380,677
XX99999 - Total - Not all Policyholders				33,815,000	30,102,863	30,380,677
9999999 Totals				33,815,000	30,102,863	30,380,677

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 1997 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)

Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	1 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		13 Net Amount Recoverable From Reinsurers Cols. 10 - [11 + 12]	14 Funds Held By Company Under Reinsurance Treaties
						2 Paid Losses	3 Paid LAE	4 Known Case Loss Reserves	5 Known Case LAE Reserves	6 IBNR Loss Reserves	7 IBNR LAE Reserves	8 Unearned Premiums	9 Contingent Commissions	10 Cols. 2 thru 9 Totals	11 Ceded Balances Payable	12 Other Amounts Due to Reinsurers			
13-4924125	10227	American Reinsurance Company	Dover, DE				686			20,966	4,885	10,214			36,751		36,751	30,562	
36-3347420	23876	Chatham Reinsurance / New Zealand	Chatham, NJ			8	1								7		2		
13-1701424	10650	Christiana General Insurance Company	Tarrytown, NY			195	65										260		
23-1740414	22705	Cigna Reinsurance Company	Wilmington, DE			9		7									16		
13-3440360	29700	European Reinsurance Corp. of America	Manchester, NH			114	236	288									638	468	
00-0000000	00000	New York Insurance Exchange	New York, NY			22	1										23		
13-2930109	22047	North Star Reinsurance Corporation/Signet	Wilmington, DE			113	202	225									540	21	
06-1008792	37818	Orion Insurance Company	Farmington, CT			206	69										275	6	
23-2153760	39675	PMA Reinsurance Corporation	Philidelphia, PA														0	19	
23-0580680	24457	Reliance Insurance Company	Philidelphia, PA			29	78	113									220	18	
94-6078058	21911	San Francisco Reinsurance Company	Novato, CA			4											4		
75-1444207	30058	SCOR Reinsurance Company	New York, NY			176	410	525									1,111	1,025	
13-3029255	39322	Sorema North American Reinsurance Company	New York, NY			11	94	125									230	307	
41-0406690	24767	St Paul Marine & Fire Insurance Company	St Paul, MN			59	122	150									331	180	
13-6108722	12904	Tokio Marine & Fire Insurance Company	New York, NY			4	1										5	3	
47-0698507	23680	Transamerica Reinsurance Company	Stamford, CT			413	137										550	56	
0599999 - Authorized - Other U.S. Unaffiliated Insurers						1,363	1,416	2,119		20,966	4,885	10,214			40,963		2,110	38,853	30,562
AA-1122000	00000	Lloyds Underwriters	London, UK			587	171										758	6	752
AA-1121366	00000	Sphere Drake Insurance PLC	London, UK			165	55										220		220
AA-1121425	00000	Terra Nova Insurance Company Ltd	London, UK			272	91										363		363
0899999 - Authorized - Other Non-U.S. Insurers						1,024	317								1,341		6	1,335	
0999999 - Total - Authorized						2,387	1,733	2,119		20,966	4,885	10,214			42,304		2,116	40,188	30,562
13-3060094	40045	Resolute Reinsurance Company	New York, NY			1											1		1
13-1675535	25364	Swiss Re American Corporation	New York, NY			79	6										85		85
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers						80	6									86		86	
AA-1120150	00000	Anglo American Insurance Company, LTD	London, UK			49	16										65		65
AA-1240077	00000	CIE Europeene De Reassurances S.A	Paris, France			20	6										26		26
AA-1120440	00000	Copenhagen Reinsurance Company (UK) Ltd	London, UK														0	37	(37)
AA-1120580	00000	Excess Insurance Co., Ltd	London, UK			16	1										17		17
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akt	Germany			16	3										19	14	5
AA-1561035	00000	Mutuelle Generale Francaise Accidents	France			4											4		4
AA-1121295	00000	Scan Re Insurance Co., Ltd	London, UK			2											2		2
AA-1121430	00000	TOA-RE Insurance (UK) Ltd	London, UK			90	30										120		120
AA-1422010	00000	UNI Storebrand Insurance Co. (UK) Ltd	London, UK			92	31										123		123
1799999 - Unauthorized - Other Non-U.S. Insurers						289	87									376		51	325
1899999 - Total - Unauthorized						369	93									462		51	411
9999999 Totals						2,756	1,826	2,119		20,966	4,885	10,214			42,766		2,167	40,599	30,562

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 1997 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)

Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							8 Percentage Overdue Col. 6/Col. 7	9 Percentage more Than 120 Days Overdue Col. 5 / Col. 7
				1 Current	Overdue				7 Total Due Cols. 1 + 6			
					2 1 to 29 Days	3 30 - 90 Days	4 91 - 120 Days	5 Over 120 Days		6 Total Overdue Cols. 2 + 3 + 4 + 5		
36-3347420	23876	Chatham Reinsurance / New Zealand	Chatham, NJ					9	9	9	100.0	100.0
13-1701424	10650	Christiana General Insurance Company	Tarrytown, NY					260	260	260	100.0	100.0
23-1740414	22705	Cigna Reinsurance Company	Wilmington, DE					9	9	9	100.0	100.0
13-3440360	29700	European Reinsurance Corp. of America	Manchester, NH	187				163	163	350	46.6	46.6
00-0000000	00000	New York Insurance Exchange	New York, NY					23	23	23	100.0	100.0
13-2930109	22047	North Star Reinsurance Corporation/Signet	Wilmington, DE	146				169	169	315	53.7	53.7
06-1008792	37818	Orion Insurance Company	Farmington, CT					275	275	275	100.0	100.0
23-0580680	24457	Reliance Insurance Company	Philadelphia, PA	73				34	34	107	31.8	31.8
94-6078058	21911	San Francisco Reinsurance Company	Novato, CA					4	4	4	100.0	100.0
75-1444207	30058	SCOR Reinsurance Company	New York, NY	341				245	245	586	41.8	41.8
13-3029255	39322	Sorema North American Reinsurance Company	New York, NY	81				24	24	105	22.9	22.9
41-0406690	24767	St Paul Marine & Fire Insurance Company	St Paul, MN	98				83	83	181	45.9	45.9
13-6108722	12904	Tokio Marine & Fire Insurance Company	New York, NY					5	5	5	100.0	100.0
47-0698507	23680	Transamerica Reinsurance Company	Stamford, CT					550	550	550	100.0	100.0
0599999 - Authorized - Other U.S. Unaffiliated Insurers				926				1,853	1,853	2,779	66.7	66.7
AA-1122000	00000	Lloyds Underwriters	London, UK					758	758	758	100.0	100.0
AA-1121366	00000	Sphere Drake Insurance PLC	London, UK					220	220	220	100.0	100.0
AA-1121425	00000	Terra Nova Insurance Company Ltd	London, UK					363	363	363	100.0	100.0
0899999 - Authorized - Other Non-U.S. Insurers								1,341	1,341	1,341	100.0	100.0
0999999 - Total - Authorized				926				3,194	3,194	4,120	77.5	77.5
13-3060094	40045	Resolute Reinsurance Company	New York, NY					1	1	1	100.0	100.0
13-1675535	25364	Swiss Re American Corporation	New York, NY					85	85	85	100.0	100.0
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers								86	86	86	100.0	100.0
AA-1120150	00000	Anglo American Insurance Company, LTD	London, UK					65	65	65	100.0	100.0
AA-1240077	00000	CIE Europeene De Reassurances S.A.	Paris, France					26	26	26	100.0	100.0
AA-1120580	00000	Excess Insurance Co., Ltd	London, UK					17	17	17	100.0	100.0
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akt	Germany					19	19	19	100.0	100.0
AA-1561035	00000	Mutuelle Generale Francaise Accidents	France					4	4	4	100.0	100.0
AA-1121295	00000	Scan Re Insurance Co., Ltd	London, UK					2	2	2	100.0	100.0
AA-1121430	00000	TOA-RE Insurance (UK) Ltd	London, UK					120	120	120	100.0	100.0
AA-1422010	00000	UNI Storebrand Insurance Co. (UK) Ltd	London, UK					123	123	123	100.0	100.0
1799999 - Unauthorized - Other Non-U.S. Insurers								376	376	376	100.0	100.0
1899999 - Total - Unauthorized								462	462	462	100.0	100.0
9999999 Totals				926				3,656	3,656	4,582	79.8	79.8

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ANNUAL STATEMENT FOR THE YEAR 1997 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)

Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	1 Reinsurance Recoverable all Items Schedule F Part 3, Col. 10	2 Funds Held By Company Under Reinsurance Treaties	3 Letters of Credit	4 Ceded Balances Payable	5 Miscellaneous Balances	6 Other Allowed Offset Items	7 Sum of Cols. 2 thru 6 but not in excess of Col. 1	8 Subtotal Col. 1 minus Col. 7	9 Recoverable Paid Losses & LAE Expenses Over 90 Days past Due not in Dispute	10 20% of Amount in Col. 9	11 Smaller of Col. 7 or Col. 10	12 Smaller of Col. 7 or 20% of Amount in Dispute Included in Col. 1	13 Total Provision for Unauthorized Reinsurance Smaller of Col. 11 or Cols. 8 + 11 + 12
13-3060094	40045	Resolute Reinsurance Company	New York, NY	.1						.0	.1	.1	.0	.0	.0	.1
13-1675535	25364	Swiss Re American Corporation	New York, NY	85						.0	85	85	17	.0	.0	85
0599999 - Other U.S. Unaffiliated Insurers				86							86	86	17			86
AA-1120150	00000	Anglo American Insurance Company, LTD.	London, UK	65						.0	65		.0	.0	.0	65
AA-1240077	00000	CIE Europeene De Reassurances S.A.	Paris, France	26						.0	26	26	.5	.0	.0	26
AA-1120580	00000	Excess Insurance Co., Ltd.	London, UK	17						.0	17	17	.3	.0	.0	17
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akt.	Germany	19				14		14	.5	.5	.1	.1	.0	.6
AA-1561035	00000	Mutuelle Generale Francaise Accidents	France	.4						.0	.4	.4	.1	.0	.0	.4
AA-1121295	00000	Scan Re Insurance Co., Ltd.	London, UK	.2						.0	.2	.2	.0	.0	.0	.2
AA-1121430	00000	TOA-RE Insurance (UK) Ltd.	London, UK	120						.0	120		.0	.0	.0	120
AA-1422010	00000	UNI Storebrand Insurance Co. (UK) Ltd.	London, UK	123						.0	123		.0	.0	.0	123
0899999 - Other Non-U.S. Insurers				376				14		14	362	54	11	1		363
9999999 Totals				462				14		14	448	140	28	1		449

1. Amounts in dispute totaling \$ are included in Column 1.
2. Amounts in dispute totaling \$ are excluded from Column 9.
3. Column 1 excludes \$ recoverables on ceded IBNR on contracts in force prior to July 1, 1984 and not subsequently renewed.

ANNUAL STATEMENT FOR THE YEAR 1997 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

Federal ID Number	NAIC Company Code	Name of Reinsurer	1 Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	2 Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	3 Amounts Received Prior 90 Days	4 Col. 1 divided by (Cols. 2 + 3)	5 Amounts in Col. 1 for Companies Reporting less than 20% in Col. 4	6 Amounts in Dispute Excluded from Col. 1 for Companies Reporting less than 20% in Col. 4	7 20% of Amount in Col. 6	8 Amount Reported in Col. 5 x 20% + Col. 7
23-1740414	22705	Cigna Reinsurance Company	9,000	9,000		100.0	0	0	0	0
36-3347420	23876	Chatham Reinsurance / New Zealand	9,000	9,000		100.0	0	0	0	0
13-1701424	10650	Christiana General Insurance Company	260,000	260,000		100.0	0	0	0	0
13-3440360	29700	European Reinsurance Corp. of America	163,000	350,000		46.6	0	0	0	0
AA-1122000	00000	Lloyds Underwriters	105,000	105,000	11,000	90.5	0	0	0	0
00-0000000	00000	New York Insurance Exchange	23,000	23,000		100.0	0	0	0	0
13-2930109	22047	North Star Reinsurance Coporation/Signet	169,000	315,000		53.7	0	0	0	0
06-1008792	37818	Orion Insurance Company	275,000	275,000		100.0	0	0	0	0
23-0580680	24457	Reliance Insurance Company	34,000	107,000		31.8	0	0	0	0
94-6078058	21911	San Francisco Reinsurance Company	4,000	4,000		100.0	0	0	0	0
75-1444207	30058	SCOR Reinsurance Company	245,000	586,000		41.8	0	0	0	0
13-3029255	39322	Sorema North American Reinsurance Company	24,000	105,000		22.9	0	0	0	0
AA-1121366	00000	Sphere Drake Insurance PLC	0	0		0.0	0	220,000	44,000	44,000
41-0406690	24767	St Paul Marine & Fire Insurance Company	83,000	181,000		45.9	0	0	0	0
AA-1121425	00000	Terra Nova Insurance Company Ltd	0	0		0.0	0	363,000	72,600	72,600
13-6108722	12904	Tokio Marine & Fire Insurance Company	5,000	5,000		100.0	0	0	0	0
47-0698507	23680	Transamerica Reinsurance Company	550,000	550,000	2,000	99.6	0	0	0	0
9999999 Totals			1,958,000	2,884,000	13,000	67.6	0	583,000	116,600	116,600

(a) From Schedule F - Part 4 Columns 4 + 5, total authorized, less \$ in dispute.

(b) From Schedule F - Part 3 Columns 2 + 3, total authorized, less \$ in dispute.

ANNUAL STATEMENT FOR THE YEAR 1997 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

Federal ID Number	NAIC Company Code	Name of Reinsurer	1 Reinsurance Recoverable All Items	2 Funds Held By Company Under Reinsurance Treaties	3 Letters of Credit	4 Ceded Balances Payable	5 Other Miscellaneous Balances	6 Other Allowed Offset Items	7 Sum of Cols. 2 thru 6 but not in excess of Col. 1	8 Col. 1 minus Col. 7	9 Greater of Col. 8 or Schedule F - Part 4 Cols. 4 + 5
36-3347420	23876	Chatham Reinsurance / New Zealand	9,000				7,000		7,000	2,000	9,000
13-1701424	10650	Christiana General Insurance Company	260,000						0	260,000	260,000
23-1740414	22705	Cigna Reinsurance Company	16,000						0	16,000	16,000
13-3440360	29700	European Reinsurance Corp. of America	638,000				468,000		468,000	170,000	170,000
AA-1122000	00000	Lloyds Underwriters	758,000				6,000		6,000	752,000	758,000
00-0000000	00000	New York Insurance Exchange	23,000						0	23,000	23,000
13-2930109	22047	North Star Reinsurance Corporation/Signet	540,000				21,000		21,000	519,000	519,000
06-1008792	37818	Orion Insurance Company	275,000				6,000		6,000	269,000	275,000
23-0580680	24457	Reliance Insurance Company	220,000				18,000		18,000	202,000	202,000
94-6078058	21911	San Francisco Reinsurance Company	4,000						0	4,000	4,000
75-1444207	30058	SCOR Reinsurance Company	1,111,000				1,025,000		1,025,000	86,000	245,000
13-3029255	39322	Sorema North American Reinsurance Company	230,000				307,000		230,000	0	24,000
41-0406690	24767	St Paul Marine & Fire Insurance Company	331,000				180,000		180,000	151,000	151,000
13-6108722	12904	Tokio Marine & Fire Insurance Company	5,000				3,000		3,000	2,000	5,000
47-0698507	23680	Transamerica Reinsurance Company	550,000				56,000		56,000	494,000	550,000
9999999 Totals			4,970,000				2,097,000		2,020,000	2,950,000	3,211,000

- 1. Total
- 2. x .20
- 3. Line 1 x Line 2
- 4. Schedule F - Part 6 Col. 8
- 5. Provision for Overdue Authorized Reinsurance (Lines 3 + 4)
- 6. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 13 x 1000)
- 7. Provision for Reinsurance (sum Lines 5 + 6)[Enter this amount on Page 3, Line 13]

x .20

**ANNUAL STATEMENT FOR THE YEAR 1997 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. 4)			
1. Cash and invested assets (Line 9)	127,558,259		127,558,259
2. Agents' balances or uncollected premiums (Line 10)			
3. Funds held by or deposited with reinsured companies (Line 11)			
4. Reinsurance recoverable on loss and loss adjustment expense payments (Line 13)	4,581,879	(4,581,879)	0
5. Other assets (Lines 12 and 14 through 21)	3,314,077		3,314,077
6. Net amount recoverable from reinsurers		8,827,717	8,827,717
7. Totals (Line 22)	135,454,215	4,245,838	139,700,054
<u>LIABILITIES</u> (Page 3)			
8. Losses and loss adjustment expenses (Lines 1 through 2)	111,480,789	27,969,565	139,450,354
9. Taxes, expenses, and other obligations (Lines 3 through 8)	1,432,759		1,432,759
10. Unearned premiums (Line 9)	28,974,000	10,214,000	39,188,000
11. Dividends declared and unpaid (Line 10)			
12. Funds held by company under reinsurance treaties (Line 11)	30,562,127	(30,562,127)	0
13. Amounts withheld or retained by company for account of others (Line 12)			
14. Provision for reinsurance (Line 13)	1,207,800	(1,207,800)	0
15. Other liabilities (Lines 14 through 20)	18,971,976	(2,167,800)	16,804,176
16. Total liabilities (Line 21)	192,629,451	4,245,838	196,875,289
17. Surplus as regards policyholders (Line 25)	(57,175,235)	X X X	(57,175,235)
18. Totals (Line 26)	135,454,216	4,245,838	139,700,054

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 M - Part 1

NONE

Schedule M - Part 2

NONE

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

(\$000 Omitted)

1 Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								13 Number of Claims Reported - Direct and Assumed
	2 Direct and Assumed	3 Ceded	4 Net (Cols. 2 - 3)	Loss Payments		Allocated Loss Expense Payments		Unallocated Loss Expense Payments		11 Salvage and Subrogation Received	12 Total Net Paid (Cols. 5 - 6 + 7 - 8 + 9 - 10)	
				5 Direct and Assumed	6 Ceded	7 Direct and Assumed	8 Ceded	9 Direct and Assumed	10 Ceded			
1. Prior	XXX	XXX	XXX	.25		.2				.15	.27	XXX
2. 1988	17,341	1,451	15,890	14,552	2,490	4,231	221	1,825		1,920	17,897	XXX
3. 1989	19,975	1,646	18,329	21,946	5,521	7,471	710	3,565		3,207	26,751	XXX
4. 1990	20,678	1,480	19,198	22,658	498	6,749	86	2,839		2,433	31,662	XXX
5. 1991	22,018	3,513	18,505	21,273	511	7,927	1,056	1,868		3,259	29,501	XXX
6. 1992	23,047	5,737	17,310	26,077	1,179	10,040	860	3,996		4,462	38,074	XXX
7. 1993	23,496	7,466	16,030	21,516	4,622	6,678	250	4,634		3,508	27,956	XXX
8. 1994	22,967	7,731	15,236	9,191	3,678	2,560	202	10,242		561	18,113	XXX
9. 1995	18,920	5,042	13,878	4,272	260	326	6	1,452		62	5,784	XXX
10. 1996	18,502	3,413	15,089	4,382	313	523		5,610		96	10,202	XXX
11. 1997	17,937	4,071	13,866	1,303	179	268		2,436		10	3,828	XXX
12. Totals	XXX	XXX	XXX	147,195	19,251	46,775	3,391	38,467		19,533	209,795	XXX

	Losses Unpaid				Allocated Loss Expenses Unpaid				Unallocated Loss Expenses Unpaid		24 Salvage and Subrogation Anticipated	25 Total Net Losses and Expenses Unpaid	26 Number of Claims Outstand- ing - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		22	23			
	14 Direct and Assumed	15 Ceded	16 Direct and Assumed	17 Ceded	18 Direct and Assumed	19 Ceded	20 Direct and Assumed	21 Ceded					
1.													XXX
2.	4											4	XXX
3.	1											1	XXX
4.	25	3										22	XXX
5.	2,343	1,426			1							918	XXX
6.	1,485	3			3							1,485	XXX
7.	675	9			3							669	XXX
8.	1,932	13	80,446	20,966	1		18,747	4,885	24,150			99,412	XXX
9.	635	3			3,779							4,411	XXX
10.	2,390	127			11							2,274	XXX
11.	2,587	534			232							2,285	XXX
12. Totals	12,077	2,118	80,446	20,966	4,030		18,747	4,885	24,150			111,481	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		35 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	27 Direct and Assumed	28 Ceded	29 Net	30 Direct and Assumed	31 Ceded	32 Net	33 Loss	34 Loss Expense		36 Losses Unpaid	37 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.	20,612	2,711	17,901	118.9	186.8	112.7				4	
3.	32,983	6,231	26,752	165.1	378.6	146.0				1	
4.	32,271	587	31,684	156.1	39.7	165.0				22	
5.	33,412	2,993	30,419	151.7	85.2	164.4				917	1
6.	41,601	2,042	39,559	180.5	35.6	228.5				1,482	3
7.	33,506	4,881	28,625	142.6	65.4	178.6				666	3
8.	147,269	29,744	117,525	641.2	384.7	771.4				61,399	38,013
9.	10,464	269	10,195	55.3	5.3	73.5				632	3,779
10.	12,916	440	12,476	69.8	12.9	82.7				2,263	11
11.	6,826	713	6,113	38.1	17.5	44.1				2,053	232
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX			XXX	69,439	42,042

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 33 and 34 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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2 - SUMMARY

1 Years in Which Losses Were Incurred	INCURRED LOSSES AND ALLOCATED EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	12 One Year	13 Two Year	
1. Prior	3,310	2,510	2,802	2,408	2,472	2,473	2,412	788	1,962	1,989	27	1,201	
2. 1988	15,850	15,147	14,383	15,072	15,085	15,228	15,103	15,979	16,095	16,076	(19)	97	
3. 1989	XXX	20,606	17,344	24,621	26,061	23,640	23,750	23,167	23,324	23,187	(137)	20	
4. 1990	XXX	XXX	26,478	23,938	26,379	27,651	25,502	28,195	28,059	28,845	786	650	
5. 1991	XXX	XXX	XXX	27,705	25,640	27,409	27,922	28,450	28,517	28,551	34	101	
6. 1992	XXX	XXX	XXX	XXX	30,589	32,403	36,606	34,715	34,836	35,563	727	848	
7. 1993	XXX	XXX	XXX	XXX	XXX	28,701	28,117	23,887	23,902	23,991	89	104	
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	132,928	66,247	73,982	83,133	9,151	16,886	
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,376	4,852	8,743	3,891	2,367	
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,140	6,866	(274)	XXX	
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,677	XXX	XXX	
											12. Totals	14,275	22,274

SCHEDULE P - PART 3 - SUMMARY

1 Years in Which Losses Were Incurred	CUMULATIVE PAID LOSSES AND ALLOCATED EXPENSES AT YEAR END (\$000 OMITTED)										12	13
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	1,840	2,392	2,373	2,472	2,473	2,412	788	1,962	1,989	XXX	XXX
2. 1988	4,620	13,152	13,677	14,570	14,866	14,851	14,890	15,974	16,094	16,072	XXX	XXX
3. 1989	XXX	7,699	14,214	18,284	21,837	23,612	23,743	23,156	23,323	23,186	XXX	XXX
4. 1990	XXX	XXX	10,326	22,125	24,860	24,948	25,356	28,057	28,021	28,823	XXX	XXX
5. 1991	XXX	XXX	XXX	13,921	22,471	25,319	25,941	27,692	27,605	27,633	XXX	XXX
6. 1992	XXX	XXX	XXX	XXX	15,925	27,308	31,165	32,452	32,991	34,078	XXX	XXX
7. 1993	XXX	XXX	XXX	XXX	XXX	11,809	21,544	22,438	22,960	23,322	XXX	XXX
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	(982)	6,235	7,795	7,871	XXX	XXX
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,034	3,381	4,332	XXX	XXX
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,165	4,592	XXX	XXX
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,392	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

1 Years in Which Losses Were Incurred	BULK AND INCURRED BUT NOT REPORTED RESERVES ON LOSSES AND ALLOCATED EXPENSES AT YEAR END (\$000 OMITTED)									
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1988	912	0	0	0	0	0	132	86	0	0
3. 1989	XXX	2,113	0	1,569	1,549	0	0	1	0	0
4. 1990	XXX	XXX	2,748	0	888	1,889	17	0	0	0
5. 1991	XXX	XXX	XXX	4,629	1,248	1,141	1,761	0	0	0
6. 1992	XXX	XXX	XXX	XXX	2,378	892	2,500	0	0	0
7. 1993	XXX	XXX	XXX	XXX	XXX	4,018	2,369	0	0	0
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	119,883	56,034	64,516	73,342
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm'l Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Section 1

NONE

Schedule P - Part 1F - Section 2

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Section 1

NONE

Schedule P - Part 1H - Section 2

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Phys. Damage

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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

(\$000 Omitted)

1 Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						11 Salvage and Subrogation Received	12 Total Net Paid (Cols. 5 - 6 + 7 - 8 + 9 - 10)	13 Number of Claims Reported - Direct and Assumed
	2 Direct and Assumed	3 Ceded	4 Net (Cols. 2 - 3)	Loss Payments		Allocated Loss Expense Payments		Unallocated Loss Expense Payments				
				5 Direct and Assumed	6 Ceded	7 Direct and Assumed	8 Ceded	9 Direct and Assumed	10 Ceded			
1. Prior	XXX	XXX	XXX	25		2		0		15	27	XXX
2. 1988	17,341	1,451	15,890	14,552	2,490	4,231	221	1,825		1,920	17,897	7,001
3. 1989	19,975	1,646	18,329	21,946	5,521	7,471	710	3,565		3,207	26,751	11,357
4. 1990	20,678	1,480	19,198	22,658	498	6,749	86	2,839		2,433	31,662	11,542
5. 1991	22,018	3,513	18,505	21,273	511	7,927	1,056	1,868		3,259	29,501	13,120
6. 1992	23,047	5,737	17,310	26,077	1,179	10,040	860	3,996		4,462	38,074	13,556
7. 1993	23,496	7,466	16,030	21,516	4,622	6,678	250	4,634		3,508	27,956	14,081
8. 1994	22,967	7,731	15,236	9,191	3,678	2,560	202	10,242		561	18,113	12,891
9. 1995	18,920	5,042	13,878	4,272	260	326	6	1,452		62	5,784	3,696
10. 1996	18,502	3,413	15,089	4,382	313	523		5,610		96	10,202	4,246
11. 1997	17,937	4,071	13,866	1,303	179	268		2,436		10	3,828	2,765
12. Totals	XXX	XXX	XXX	147,195	19,251	46,775	3,391	38,467		19,533	209,795	XXX

	Losses Unpaid				Allocated Loss Expenses Unpaid				Unallocated Loss Expenses Unpaid		24 Salvage and Subrogation Anticipated	25 Total Net Losses and Expenses Unpaid	26 Number of Claims Outstand- ing - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		22	23			
	14 Direct and Assumed	15 Ceded	16 Direct and Assumed	17 Ceded	18 Direct and Assumed	19 Ceded	20 Direct and Assumed	21 Ceded					
1.													2
2.	4											4	1
3.	1											1	1
4.	25	3										22	23
5.	2,343	1,426			1							918	66
6.	1,485	3			3							1,485	49
7.	675	9			3							669	108
8.	1,932	13	80,446	20,966	1		18,747	4,885	24,150			99,412	199
9.	635	3			3,779							4,411	101
10.	2,390	127			11							2,274	336
11.	2,587	534			232							2,285	709
12.	12,077	2,118	80,446	20,966	4,030		18,747	4,885	24,150			111,481	1,595

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		35 Inter- Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	27 Direct and Assumed	28 Ceded	29 Net	30 Direct and Assumed	31 Ceded	32 Net	33 Loss	34 Loss Expense		36 Losses Unpaid	37 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.	20,612	2,711	17,901	118.9	186.8	112.7				4	
3.	32,983	6,231	26,752	165.1	378.6	146.0				1	
4.	32,271	587	31,684	156.1	39.7	165.0				22	
5.	33,412	2,993	30,419	151.7	85.2	164.4				917	1
6.	41,601	2,042	39,559	180.5	35.6	228.5				1,482	3
7.	33,506	4,881	28,625	142.6	65.4	178.6				666	3
8.	147,269	29,744	117,525	641.2	384.7	771.4				61,399	38,013
9.	10,464	269	10,195	55.3	5.3	73.5				632	3,779
10.	12,916	440	12,476	69.8	12.9	82.7				2,263	11
11.	6,826	713	6,113	38.1	17.5	44.1				2,053	232
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	69,439	42,042

Schedule P - Part 1R - Section 2

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 - Section 1

NONE

Schedule P - Part 2F - Section 2

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Section 1

NONE

Schedule P - Part 2H - Section 2

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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

1 Years in Which Losses Were Incurred	INCURRED LOSSES AND ALLOCATED EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	12 One Year	13 Two Year
1. Prior	3,310	2,510	2,802	2,408	2,472	2,473	2,412	788	1,962	1,989	27	1,201
2. 1988	15,850	15,147	14,383	15,072	15,085	15,228	15,103	15,979	16,095	16,076	(19)	97
3. 1989	XXX	20,606	17,344	24,621	26,061	23,640	23,750	23,167	23,324	23,187	(137)	20
4. 1990	XXX	XXX	26,478	23,938	26,379	27,651	25,502	28,195	28,059	28,845	786	650
5. 1991	XXX	XXX	XXX	27,705	25,640	27,409	27,922	28,450	28,517	28,551	34	101
6. 1992	XXX	XXX	XXX	XXX	30,589	32,403	36,606	34,715	34,836	35,563	727	848
7. 1993	XXX	XXX	XXX	XXX	XXX	28,701	28,117	23,887	23,902	23,991	89	104
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	132,928	66,247	73,982	83,133	9,151	16,886
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,376	4,852	8,743	3,891	2,367
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,140	6,866	(274)	XXX
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,677	XXX	XXX
12. Totals											14,275	22,274

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

1. Prior												
2. 1988												
3. 1989	XXX											
4. 1990	XXX	XXX										
5. 1991	XXX	XXX	XXX									
6. 1992	XXX	XXX	XXX	XXX								
7. 1993	XXX	XXX	XXX	XXX	XXX							
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX						
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
2. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
3. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
4. Totals												

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 - Section 1

NONE

Schedule P - Part 3F - Section 2

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Section 1

NONE

Schedule P - Part 3H - Section 2

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

1 Years in Which Losses Were Incurred	CUMULATIVE PAID LOSSES AND ALLOCATED EXPENSES AT YEAR END (\$000 OMITTED)										12 Number of Claims Closed With Loss Payment	13 Number of Claims Closed Without Loss Payment
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997		
1. Prior	.000	1,840	2,392	2,373	2,472	2,473	2,412	788	1,962	1,989	5,281	7,593
2. 1988	4,620	13,152	13,677	14,570	14,866	14,851	14,890	15,974	16,094	16,072	2,237	4,763
3. 1989	XXX	7,699	14,214	18,284	21,837	23,612	23,743	23,156	23,323	23,186	3,381	7,975
4. 1990	XXX	XXX	10,326	22,125	24,860	24,948	25,356	28,057	28,021	28,823	3,280	8,239
5. 1991	XXX	XXX	XXX	13,921	22,471	25,319	25,941	27,692	27,605	27,633	2,850	10,204
6. 1992	XXX	XXX	XXX	XXX	15,925	27,308	31,165	32,452	32,991	34,078	3,081	10,426
7. 1993	XXX	XXX	XXX	XXX	XXX	11,809	21,544	22,438	22,960	23,322	2,987	10,986
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	(982)	6,235	7,795	7,871	1,650	11,042
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,034	3,381	4,332	688	2,907
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,165	4,592	721	3,189
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,392	219	1,837

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

1. Prior	.000											
2. 1988												
3. 1989	XXX											
4. 1990	XXX	XXX										
5. 1991	XXX	XXX	XXX									
6. 1992	XXX	XXX	XXX	XXX								
7. 1993	XXX	XXX	XXX	XXX	XXX							
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX						
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000			XXX	XXX
2. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
3. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		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 - Section 1

NONE

Schedule P - Part 4F - Section 2

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Section 1

NONE

Schedule P - Part 4H - Section 2

NONE

Schedule P - Part 4I

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP,
In Receivership**

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

1 Years in Which Losses Were Incurred	BULK AND INCURRED BUT NOT REPORTED RESERVES ON LOSSES AND ALLOCATED EXPENSES AT YEAR END (\$000 OMITTED)									
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 1988	912	0	0	0	0	132	86	0	0	0
3. 1989	XXX	2,113	0	1,569	1,549	0	1	0	0	0
4. 1990	XXX	XXX	2,748	0	888	1,889	17	0	0	0
5. 1991	XXX	XXX	XXX	4,629	1,248	1,141	1,761	0	0	0
6. 1992	XXX	XXX	XXX	XXX	2,378	892	2,500	0	0	0
7. 1993	XXX	XXX	XXX	XXX	XXX	4,018	2,369	0	0	0
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	119,883	56,034	64,516	73,342
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

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

1. Prior										
2. 1988										
3. 1989	XXX									
4. 1990	XXX	XXX								
5. 1991	XXX	XXX	XXX							
6. 1992	XXX	XXX	XXX	XXX						
7. 1993	XXX	XXX	XXX	XXX	XXX					
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX				
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

NONE

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

NONE

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	2	3	4	5	6	7	8	9	10	11
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1. Prior									5,281	5,281
2. 1988	1,432	1,807	2,180	2,228	2,241	2,243	2,243	2,237	2,237	2,237
3. 1989	XXX	1,857	3,192	3,290	3,367	3,388	3,392	3,380	3,381	3,381
4. 1990	XXX	XXX	1,505	2,896	3,218	3,234	3,302	3,282	3,279	3,280
5. 1991	XXX	XXX	XXX	1,968	2,787	2,853	2,874	2,857	2,850	2,850
6. 1992	XXX	XXX	XXX	XXX	2,240	3,109	3,161	3,079	3,066	3,081
7. 1993	XXX	XXX	XXX	XXX	XXX	2,125	3,020	2,974	2,973	2,987
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	1,181	1,541	1,638	1,650
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	331	639	688
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	383	721
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	219

SECTION 2A

1 Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	2	3	4	5	6	7	8	9	10	11
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1. Prior	315	41	11	3	0	0	0	1	0	2
2. 1988	2,019	455	86	33	5	2	1	4	1	1
3. 1989	XXX	2,242	297	166	34	5	3	4	1	1
4. 1990	XXX	XXX	2,016	589	223	76	5	10	11	23
5. 1991	XXX	XXX	XXX	1,619	333	52	31	36	32	66
6. 1992	XXX	XXX	XXX	XXX	1,688	167	104	104	87	49
7. 1993	XXX	XXX	XXX	XXX	XXX	1,748	284	156	102	108
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	1,663	314	147	199
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,358	251	101
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,763	336
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	709

SECTION 3A

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	2	3	4	5	6	7	8	9	10	11
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
1. Prior										12,876
2. 1988	7,763	6,994	7,041	7,041	7,049	7,049	7,049	7,001	7,001	7,001
3. 1989	XXX	11,295	11,428	11,429	11,437	11,438	11,437	11,357	11,357	11,357
4. 1990	XXX	XXX	11,259	11,628	11,639	11,643	11,643	11,541	11,541	11,542
5. 1991	XXX	XXX	XXX	13,174	13,226	13,226	13,226	13,111	13,111	13,120
6. 1992	XXX	XXX	XXX	XXX	13,858	13,897	13,899	13,554	13,554	13,556
7. 1993	XXX	XXX	XXX	XXX	XXX	14,355	14,473	14,036	14,036	14,081
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	13,146	12,784	12,785	12,891
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,693	3,695	3,696
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,328	4,246
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,765

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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP,
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SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										12 Current Year Premiums Earned
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	
2. 1988	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	
3. 1989	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	
4. 1990	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	
5. 1991	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	
6. 1992	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	
7. 1993	XXX	XXX	XXX	XXX	XXX	23,484	23,602	23,496	23,496	23,496	
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	23,703	22,967	22,967	22,967	
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,920	18,920	18,920	
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,502	18,502	
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,937	
12. Total											17,937
13. Earned Premiums (Sch P, Part 1)	14,582	22,005	22,218	21,359	25,011	20,822	7,578	1,132	18,502	17,937	XXX

SECTION 2A

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										12 Current Year Premiums Earned
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	
2. 1988	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	
3. 1989	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	
4. 1990	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	
5. 1991	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	
6. 1992	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	
7. 1993	XXX	XXX	XXX	XXX	XXX	5,269	5,269	7,466	7,466	7,466	
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX	6,047	7,731	7,731	7,731	
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,042	5,042	5,042	
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,413	3,413	
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,071	
12. Total											4,071
13. Earned Premiums (Sch P, Part 1)	2,616	5,610	498	365	1,561	4,521	3,579	139	3,413	4,071	XXX

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

SECTION 1B

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										12 Current Year Premiums Earned
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	
1. Prior											
2. 1988											
3. 1989	XXX										
4. 1990	XXX	XXX									
5. 1991	XXX	XXX	XXX								
6. 1992	XXX	XXX	XXX	XXX							
7. 1993	XXX	XXX	XXX	XXX	XXX						
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX					
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total											
13. Earned Premiums (Sch P, Part 1)											XXX

SECTION 2B

1 Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										12 Current Year Premiums Earned
	2 1988	3 1989	4 1990	5 1991	6 1992	7 1993	8 1994	9 1995	10 1996	11 1997	
1. Prior											
2. 1988											
3. 1989	XXX										
4. 1990	XXX	XXX									
5. 1991	XXX	XXX	XXX								
6. 1992	XXX	XXX	XXX	XXX							
7. 1993	XXX	XXX	XXX	XXX	XXX						
8. 1994	XXX	XXX	XXX	XXX	XXX	XXX					
9. 1995	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 1996	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 1997	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total											
13. Earned Premiums (Sch P, Part 1)											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 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P INTERROGATORIES

1. Computation of excess statutory reserves over statement reserves.

a. Auto Liability (private passenger and commercial)

1997.....(.....60.0 %) 1996.....(.....60.0 %) 1995(.....60.0 %)
Total \$.....

b. Other Liability and Products Liability

1997.....0 (.....75.0 %) 1996.....0 (.....75.0 %) 19950 (.....75.0 %)
Total \$.....0

c. Medical Malpractice

1997.....(.....60.0 %) 1996.....(.....60.0 %) 1995(.....60.0 %)
Total \$.....

d. Workers' Compensation

1997.....(.....65.0 %) 1996.....(.....65.0 %) 1995(.....65.0 %)
Total \$.....

e. Credit

Total \$.....

f. All Lines Total (Report here and Page 3)

Total \$.....0

2. 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
a. Prior			
b. 1988			
c. 1989			
d. 1990			
e. 1991			
f. 1992			
g. 1993			
h. 1994			
i. 1995			
j. 1996			
k. 1997			
l. Totals			

3. The term "Loss expense" includes all payments for legal expenses, including attorney's and witness fees and court costs, salaries and expenses of investigators, adjustors and field men, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses and all other payments under or on account of such injuries, whether the payments are allocated to specific claims or are unallocated. Are they so reported in this statement? Answer: Yes [X] No []

4. The unallocated loss 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 ULAE between companies in a group or a pool, the ULAE should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, ULAE assumed should be reported according to the reinsurance contract. For ULAE incurred by reinsurers, or in those situations where suitable claim count information is not available, ULAE should be allocated by a reasonable method determined by the company and described in Interrogatory 8, below. Are they so reported in this Statement? Answer: Yes [X] No []

5. Do any lines in Schedule P include reserves which are reported gross of any discount to present value of future payments, but are reported net of such discounts on Page 11? 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 33 and 34.

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.

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

a. Fidelity0
 b. Surety0

7. Claim count information is reported (check one).
 If not the same in all years, explain in Interrogatory 8.

a. per claim X
 b. per claimant _____

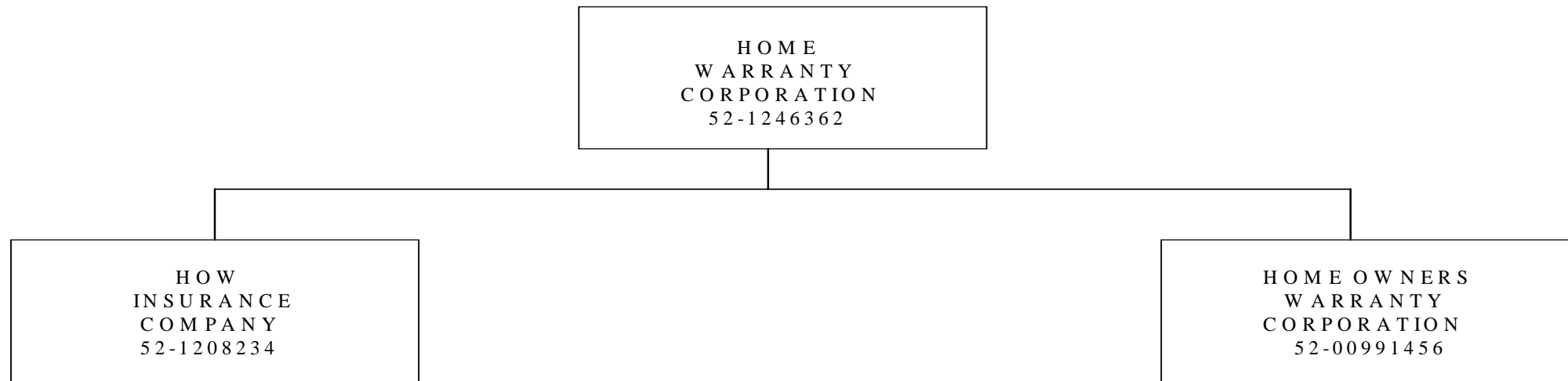
8. The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes which have occurred which must be considered when making such analyses? (An extended statement may be attached.)

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OF THE

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

PART 1 - ORGANIZATIONAL CHART



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

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

**ANNUAL STATEMENT FOR THE YEAR 1997 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
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SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

1 States, etc.	1a 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			25,178	(57,074)	26,812		
2. Alaska	AK	No			0				
3. Arizona	AZ	No			40,350	(15,727)	26,812		
4. Arkansas	AR	No			51,385	87,531	141,720		
5. California	CA	No			2,302	8,556,377	20,333,857		
6. Colorado	CO	No			543,324	1,228,366	3,030,379		
7. Connecticut	CT	No			(703)	190,811	191,514		
8. Delaware	DE	No			36,410	(56,802)	107,248		
9. District of Columbia	DC	No							
10. Florida	FL	No			(29,497)	25,487	1,676,198		
11. Georgia	GA	No			212,575	450,541	2,036,114		
12. Hawaii	HI	No			37	841,611	856,887		
13. Idaho	ID	No				(15,269)			
14. Illinois	IL	No			18,677	524,106	1,138,320		
15. Indiana	IN	No			82,984	(266,901)	834,112		
16. Iowa	IA	No			2,090	(13,179)			
17. Kansas	KS	No			18,318	(127,829)			
18. Kentucky	KY	No			17,094	(160,038)	166,211		
19. Louisiana	LA	No			157,814	3,045,664	7,817,604		
20. Maine	ME	No			1,080	(18,796)	26,812		
21. Maryland	MD	No			104,464	(578,329)	920,125		
22. Massachusetts	MA	No			13,500	40,312	26,812		
23. Michigan	MI	No			21,317	(442,420)	26,812		
24. Minnesota	MN	No			108,258	(682,494)	740,362		
25. Mississippi	MS	No				(125,442)	26,812		
26. Missouri	MO	No			127,777	(1,320,538)	539,325		
27. Montana	MT	No				(52,351)			
28. Nebraska	NE	No			20,482	(13,356)	31,600		
29. Nevada	NV	No			5,245	947,482	1,099,290		
30. New Hampshire	NH	No			10,928	(1,982,880)			
31. New Jersey	NJ	No			1,304,928	517,106	3,979,383		
32. New Mexico	NM	No			29,048	(101,040)	60,556		
33. New York	NY	No			9,520	(14,959)	19,151		
34. North Carolina	NC	No			51,752	(6,851,710)	7,624,849		
35. North Dakota	ND	No							
36. Ohio	OH	No			(9,205)	(510,972)	654,977		
37. Oklahoma	OK	No			169,627	(218,639)	252,875		
38. Oregon	OR	No			15,141	33,537	53,624		
39. Pennsylvania	PA	No			9,379	2,447,792	3,110,646		
40. Rhode Island	RI	No							
41. South Carolina	SC	No			37,862	10,294	407,166		
42. South Dakota	SD	No							
43. Tennessee	TN	No			209,305	(130,313)	404,191		
44. Texas	TX	No			2,583,490	19,601,944	32,449,494		
45. Utah	UT	No			16,448	(757,944)	53,624		
46. Vermont	VT	No							
47. Virginia	VA	Yes			142,444	(1,101,297)	896,515		
48. Washington	WA	No			139,626	(338,312)	382,798		
49. West Virginia	WV	No				49,470	114,908		
50. Wisconsin	WI	No			35,490	213,200	237,477		
51. Wyoming	WY	No				(17,450)			
52. American Samoa	AS	No							
53. Guam	GU	No							
54. Puerto Rico	PR	No							
55. U.S. Virgin Islands	VI	No							
56. Canada	CN	No							
57. Aggregate Other Aliens	OT	XXX							
98. Totals	(a) 1				6,336,246	22,839,568	92,523,973		
DETAILS OF WRITE-INS									
5701.		XXX							
5702.		XXX							
5703.		XXX							
5798.	Summary of remaining write-ins for Line 57 from overflow page.								
5799.	Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)								

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

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

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual 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 to the specific interrogatory will be accepted in lieu of filing a "NONE" report.

- 1. a. Does your company write Medical Malpractice Insurance?
b. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?
Yes [] No [X]
Yes [] No [X]

If first response is yes and second response is no, please explain:

If second response is no and the form is "None", affix bar code (Document Identifier 920) here:



- 2. a. Does your company have 100 or more stockholders?
b. Will Schedule SIS (Stockholder Information Supplement) be filed March 1?
Yes [] No [X]
Yes [] No [X]

If first response is yes and second response is no, please explain:

If second response is no and the form is "None", affix bar code (Document Identifier 907) here:



- 3. a. Does your company write financial guaranty insurance?
b. Will the Financial Guaranty Insurance Exhibit be filed March 1?
Yes [] No [X]
Yes [] No [X]

If first response is yes and second response is no, please explain:

If second response is no and the form is "None", affix bar code (Document Identifier 925) here:



- 4. a. Does your company write Medicare Supplement Insurance?
b. Will the Medicare Supplement Insurance Experience Exhibit be filed by March 1?
Yes [] No [X]
Yes [] No [X]

If first response is yes and second response is no, please explain:

If second response is no and the form is "None", affix bar code (Document Identifier 059) here:



- 5. An actuarial opinion is a required filing for all companies.
Will the actuarial opinion be filed with this statement by March 1?
If no, please explain: The Statement of Actuarial Opinion will be filed by May 1, 1998.....
Yes [] No [X]

.....

If response is no and the form is "None", affix bar code (Document Identifier 901) here:



- 6. The officers and directors information is a required filing for all companies.
Will the officers and directors information be filed with the NAIC by March 1?
If response is no, please explain: The Company is in Receivership and has no officers or directors.....
Yes [] No [X]

.....

If response is no and the form is "None", affix bar code (Document Identifier 902) here:



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

7. The SVO Compliance Certification is a required filing for all companies. Will the SVO Compliance Certification be filed by March 1? Yes [] No [X]
If no, please explain: The SVO Compliance Certification will be filed by May 1, 1998.....

If response is no and the form is "None", affix bar code (Document Identifier 905) here:



8. a. Is your company a U.S. Branch of an alien insurer? Yes [] No [X]
b. Will the Trusteed Surplus Statement be filed by March 1? Yes [] No [X]
If first response is yes and second response is no, please explain:

If second response is no and the form is "None", affix bar code (Document Identifier 908) here:



9. The Supplemental Compensation Exhibit is a required filing, with the domiciliary Department, for all companies. Will the Supplemental Compensation Exhibit be filed with this domiciliary Department by March 1? Yes [] No [X]
If no, please explain: Not Applicable.....

If response is no and the form is "None", affix bar code (Document Identifier 903) here:



10. a. Will the Risk-based Capital Report be filed with the NAIC by March 1? Yes [] No [X]
If no, please explain: The Risk-based Capital Report will be filed by May 1, 1998.....

If response is no and the form is "None", affix bar code (Document Identifier 911) here:



b. Will the Risk-based Capital Report be filed with the domiciliary Department, if required, by March 1? Yes [] No [X]
If no, please explain: The Risk-based Capital Report will be filed by May 1, 1998.....

If response is no and the form is "None", affix bar code (Document Identifier 911) here:



11. The Insurance Expense Exhibit is a required filing for all companies. Will the Insurance Expense Exhibit be filed by April 1? Yes [] No [X]
If no, please explain: The Company is in Receivership and is not required to file the Insurance Expense Exhibit.....

If response is no and the form is "None", affix bar code (Document Identifier 926) here:



12. Management's Discussion and Analysis is a required filing for all companies. Will Management's Discussion and Analysis be filed by April 1? Yes [] No [X]
If no, please explain: Management's Discussion and Analysis will be filed by May 1, 1998.....

If response is no and the form is "None", affix bar code (Document Identifier 904) here:



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

13. a. Does your company write credit insurance? Yes [] No [X]
b. Will the Credit Insurance Experience Exhibit be filed by April 1? Yes [] No [X]
If first response is yes and second response is no, please explain:
.....
If second response is no and the form is "None", affix bar code (Document Identifier 159) here:



0 0 0 0 4 1 2 4 6 9 7 1 5 9 0 0

14. a. Does your company write long-term care insurance? Yes [] No [X]
b. Will the Long-term Care Experience Reporting Forms be filed by April 1? Yes [] No [X]
If first response is yes and second response is no, please explain:
.....
If second response is no and the form is "None", affix bar code (Document Identifier 359) here:



0 0 0 0 4 1 2 4 6 9 7 3 5 9 0 0

15. a. Does your company write accident and health insurance (other than credit)? Yes [] No [X]
b. Will the Accident and Health Policy Experience Exhibit be filed by May 1? Yes [] No [X]
If first response is yes and second response is no, please explain:
.....
If second response is no and the form is "None", affix bar code (Document Identifier 909) here:



0 0 0 0 4 1 2 4 6 9 7 9 0 9 0 0

16. a. Will this company be included in a combined annual statement which is filed with the NAIC by May 1? (A company should be included in only one group filing a combined annual statement. If a company will be included in a combined annual statement on other than a consolidated basis, e.g., equity basis, answer Item C "no.") Yes [] No [X]
b. If yes, indicate NAIC group code. Yes [] No [X]
c. If the company is included in a combined annual statement, will the basis of inclusion be consolidation?
If the answer to 16a is no and the form is "None", affix bar code (Document Identifier 927) here:



0 0 0 0 4 1 2 4 6 9 7 9 2 7 0 0

17. An audited financial report is a required filing for all companies. Will an audited financial report be filed by June 1? Yes [X] No []
If no, please explain:
.....
If response is no and the form is "None", affix bar code (Document Identifier 906) here:

OVERFLOW PAGE FOR WRITE-INS

P003 Additional Aggregate Lines for Page 3 Line 20.

*LIAB

2004. Deferred LAE.....	1,288,855	1,284,707
2005. Reinsurance liability adjustment.....	743,688	743,688
2006. Unclaimed property drafts.....	56,195	39,516
2007. Lease liability.....	500,000	500,000
2008. Notices of claim determination.....	1,060,800	1,020,711
2009. Ceded reinsurance - Amounts due reinsurers.....	1,424,113	1,424,113
2010. Suspense.....	1,344	
2097. Summary of remaining write-ins for Line 20 from page 3	5,074,995	5,012,735

P014 Additional Aggregate Lines for Page 14 Line 04F.

*EX2

04F04 . Increase in Ledger Liabilities.....	18,123	0
04F05 . Decrease in Reinsurance Liability Adjustment.....		(467,428)
04F06 . Deferred Indirect Losses.....	30,852	133,860
04F07 . Deferred Loss Adjustment Expenses.....	4,148	37,484
04F08 . Increase in Funds Held Under Reinsurance Treaties.....	1,665,351	
04F97 . Summary of remaining write-ins for Line 4F from page 14	1,718,473	(296,084)