

ANNUAL STATEMENT

OF THE

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

2001

OF

Richmond

IN THE STATE OF

Virginia/Vatican

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF

FOR THE YEAR ENDED

DECEMBER 31, 2001

PROPERTY AND CASUALTY

2001

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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

Statement of Actuarial Opinion



Management's Discussion and Analysis

HOW INSURANCE COMPANY, A RISK RETENTION GROUP, IN RECEIVERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2001

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 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 appointed Steven T. Foster, Commissioner of Insurance, Bureau of Insurance (the "Bureau"), State Corporation Commission of the Commonwealth of Virginia (the "Commission"), as Deputy Receiver of the Companies. The Receivership Order directed the Receiver and Deputy Receiver to take control and possession of all the Companies' property and affairs. On May 1, 1996, Alfred W. Gross succeeded Steven T. Foster as Commissioner of Insurance of the Bureau and as Deputy Receiver of the Companies.

Upon commencement of the receivership, new home enrollments were only permitted for those homes meeting very specific criteria, and all new claim payments were suspended by the Deputy Receiver. On November 29, 1994, a directive of Deputy Receiver Imposing Suspension and Moratorium (the "Directive") was issued and authorized partial payment of "direct claims" (costs of repairing defects to a home which are covered by the HOWIC Warranty, less any applicable deductible) and imposed a moratorium on the payment of "indirect claims" (claims under the HOWIC Warranty which include, but are not limited to, amounts for extra-contractual obligations, non-economic damages, consequential damages, and litigation costs and attorneys' fees). During December of 1994, HOWIC began paying approved direct claims at a rate of 40% of the approved claim amounts. The 60% unpaid portion of the approved direct claims was deferred by the Deputy Receiver under the Directive.

A second Directive of the Deputy Receiver dated January 23, 1996, increased the direct claim payment rate to 50% of the approved claim amount, resulting in the deferral of the remaining 50% of approved direct claims. The Company began paying at the 50% rate for direct claims in February of 1996. Beginning in July of 1997 until October of 1997, the Deputy Receiver issued a "Report to Home Owners, Member Builders, Creditors, and Other Interested Persons" (the "Report") to approximately 1.7 million recipients to provide them with fundamental information regarding the receivership, how it affects their rights, and any benefits that may be owed to them. All eligible direct claims that previously received a 40% payment were paid an additional amount equal to 10% of the total direct claim.

A third Directive of the Deputy Receiver dated December 28, 1998, increased the direct claim payment rate to 60% and directed that the following indirect claims be reclassified as direct claims: (i) claims approved by the Deputy Receiver for damages determined to be extra-contractual obligations of the Company, non-economic damages, consequential damages, litigation costs or attorneys' fees incurred by a home owner or member builder in asserting a claim against the Company before receivership; and (ii) claims approved by the Deputy Receiver for litigation costs and attorneys' fees incurred by a member builder in an action brought against the member builder to recover under the Major Structural Defect Insurance coverage provided by the Company. The 40% unpaid portion of the approved direct claims were deferred by the Deputy Receiver. All eligible direct claims that previously received a 50% payment were paid an additional amount equal to 10% of the total direct claim. The Deputy Receiver also paid all eligible indirect claims at a rate of 60% of the approved claim amounts.

A fourth Directive of the Deputy Receiver dated August 13, 1999, increased the direct claim payment rate to 70%. The 30% unpaid portion of the approved direct claims was deferred by the Deputy Receiver under the fourth Directive. All eligible claimants that previously received a 60% payment were paid an additional amount equal to 10% of the total direct claim.

A fifth Directive of the Deputy Receiver dated November 15, 2000, increased the direct claim payment rate



Management's Discussion and Analysis

to 100% of the approved amounts on all Direct Claims, and that the suspension and moratorium on the payment of all Indirect Claims and claims of lesser priority, including general creditor claims and interest on deferred claims, be continued pending further Orders and Directives. All claimants that previously received 40% on an approved Direct Claim will be paid the additional 60% deferred amount on that claim, that each claimant who has been paid 50% on an approved Direct Claim be paid the additional 50% deferred amount on that claim, that each claimant who has been paid 60% on an approved Direct Claim be paid the additional 40% deferred amount on that claim, and that each claimant who has been paid 70% on an approved Direct Claim be paid the additional 30% deferred amount on that claim. All payments on approved claims continue to be made subject to the availability of funds and a case-by-case determination that the payments would be fair and proper under the circumstances.

The Deputy Receiver has also approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$4,863,338 for the period ended December 31, 2001. Similarly, for the period ended December 31, 2001, the Company does not have sufficient assets to pay the projected claims and expenses that are reasonably necessary to satisfy HOWIC's obligations. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership.

In September of 1995, the NAIC, and therefore the Bureau, adopted a new accounting procedure for the accounting for "Unearned Premium - Single or Fixed Premium Policies with Coverage Periods in Excess of Thirteen Months", which the Company has fully implemented.

The Deputy Receiver's staff investigated the Company's method of establishing 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. The change in IBNR reserves 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 Companies. 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.

In January of 1997, the Company applied for recognition of tax-exempt status under Internal Revenue Code ("IRC") Section 501(c)(15) retroactively to January 1, 1995. On April 10, 1997, the Company received a favorable determination letter from the Internal Revenue Service recognizing it as tax-exempt beginning on January 1, 1995, and each subsequent year it remains an insurance company. The ruling was made with the understanding that if the character of the Company's business changed during a taxable year, it may not be considered an insurance company within the meaning of IRC Section 501(c)(15). As a result of this determination, all income received by the Company in 1995 and subsequent years will be exempt from federal income taxes, except income required to be recognized as unrelated business income under IRC Section 511. A refund request for taxes paid for the 1995 tax year in the amount of \$1,017,397 was approved by the Joint Committee of Taxation and refunded to the Company. In addition, \$646,900 in estimated tax payments paid for 1996 were refunded to Home Warranty Corporation as a direct result of the Company's tax-exempt status.

Since the inception of the receivership, the Deputy Receiver has taken many steps to reduce the operating expenses of HOWIC, including the consolidation and elimination of offices, reduction of staff, and downsizing and conversion of computer systems. On March 12, 1996, and May 2, 1996, the Companies entered into administrative service arrangements (the "Service Agreements") with third-party companies for the administration of the Companies' operations and affairs. The Service Agreements enabled the Companies to close their 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 Companies



Management's Discussion and Analysis

were terminated during July of 1996.

HOWIC's financial condition improved materially in year 2001. The Company's deficit declined to (\$9,303,864) as of December 31, 2001, compared to the (\$30,973,946) deficit as of December 31, 2000. The reduction in deficit is primarily attributable to investment earnings and insurance reserve reductions in year 2001.

In January of 1996, the Deputy Receiver filed a lawsuit 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 sought damages from the defendants on a number of different legal grounds, including, but not limited to, breach of fiduciary duty, negligence, fraud, waste of corporate assets, voidable transfers, conspiracy and violation of applicable laws. The litigation has been either settled by the Deputy Receiver or dismissed by the court.

The Company and its insureds have been subject to claims litigation or threatened litigation under the Company's warranty documents. The litigation matters have been stayed in deference to the receivership court order which enjoins litigation outside the State Corporation Commission. There are pending claims cases that are significant in scope and may result in a material risk of loss for the Company. Due to the inherent uncertainty of litigation and the continued evaluation of these claims cases, the Company's actual liability may vary materially from its reserved liability for such claims cases.

This Management's Discussion and Analysis of financial condition may contain forward-looking statements. Actual results could differ materially from those projected or suggested in the forward-looking statements as a result of a wide variety of factors and conditions, some of which have been discussed in this report. The financial condition of the Company may be affected by various events or contingencies that may arise in the future. The Company and its management disclaim any responsibility for the accuracy of forward-looking information and condition the delivery of such information upon a waiver of any claim under any theory of law that may be based on the inaccuracy of such information.



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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership

Audited Financial Information



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2001
OF THE CONDITION AND AFFAIRS OF THE

HOW Insurance Company, A Risk Retention Group, In Receivership

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 41246 Employer's ID Number 52-1208234

Organized under the Laws of Virginia, State of Domicile or Port of Entry Virginia

Country of Domicile United States of America

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

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

Main Administrative Office 7501C N. Capital of Texas Hwy., Ste. 200
(Street and Number) 512-404-6555
Austin, TX 78731 (Area Code) (Telephone Number)
(City or Town, State and Zip Code)

Mail Address 7501C N. Capital of Texas Hwy., Ste 200, Austin, TX 78731
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 7501C N. Capital of Texas Hwy., Ste. 200
(Street and Number) 512-404-6555
Austin, TX 78731 (Area Code) (Telephone Number)
(City or Town, State and Zip Code)

Internet Website Address www.howcorp.com

Statement Contact Mike R. Parker, 512-404-6555
(Name) (Area Code) (Telephone Number) (Extension)
mparker@palomar-ic.com 512-404-6530
(E-mail Address) (FAX Number)

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 of 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 ("HOW") (collectively, "the Companies"). The Receivership Order also appointed 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 as Commissioner of Insurance, Bureau of Insurance, State Corporation Commission of the Commonwealth of Virginia (the "Bureau") and as the Deputy Receiver of the Companies as of May 1, 1996.

AUTHORIZED REPRESENTATIVES

Mike R. Parker Brenda Stewart
Authorized Representative Authorized Representative

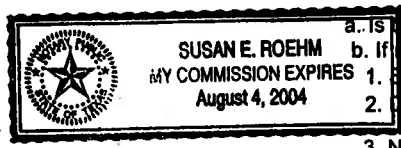
State of }
County of } ss

The authorized representatives of this company, being duly sworn, each depose and say that they are the described authorized 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.

Mike R. Parker Brenda J. Stewart
Authorized Representative Authorized Representative

Subscribed and sworn to before me this
26TH day of February, 2002

Susan E. Roehm



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 _____

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|----------------------------|---|--------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds | 119,553,654 | | 119,553,654 | 117,648,680 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks (Schedule D, Part 2, Section 1) | 0 | | 0 | 0 |
| 2.2 Common stocks (Schedule D, Part 2, Section 2) | 0 | | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate: (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | |
| 5. Cash (\$1,411,433 Schedule E, Part 1) and short-term investments(\$1,022,227 Schedule DA, Part 2) | 2,433,660 | | 2,433,660 | 11,899,444 |
| 6. Other invested assets (Schedule BA) | 0 | | 0 | 0 |
| 7. Receivable for securities | | | 0 | 0 |
| 8. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 9. Subtotals, cash and invested assets (Lines 1 to 8) | 121,987,314 | 0 | 121,987,314 | 129,548,124 |
| 10. Agents' balances or uncollected premiums (net as to commissions and dividends): | | | | |
| 10.1 Premiums and agents' balances in course of collection | | | 0 | 0 |
| 10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums) | | | 0 | 0 |
| 10.3 Accrued retrospective premiums | | | 0 | 0 |
| 11. Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 12. Bills receivable, taken for premiums | | | 0 | 0 |
| 13. Amounts billed and receivable under high deductible policies | | | 0 | |
| 14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8) | 1,124,022 | | 1,124,022 | 1,709,648 |
| 15. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset) | | | 0 | 0 |
| 16. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 17. Electronic data processing equipment and software | | | 0 | 0 |
| 18. Interest, dividends and real estate income due and accrued | 1,584,715 | | 1,584,715 | 1,631,065 |
| 19. Net adjustments in assets and liabilities due to foreign exchange rates | | | 0 | |
| 20. Receivable from parent, subsidiaries and affiliates | 4,496,658 | 4,496,658 | 0 | 0 |
| 21. Equities and deposits in pools and associations | | | 0 | 0 |
| 22. Amounts receivable relating to uninsured accident and health plans | | | 0 | 0 |
| 23. Other assets nonadmitted (Exhibit 1) | | | 0 | 0 |
| 24. Aggregate write-ins for other than invested assets | 680,635 | 3,550 | 677,085 | 660,686 |
| 25. TOTALS (Lines 9 through 24) | 129,873,343 | 4,500,208 | 125,373,136 | 133,549,523 |
| DETAILS OF WRITE-INS | | | | |
| 0801. | | | 0 | 0 |
| 0802. | | | | |
| 0803. | | | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 | 0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) | 0 | 0 | 0 | 0 |
| 2401. Loss Reserve Prepayments..... | 677,085 | | 677,085 | 660,686 |
| 2402. Miscellaneous Receivables..... | 3,550 | 3,550 | 0 | 0 |
| 2403. | | | 0 | 0 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 | 0 | 0 |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above) | 680,635 | 3,550 | 677,085 | 660,686 |

**ANNUAL STATEMENT FOR THE YEAR 2001 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 34, Column 8) | 59,890,270 | 75,577,779 |
| 2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) | 0 | 0 |
| 3. Loss adjustment expenses (Part 3A, Line 34, Column 9) | 20,960,000 | 27,251,634 |
| 4. Commissions payable, contingent commissions and other similar charges | 0 | 0 |
| 5. Other expenses (excluding taxes, licenses and fees) | 35,715 | 56,441 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 0 | 0 |
| 7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability) | 0 | 0 |
| 8. Borrowed money \$ and interest thereon \$ | 0 | 0 |
| 9. Unearned premiums (Part 2A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 3,343,000 and including warranty reserves of \$) | 2,792,000 | 4,066,000 |
| 10. Dividends declared and unpaid: | | |
| 10.1 Stockholders | 0 | 0 |
| 10.2 Policyholders | 0 | 0 |
| 11. Ceded reinsurance premiums payable (net of ceding commissions) | 0 | 0 |
| 12. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) | 38,158,925 | 36,207,265 |
| 13. Amounts withheld or retained by company for account of others | 0 | 0 |
| 14. Remittances and items not allocated | 0 | 0 |
| 15. Provision for reinsurance (Schedule F, Part 7) | 56,249 | 232,800 |
| 16. Net adjustments in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 17. Drafts outstanding | 0 | 0 |
| 18. Payable to parent, subsidiaries and affiliates | 0 | 0 |
| 19. Payable for securities | 0 | 0 |
| 20. Liability for amounts held under uninsured accident and health plans | 0 | 0 |
| 21. Capital Notes \$ and interest thereon \$ | 0 | 0 |
| 22. Aggregate write-ins for liabilities | 12,783,841 | 21,131,550 |
| 23. Total liabilities (Lines 1 through 22) | 134,677,000 | 164,523,469 |
| 24. Aggregate write-ins for special surplus funds | 0 | 0 |
| 25. Common capital stock | 1,000,000 | 1,000,000 |
| 26. Preferred capital stock | 0 | 0 |
| 27. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 28. Surplus Notes | 0 | 0 |
| 29. Gross paid in and contributed surplus | 5,097,479 | 5,115,405 |
| 30. Unassigned funds (surplus) | (15,401,343) | (37,089,351) |
| 31. Less treasury stock, at cost: | | |
| 31.1 shares common (value included in Line 25 \$) | 0 | 0 |
| 31.2 shares preferred (value included in Line 26 \$) | 0 | 0 |
| 32. Surplus as regards policyholders (Lines 24 to 30, less 31) (Page 4, Line 36) | (9,303,864) | (30,973,946) |
| 33. TOTALS (Page 2, Line 25, Col. 3) | 125,373,136 | 133,549,523 |
| DETAILS OF WRITE-INS | | |
| 2201. Loss payments - deferred, see footnote no. 6..... | 773,329 | 9,388,391 |
| 2202. Loss reserve prepayments, See footnote no. 7..... | 1,220,430 | 1,587,221 |
| 2203. Deferred LAE..... | 1,288,855 | 1,288,855 |
| 2298. Summary of remaining write-ins for Line 22 from overflow page | 9,501,227 | 8,867,083 |
| 2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above) | 12,783,841 | 21,131,550 |
| 2401. | | |
| 2402. | | |
| 2403. | | |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above) | 0 | 0 |
| 2701. | | |
| 2702. | | |
| 2703. | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) | 0 | 0 |

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| UNDERWRITING INCOME | | |
| 1. Premiums earned (Part 2, Line 34, Column 4) | 1,274,000 | 5,107,000 |
| DEDUCTIONS | | |
| 2. Losses incurred (Part 3, Line 34, Column 7) | (12,675,710) | 27,264,758 |
| 3. Loss expenses incurred (Part 4, Line 25, Column 1) | (2,405,727) | (1,972,317) |
| 4. Other underwriting expenses incurred (Part 4, Line 25, Column 2) | 1,092 | 6,281 |
| 5. Aggregate write-ins for underwriting deductions | 518,488 | 816,583 |
| 6. Total underwriting deductions (Lines 2 through 5) | (14,561,858) | 26,115,305 |
| 7. Net underwriting gain or (loss) (Line 1 minus Line 6) | 15,835,858 | (21,008,305) |
| INVESTMENT INCOME | | |
| 8. Net investment income earned (Part 1, Line 15) | 5,017,446 | 5,952,079 |
| 9. Net realized capital gains or (losses) (Part 1A, Line 10) | 344,965 | (299,674) |
| 10. Net investment gain or (loss) (Lines 8 + 9) | 5,362,411 | 5,652,405 |
| OTHER INCOME | | |
| 11. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$) | | 0 |
| 12. Finance and service charges not included in premiums | | 0 |
| 13. Aggregate write-ins for miscellaneous income | 240 | 31 |
| 14. Total other income (Lines 11 through 13) | 240 | 31 |
| 15. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 7 + 10 + 14) | 21,198,509 | (15,355,868) |
| 16. Dividends to policyholders | | 0 |
| 17. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 15 minus Line 16) | 21,198,509 | (15,355,868) |
| 18. Federal and foreign income taxes incurred | | 0 |
| 19. Net income (Line 17 minus Line 18) (to Line 21) | 21,198,509 | (15,355,868) |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 20. Surplus as regards policyholders, December 31 prior year (Page 4, Line 36, Column 2) | (30,973,945) | (16,200,316) |
| GAINS AND (LOSSES) IN SURPLUS | | |
| 21. Net income (from Line 19) | 21,198,509 | (15,355,868) |
| 22. Net unrealized capital gains or (losses) | 313,062 | 196,274 |
| 23. Change in net unrealized foreign exchange capital gain (loss) | 0 | |
| 24. Change in net deferred income tax | | |
| 25. Change in nonadmitted assets (Exhibit 1, Line 6, Col. 3) | (115) | 166,765 |
| 26. Change in provision for reinsurance (Page 3, Line 15, Column 2 minus Column 1) | 176,551 | 219,200 |
| 27. Change in surplus notes | | 0 |
| 28. Cumulative effect of changes in accounting principles | | |
| 29. Capital changes: | | |
| 29.1. Paid in | | 0 |
| 29.2. Transferred from surplus (Stock Dividend) | | 0 |
| 29.3. Transferred to surplus | | 0 |
| 30. Surplus adjustments: | | |
| 30.1. Paid in | (17,926) | 0 |
| 30.2. Transferred to capital (Stock Dividend) | | 0 |
| 30.3. Transferred from capital | | 0 |
| 31. Net remittances from or (to) Home Office | | 0 |
| 32. Dividends to stockholders (cash) | | 0 |
| 33. Change in treasury stock (Page 3, Lines 31.1 and 31.2, Column 2 minus Column 1) | 0 | 0 |
| 34. Aggregate write-ins for gains and losses in surplus | 0 | 0 |
| 35. Change in surplus as regards policyholders for the year (Lines 21 through 34) | 21,670,081 | (14,773,629) |
| 36. Surplus as regards policyholders, December 31 current year (Lines 20 plus Line 35) (Page 3, Line 32) | (9,303,864) | (30,973,945) |
| DETAILS OF WRITE-INS | | |
| 0501. Interest Expense on Deferred Loss Payments | 229,859 | 816,583 |
| 0502. NCD Employee Expense | 288,628 | 0 |
| 0503. | | |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) | 518,488 | 816,583 |
| 1301. Miscellaneous income | 240 | 31 |
| 1302. | | |
| 1303. | | |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | 0 | 0 |
| 1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above) | 240 | 31 |
| 3401. | | |
| 3402. | | |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above) | 0 | 0 |

**ANNUAL STATEMENT FOR THE YEAR 2001 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 | 0 |
| 2. Loss and loss adjustment expenses paid (net of salvage and subrogation) | 6,312,080 | 6,465,726 |
| 3. Underwriting expenses paid | 1,105 | 6,268 |
| 4. Other underwriting income (expenses) | (8,882,596) | (4,633,478) |
| 5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) | (15,195,781) | (11,105,472) |
| 6. Net investment income | 5,348,520 | 5,971,904 |
| 7. Other income (expenses): | | |
| 7.1 Agents' balances charged off | 0 | 0 |
| 7.2 Net funds held under reinsurance treaties | 1,951,660 | 1,937,519 |
| 7.3 Net amount withheld or retained for account of others | 0 | 0 |
| 7.4 Aggregate write-ins for miscellaneous items | 240 | 31 |
| 7.5 Total other income (Lines 7.1 to 7.4) | 1,951,899 | 1,937,550 |
| 8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net) | 0 | 0 |
| 9. Federal and foreign income taxes (paid) recovered | 0 | 0 |
| 10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) | (7,895,362) | (3,196,018) |
| Cash from Investments | | |
| 11. Proceeds from investments sold, matured or repaid: | | |
| 11.1 Bonds | 47,777,780 | 33,462,558 |
| 11.2 Stocks | 0 | 0 |
| 11.3 Mortgage loans | 0 | 0 |
| 11.4 Real estate | 0 | 0 |
| 11.5 Other invested assets | 0 | 0 |
| 11.6 Net gains or (losses) on cash and short-term investments | 0 | 0 |
| 11.7 Miscellaneous proceeds | 0 | 0 |
| 11.8 Total investment proceeds (Lines 11.1 to 11.7) | 47,777,780 | 33,462,558 |
| 12. Cost of investments acquired (long-term only): | | |
| 12.1 Bonds | 49,330,163 | 23,409,064 |
| 12.2 Stocks | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Miscellaneous applications | 0 | 0 |
| 12.7 Total investments acquired (Lines 12.1 to 12.6) | 49,330,163 | 23,409,064 |
| 13. Net Cash from investments (Line 11.8 minus Line 12.7) | (1,552,383) | 10,053,494 |
| Cash from Financing and Miscellaneous Sources | | |
| 14. Cash provided: | | |
| 14.1 Surplus notes, capital and surplus paid in | (17,926) | 0 |
| 14.2 Capital notes \$ less amounts repaid \$ | 0 | 0 |
| 14.3 Net transfers from affiliates | 0 | 0 |
| 14.4 Borrowed funds received | 0 | 0 |
| 14.5 Other cash provided | 0 | 4,854,178 |
| 14.6 Total (Lines 14.1 to 14.5) | (17,926) | 4,854,178 |
| 15. Cash applied: | | |
| 15.1 Dividends to stockholders paid | 0 | 0 |
| 15.2 Net transfers to affiliates | 0 | 0 |
| 15.3 Borrowed funds repaid | 0 | 0 |
| 15.4 Other applications | 115 | 1,734,234 |
| 15.5 Total (Lines 15.1 to 15.4) | 115 | 1,734,234 |
| 16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) | (18,041) | 3,119,944 |
| RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS | | |
| 17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) | (9,465,786) | 9,977,420 |
| 18. Cash and short-term investments: | | |
| 18.1 Beginning of year | 11,899,445 | 1,922,025 |
| 18.2 End of year (Line 17 plus Line 18.1) | 2,433,658 | 11,899,445 |
| DETAILS OF WRITE-INS | | |
| 07.401 Miscellaneous Income | 240 | 31 |
| 07.402 | 0 | 0 |
| 07.403 | 0 | 0 |
| 07.498 Summary of remaining write-ins for Line 7.4 from overflow page | 0 | 0 |
| 07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above) | 240 | 31 |

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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

| | Schedule | 1 Collected During Year | Current Year | | | 5 Prior Year Due and Accrued and Unearned | 6 Earned During Year Cols. 1-2+3+4-5 |
|--|-----------|---|---------------|-----------------------------|-------------------------------------|--|---|
| | | | 2 Unearned | 3 Due and Accrued (g) | 4 Foreign Exchange Adjustment | | |
| 1. U.S. government bonds | D (a) | 1,505,170 | | 153,885 | | 254,109 | 1,404,946 |
| 1.1 Bonds exempt from U.S. tax | D (a) | 123,000 | | 5,778 | | 15,578 | 113,200 |
| 1.2 Other bonds (unaffiliated) | D (a) | 6,393,638 | | 1,425,052 | | 1,361,378 | 6,457,312 |
| 1.3 Bonds of affiliates | D (a) | | | | | 0 | 0 |
| 2.1 Preferred stocks (unaffiliated) | D (b) | | | | | 0 | 0 |
| 2.11 Preferred stocks of affiliates | D (b) | | | | | 0 | 0 |
| 2.2 Common stocks (unaffiliated) | D | | | | | 0 | 0 |
| 2.21 Common stocks of affiliates | D | | | | | 0 | 0 |
| 3. Mortgage loans | B (c) | | | | | 0 | 0 |
| 4. Real estate | A (d) | | | | | 0 | 0 |
| 5.1 Cash on hand and on deposit | E | 59,124 | | | | 0 | 59,124 |
| 5.2 Short-term investments | DA (e) | 106,063 | | | | 0 | 106,063 |
| 6. Other invested assets | BA | | | | | 0 | 0 |
| 7. Derivative instruments | DB/DC (f) | | | | | 0 | 0 |
| 8. Aggregate write-ins for investment income | | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. TOTALS | (g) | 8,186,995 | 0 | 1,584,715 | 0 | 1,631,065 | (g) 8,140,645 |
| | | | | | | DEDUCTIONS | |
| 10. Total investment expenses incurred (Part 4, Line 25, Col. 3) | | | | | | 3,123,198 | |
| 11. Interest expense | | | | | | (h) | |
| 12. Depreciation on real estate (for companies which depreciate annually on a formula basis) | | | | | | | |
| 13. Aggregate write-ins for deductions from investment income | | | | | | 0 | |
| 14. Total deductions (Lines 10 to 13) | | | | | | | 3,123,198 |
| 15. Net Investment Income Earned (Line 9 minus Line 14 - to Page 4, Line 8) | | | | | | | 5,017,446 |
| DETAILS OF WRITE-INS | | | | | | | |
| 0801. | | | | | | 0 | 0 |
| 0802. | | | | | | | |
| 0803. | | | | | | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | | 0 | 0 | 0 | 0 | 0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Part 1, Line 8) | | 0 | 0 | 0 | 0 | 0 | 0 |
| 1301. | | | | | | | |
| 1302. | | | | | | | |
| 1303. | | | | | | | |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | | | | | | 0 | |
| 1399. Totals (Lines 1301 thru 1303 plus 1398) (Part 1, Line 13) | | | | | | 0 | |
| (a) Includes \$ | 177,143 | accrual of discount less \$ | 482,579 | 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) Admitted items only. State basis of exclusions. | | | | | | | |
| (h) Includes \$ | | interest on surplus notes and \$ | | interest on capital notes. | | | |

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

| | 1 Realized Profit (Loss) on Sale or Maturity | 2 Realized Foreign Exchange Profit (Loss) on Sale or Maturity | 3 Other Realized Adjustments | 4 Increase (Decrease) by Adjustments | 5 Unrealized Foreign Exchange Gain (Loss) | 6 Net Gain (Loss) from Change in Differences Between Book/Adjusted Carrying and Admitted Values | 7 Total (Sum of Cols. 1 to 6 incl.) |
|--|---|---|------------------------------------|---|--|--|---|
| 1. U.S. government bonds | 356,841 | | | | | | 356,841 |
| 1.1 Bonds exempt from U.S. tax | 765 | | | | | | 765 |
| 1.2 Other bonds (unaffiliated) | (12,641) | | | | | 313,062 | 300,421 |
| 1.3 Bonds of affiliates | | | | | | | 0 |
| 2.1 Preferred stocks (unaffiliated) | | | | | | | 0 |
| 2.11 Preferred stocks of affiliates | | | | | | | 0 |
| 2.2 Common stocks (unaffiliated) | | | | | | | 0 |
| 2.21 Common stocks of affiliates | | | | | | | 0 |
| 3. Mortgage loans | | | | | | | 0 |
| 4. Real estate | | | | (a) | | | 0 |
| 5.1 Cash on hand and on deposit | | | | | | | 0 |
| 5.2 Short-term investments | | | | | | | 0 |
| 6. Other invested assets | | | | | | | 0 |
| 7. Derivative instruments | | | | | | | 0 |
| 8. Aggregate write-ins for capital gains and (losses) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. TOTALS | 344,965 | 0 | 0 | 0 | 0 | 313,062 | 658,027 |
| (Distribution of Line 9, Col. 7) | | | | | | | |
| 10. Net realized capital gains or (losses) (Page 4, Line 9) (Col. 1+2+3, Line 9) | | | | | | | 344,965 |
| 11. Net unrealized capital gains or (losses) | | | | | | | 313,062 |
| DETAILS OF WRITE-INS | | | | | | | |
| 0801. | | | | | | | |
| 0802. | | | | | | | |
| 0803. | | | | | | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Part 1A, Line 8) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

| Lines of Business | | 1 | 2 | 3 | 4 |
|-----------------------------|---|--|--|--|---|
| | | Net Premiums Written per Column 6, Part 2B | Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2 | Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 2A | Premiums Earned During Year (Cols. 1 + 2 - 3) |
| 1. | Fire | 0 | 0 | 0 | 0 |
| 2. | Allied lines | 0 | 0 | 0 | 0 |
| 3. | Farmowners multiple peril | 0 | 0 | 0 | 0 |
| 4. | Homeowners multiple peril | 0 | 0 | 0 | 0 |
| 5. | Commercial multiple peril | 0 | 0 | 0 | 0 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 0 | 0 | 0 | 0 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical malpractice - occurrence | 0 | 0 | 0 | 0 |
| 11.2 | Medical malpractice - claims-made | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 0 | 0 | 0 | 0 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 0 | 0 | 0 | 0 |
| 17.1 | Other liability - occurrence | 0 | 0 | 0 | 0 |
| 17.2 | Other liability - claims-made | 0 | 0 | 0 | 0 |
| 18.1 | Products liability - occurrence | 0 | 4,066,000 | 2,792,000 | 1,274,000 |
| 18.2 | Products liability - claims-made | 0 | 0 | 0 | 0 |
| 19.1,19.2 | Private passenger auto liability | 0 | 0 | 0 | 0 |
| 19.3,19.4 | Commercial auto liability | 0 | 0 | 0 | 0 |
| 21. | Auto physical damage | 0 | 0 | 0 | 0 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 0 | 0 | 0 | 0 |
| 24. | Surety | 0 | 0 | 0 | 0 |
| 26. | Burglary and theft | 0 | 0 | 0 | 0 |
| 27. | Boiler and machinery | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 |
| 30. | Reinsurance - Nonproportional Assumed Property | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - Nonproportional Assumed Liability | 0 | 0 | 0 | 0 |
| 32. | Reinsurance - Nonproportional Assumed Financial Lines | 0 | 0 | 0 | 0 |
| 33. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 |
| 34. | TOTALS | 0 | 4,066,000 | 2,792,000 | 1,274,000 |
| DETAILS OF WRITE-INS | | | | | |
| 3301. | | | | | |
| 3302. | | | | | |
| 3303. | | | | | |
| 3398. | Summary of remaining write-ins for Line 33 from overflow page | 0 | 0 | 0 | 0 |
| 3399. | Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) | 0 | 0 | 0 | 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 | 2 | 3 | 4 | 5 |
|--|---|---|--------------------------------|--|---|
| | Amount Unearned (Running One Year or Less from Date of Policy) (b) | Amount Unearned (Running More Than One Year from Date of Policy) (b) | Earned But Unbilled Premium | Reserve for Rate Credits and Retrospective Adjustments Based on Experience | Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
| 1. Fire | | | | | .0 |
| 2. Allied lines | | | | | .0 |
| 3. Farmowners multiple peril | | | | | .0 |
| 4. Homeowners multiple peril | | | | | .0 |
| 5. Commercial multiple peril | | | | | .0 |
| 6. Mortgage guaranty | | | | | .0 |
| 8. Ocean marine | | | | | .0 |
| 9. Inland marine | | | | | .0 |
| 10. Financial guaranty | | | | | .0 |
| 11.1 Medical malpractice - occurrence | | | | | .0 |
| 11.2 Medical malpractice - claims-made | | | | | .0 |
| 12. Earthquake | | | | | .0 |
| 13. Group accident and health | | | | | .0 |
| 14. Credit accident and health (group and individual) | | | | | .0 |
| 15. Other accident and health | | | | | .0 |
| 16. Workers' compensation | | | | | .0 |
| 17.1 Other liability - occurrence | | | | | .0 |
| 17.2 Other liability - claims-made | | | | | .0 |
| 18.1 Products liability - occurrence | | 2,792,000 | | | 2,792,000 |
| 18.2 Products liability - claims-made | | | | | .0 |
| 19.1,19.2 Private passenger auto liability | | | | | .0 |
| 19.3,19.4 Commercial auto liability | | | | | .0 |
| 21. Auto physical damage | | | | | .0 |
| 22. Aircraft (all perils) | | | | | .0 |
| 23. Fidelity | | | | | .0 |
| 24. Surety | | | | | .0 |
| 26. Burglary and theft | | | | | .0 |
| 27. Boiler and machinery | | | | | .0 |
| 28. Credit | | | | | .0 |
| 29. International | | | | | .0 |
| 30. Reinsurance - Nonproportional Assumed Property | | | | | .0 |
| 31. Reinsurance - Nonproportional Assumed Liability | | | | | .0 |
| 32. Reinsurance - Nonproportional Assumed Financial Lines | | | | | .0 |
| 33. Aggregate write-ins for other lines of business | .0 | .0 | .0 | .0 | .0 |
| 34. TOTALS | 0 | 2,792,000 | 0 | 0 | 2,792,000 |
| 35. Accrued retrospective premiums based on experience | | | | | |
| 36. Earned but unbilled premiums | | | | | |
| 37. Balance (Sum of Line 34 through 36) | | | | | 2,792,000 |
| DETAILS OF WRITE-INS | | | | | |
| 3301. | | | | | |
| 3302. | | | | | |
| 3303. | | | | | |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | .0 | .0 | .0 | .0 | .0 |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) | 0 | 0 | 0 | 0 | 0 |

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

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

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

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 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 | | 6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5 |
|---|-----------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
| | | 2 From Affiliates | 3 From Non-Affiliates | 4 To Affiliates | 5 To Non-Affiliates | |
| 1. Fire | | | | | | |
| 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 | | | | | | |
| 19.1,19.2 Private passenger auto liability | | | | | | |
| 19.3,19.4 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 | | | | | | |
| 30. Reinsurance - Nonproportional Assumed Property | XXX | | | | | |
| 31. Reinsurance - Nonproportional Assumed Liability | XXX | | | | | |
| 32. Reinsurance - Nonproportional Assumed Financial Lines | XXX | | | | | |
| 33. Aggregate write-ins for other lines of business | | | | | | |
| 34. TOTALS | | | | | | |
| DETAILS OF WRITE-INS | | | | | | |
| 3301. | | | | | | |
| 3302. | | | | | | |
| 3303. | | | | | | |
| 3398. Summary of remaining write- ins for Line 33 from overflow page | | | | | | |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 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. 8) | 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 | .0 | .0 | .0 | .0 |
| 2. Allied lines | | | | .0 | .0 | .0 | .0 | .0 |
| 3. Farmowners multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 4. Homeowners multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 5. Commercial multiple peril | | | | .0 | .0 | .0 | .0 | .0 |
| 6. Mortgage guaranty | | | | .0 | .0 | .0 | .0 | .0 |
| 8. Ocean marine | | | | .0 | .0 | .0 | .0 | .0 |
| 9. Inland marine | | | | .0 | .0 | .0 | .0 | .0 |
| 10. Financial guaranty | | | | .0 | .0 | .0 | .0 | .0 |
| 11.1 Medical malpractice - occurrence | | | | .0 | .0 | .0 | .0 | .0 |
| 11.2 Medical malpractice - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 12. Earthquake | | | | .0 | .0 | .0 | .0 | .0 |
| 13. Group accident and health | | | | .0 | .0 | .0 | .0 | .0 |
| 14. Credit accident and health (group and individual) | | | | .0 | .0 | .0 | .0 | .0 |
| 15. Other accident and health | | | | .0 | .0 | .0 | .0 | .0 |
| 16. Workers' compensation | | | | .0 | .0 | .0 | .0 | .0 |
| 17.1 Other liability - occurrence | | | | .0 | .0 | .0 | .0 | .0 |
| 17.2 Other liability - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 18.1 Products liability - occurrence | 3,366,773 | | 354,974 | 3,011,799 | 59,890,270 | 75,577,779 | (12,675,710) | (995.0) |
| 18.2 Products liability - claims-made | | | | .0 | .0 | .0 | .0 | .0 |
| 19.1,19.2 Private passenger auto liability | | | | .0 | .0 | .0 | .0 | .0 |
| 19.3,19.4 Commercial auto liability | | | | .0 | .0 | .0 | .0 | .0 |
| 21. Auto physical damage | | | | .0 | .0 | .0 | .0 | .0 |
| 22. Aircraft (all perils) | | | | .0 | .0 | .0 | .0 | .0 |
| 23. Fidelity | | | | .0 | .0 | .0 | .0 | .0 |
| 24. Surety | | | | .0 | .0 | .0 | .0 | .0 |
| 26. Burglary and theft | | | | .0 | .0 | .0 | .0 | .0 |
| 27. Boiler and machinery | | | | .0 | .0 | .0 | .0 | .0 |
| 28. Credit | | | | .0 | .0 | .0 | .0 | .0 |
| 29. International | | | | .0 | .0 | .0 | .0 | .0 |
| 30. Reinsurance - Nonproportional Assumed Property | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 31. Reinsurance - Nonproportional Assumed Liability | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 32. Reinsurance - Nonproportional Assumed Financial Lines | XXX | | | .0 | .0 | .0 | .0 | .0 |
| 33. Aggregate write-ins for other lines of business | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 34. TOTALS | 3,366,773 | 0 | 354,974 | 3,011,799 | 59,890,270 | 75,577,779 | (12,675,710) | (995.0) |
| DETAILS OF WRITE-INS | | | | | | | | |
| 3301. | | | | | | | | |
| 3302. | | | | | | | | |
| 3303. | | | | | | | | |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

| Line of Business | Reported Losses | | | | Incurred But Not Reported | | | 8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | 9 Unpaid Loss Adjustment Expenses |
|---|-----------------|-----------------------------|--|--|---------------------------|-----------------------------|---------------------------|--|--|
| | 1 Direct | 2 Reinsurance Assumed | 3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | 4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | 5 Direct | 6 Reinsurance Assumed | 7 Reinsurance Ceded | | |
| 1. Fire | | | | .0 | | | | .0 | |
| 2. Allied lines | | | | .0 | | | | .0 | |
| 3. Farmowners multiple peril | | | | .0 | | | | .0 | |
| 4. Homeowners multiple peril | | | | .0 | | | | .0 | |
| 5. Commercial multiple peril | | | | .0 | | | | .0 | |
| 6. Mortgage guaranty | | | | .0 | | | | .0 | |
| 8. Ocean marine | | | | .0 | | | | .0 | |
| 9. Inland marine | | | | .0 | | | | .0 | |
| 10. Financial guaranty | | | | .0 | | | | .0 | |
| 11.1 Medical malpractice - occurrence | | | | .0 | | | | .0 | |
| 11.2 Medical malpractice - claims-made | | | | .0 | | | | .0 | |
| 12. Earthquake | | | | .0 | | | | .0 | |
| 13. Group accident and health | | | | .0 | | | (a) | .0 | |
| 14. Credit accident and health (group and individual) | | | | .0 | | | (a) | .0 | |
| 15. Other accident and health | | | | .0 | | | | .0 | |
| 16. Workers' compensation | | | | .0 | | | | .0 | |
| 17.1 Other liability - occurrence | | | | .0 | | | | .0 | |
| 17.2 Other liability - claims-made | | | | .0 | | | | .0 | |
| 18.1 Products liability - occurrence | 36,210,638 | | 1,238,368 | 34,972,270 | 55,341,000 | | 30,423,000 | 59,890,270 | 20,960,000 |
| 18.2 Products liability - claims-made | | | | .0 | | | | .0 | |
| 19.1,19.2 Private passenger auto liability | | | | .0 | | | | .0 | |
| 19.3,19.4 Commercial auto liability | | | | .0 | | | | .0 | |
| 21. Auto physical damage | | | | .0 | | | | .0 | |
| 22. Aircraft (all perils) | | | | .0 | | | | .0 | |
| 23. Fidelity | | | | .0 | | | | .0 | |
| 24. Surety | | | | .0 | | | | .0 | |
| 26. Burglary and theft | | | | .0 | | | | .0 | |
| 27. Boiler and machinery | | | | .0 | | | | .0 | |
| 28. Credit | | | | .0 | | | | .0 | |
| 29. International | | | | .0 | | | | .0 | |
| 30. Reinsurance - Nonproportional Assumed Property | XXX | | | .0 | XXX | | | .0 | |
| 31. Reinsurance - Nonproportional Assumed Liability | XXX | | | .0 | XXX | | | .0 | |
| 32. Reinsurance - Nonproportional Assumed Financial Lines | XXX | | | .0 | XXX | | | .0 | |
| 33. Aggregate write-ins for other lines of business | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 34. TOTALS | 36,210,638 | 0 | 1,238,368 | 34,972,270 | 55,341,000 | 0 | 30,423,000 | 59,890,270 | 20,960,000 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 3301. | | | | | | | | | |
| 3302. | | | | | | | | | |
| 3303. | | | | | | | | | |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 4 - EXPENSES

| | 1 Loss Adjustment Expenses | 2 Other Underwriting Expenses | 3 Investment Expenses | 4 Total |
|--|----------------------------------|-------------------------------------|-----------------------------|-------------|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | (2,495,223) | | | (2,495,223) |
| 1.2 Reinsurance assumed | | | | .0 |
| 1.3 Reinsurance ceded | 188,168 | | | 188,168 |
| 1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) | (2,683,391) | .0 | .0 | (2,683,391) |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct excluding contingent | | | | .0 |
| 2.2 Reinsurance assumed excluding contingent | | | | .0 |
| 2.3 Reinsurance ceded excluding contingent | | | | .0 |
| 2.4 Contingent-direct | | | | .0 |
| 2.5 Contingent-reinsurance assumed | | | | .0 |
| 2.6 Contingent-reinsurance ceded | | | | .0 |
| 2.7 Policy and membership fees | | | | .0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | .0 | .0 | .0 | .0 |
| 3. Allowances to managers and agents | | | | .0 |
| 4. Advertising | | | | .0 |
| 5. Boards, bureaus and associations | | | | .0 |
| 6. Surveys and underwriting reports | | | | .0 |
| 7. Audit of assureds' records | | | | .0 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | | | | .0 |
| 8.2 Payroll taxes | | | | .0 |
| 9. Employee relations and welfare | | | | .0 |
| 10. Insurance | | | | .0 |
| 11. Directors' fees | | | | .0 |
| 12. Travel and travel items | | | | .0 |
| 13. Rent and rent items | | | | .0 |
| 14. Equipment | | | | .0 |
| 15. Cost or depreciation of EDP equipment and software | | | | .0 |
| 16. Printing and stationery | | | | .0 |
| 17. Postage, telephone and telegraph, exchange and express | | | | .0 |
| 18. Legal and auditing | | 1,092 | | 1,092 |
| 19. Totals (Lines 3 to 18) | .0 | 1,092 | .0 | 1,092 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ | | | | .0 |
| 20.2 Insurance department licenses and fees | | | | .0 |
| 20.3 Gross guaranty association assessments | | | | .0 |
| 20.4 All other (excluding federal and foreign income and real estate) | | | | .0 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | .0 | .0 | .0 | .0 |
| 21. Real estate expenses | | | | .0 |
| 22. Real estate taxes | | | | .0 |
| 23. Reimbursements by uninsured accident and health plans | | | | .0 |
| 24. Aggregate write-ins for miscellaneous expenses | 277,664 | 0 | 3,123,198 | 3,400,863 |
| 25. Total expenses incurred | (2,405,727) | 1,092 | 3,123,198 | (a) 718,563 |
| 26. Less unpaid expenses - current year | 20,960,000 | | 35,715 | 20,995,715 |
| 27. Add unpaid expenses - prior year | 27,251,634 | .13 | 56,428 | 27,308,075 |
| 28. Amounts receivable relating to uninsured accident and health plans, prior year | .0 | .0 | .0 | .0 |
| 29. Amounts receivable relating to uninsured accident and health plans, current year | | | | .0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 3,885,907 | 1,105 | 3,143,911 | 7,030,923 |
| DETAILS OF WRITE-INS | | | | |
| 2401. Increase in ULAE Reserve | 277,664 | | | 277,664 |
| 2402. Investment Interest Expense | | | 2,946,228 | 2,946,228 |
| 2403. Investment Management Expense | | | 176,970 | 176,970 |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | .0 | .0 | .0 | .0 |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above) | 277,664 | 0 | 3,123,198 | 3,400,863 |

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

ANNUAL STATEMENT FOR THE YEAR 2001 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 17 and 19 to 21, Column 2 | 4,496,658 | 4,496,543 | (115) |
| 2. Other Assets: | | | |
| 2.1 Bills receivable not taken for premiums | | 0 | 0 |
| 2.2 Furniture, equipment and supplies | | 0 | 0 |
| 2.3 Leasehold improvements | | | 0 |
| 2.4 Loans on personal security, endorsed or not | | 0 | 0 |
| 3. Total (Lines 2.1 to 2.4) (Page 2, Line 23, Column 2) | 0 | 0 | 0 |
| 4. Loans on company's stock | | 0 | 0 |
| 5. Aggregate write-ins for other than invested assets | 3,550 | 3,550 | 0 |
| 6. Total (Line 1 plus Lines 3 to 5) | 4,500,208 | 4,500,093 | (115) |
| 0501. Miscellaneous Receivables..... | 3,550 | 3,550 | 0 |
| 0502. | | 0 | 0 |
| 0503. | | 0 | 0 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 | 0 |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) | 3,550 | 3,550 | 0 |

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

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

2. Receivership

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

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

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

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

In January of 1997, the Company applied for recognition of tax-exempt status under Internal Revenue Code ("IRC") Section 501(c)(15) retroactively to January 1, 1995. On April 10, 1997, HOWIC received a favorable determination letter from the Internal Revenue Service which recognized the Company as being tax-exempt as of January 1, 1995. As a result of this determination, all income received by the Company in 1995 and subsequent calendar years will be exempt from federal income taxes, except income required to be recognized as unrelated business income under IRC Section 511.

3. Investments

Bonds are amortized using the scientific method.

The Company's investment guidelines provide as follows: (a) up to 100% of its assets may be invested in fixed income securities rated NAIC Class 1, (b) up to 25% of its assets may be invested in fixed income securities rated NAIC 2, (c) up to 10% of its assets may be invested in fixed-income securities rated NAIC Class 3, and (d) up to 2% of its assets may be invested in fixed-income securities rated NAIC Class 4, provided that such Class 4 securities are rated no lower than BB by Standard & Poor's or any equivalent nationally recognized securities rating organization. The Company may not invest in fixed income securities rated NAIC 5 or lower without the approval of the Deputy Receiver. The Company may not invest in equities.

NOTES TO FINANCIAL STATEMENTS

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.

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. 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.

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

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

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

The Deputy Receiver has approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$4,863,338 as of December 31, 2001. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership.

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

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, 2001, approximately 1,257 appeals and 181 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

NOTES TO FINANCIAL STATEMENTS

have been approximately 1,022 home owner appeals, 160 builder appeals, 37 vendor and local council appeals, 9 attorney fees appeals, 8 former employee appeals, 6 appeals relating to additional distributions authorized by the third directive of the Deputy Receiver, and 15 appeals of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. In addition, there have been approximately 128 home owner petitions, 26 builder petitions, 10 vendor and local council petitions, 2 attorney fees petitions, 6 former employees petitions and 9 petitions of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. Generally, builder appeals involve disputes with respect to determinations of responsibility for making certain home repairs under the Builder's Limited Warranty. Further, builder appeals include, but are not limited to, claims for the refund of loss reserve prepayments, capital contributions, and enrollment fees. The appeals from claimants, other than home owners, generally involve fees for goods and services provided to the Company prior to the inception of the receivership proceedings.

7. Loss Prepayments

Pursuant to certain agreements between the Company and certain Member Builders, participating Member Builders are liable for specified payments which they may be required to prepay in the form of cash, Certificates of Deposit (CDs), or Letters of Credit (LOCs). Prepayments were made by builders and held by the Company as follows: (a) cash payments were deposited in the general operating account of the Company; (b) CD's received were issued in the Company's name; and (c) LOCs named the Company as the beneficiary. The Company held LOCs in the amount of \$2,825,829 and a collateralized security interest of \$115,762 at December 31, 2001. Cash prepayments and CDs were \$1,220,430 at December 31, 2001, and this amount is included in the Company's financials as of that date.

8. Related Party Transactions

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

9. Leases

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 of 1994 to a partial floor (13,971 square feet), which was vacated on September 30, 1995. The landlord of this lease space 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 of 1996, the Company executed a lease for approximately 6,000 square feet of warehouse space located in Dallas, Texas. The lease terminated in May of 2000.

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:

NOTES TO FINANCIAL STATEMENTS

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 trusses, braces and framing. As such, the roof sheathing was considered to be a first year warranty item and not a ten year structural item.

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

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

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

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

On April 26, 1990, New Jersey Senator Paterniti introduced S. 2602 (the "Paterniti Amendment"), which was signed into law on July 11, 1991, as L. 1991, C.202. This bill essentially codified the remedies proposed by New Jersey for defects in residential structures built using FRT plywood. The remediation system provides for payments by the new home warranty fund to those who demonstrate either actual 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 Company's participation in the program to its inception in 1977.

The above described events resulted in litigation in two forums. First, the Company and some of its corporate affiliates were sued by home owner associations to replace roofs that contained allegedly defective roof sheathing. At the time of receivership, the Company was a co-defendant in approximately fifty-seven

NOTES TO FINANCIAL STATEMENTS

(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, some of the settling parties have assigned any rights they have against the Company and its affiliates to the DCA. This litigation has been stayed since September of 1991 in all cases except for two home owner association suits.

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

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

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

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SUMMARY INVESTMENT SCHEDULE

| Investment Categories | Gross Investment Holdings | | Admitted Assets as Reported in the Annual Statement | |
|---|---------------------------|-----------------|---|-----------------|
| | 1 Amount | 2 Percentage | 3 Amount | 4 Percentage |
| 1. Bonds: | | | | |
| 1.1 U.S. Treasury securities | 8,014,089 | 6.570 | 8,014,089 | 6.570 |
| 1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| 1.21 Issued by U.S. government agencies | | 0.000 | | 0.000 |
| 1.22 Issued by U.S. government sponsored agencies | 4,214,532 | 3.455 | 4,214,532 | 3.455 |
| 1.3 Foreign government (including Canada, excluding mortgaged-backed securities) | 999,981 | 0.820 | 999,981 | 0.820 |
| 1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.: | | | | |
| 1.41 States, territories and possessions general obligations | | 0.000 | | 0.000 |
| 1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations | 550,350 | 0.451 | 550,350 | 0.451 |
| 1.43 Revenue and assessment obligations | | 0.000 | | 0.000 |
| 1.44 Industrial development and similar obligations | | 0.000 | | 0.000 |
| 1.5 Mortgage-backed securities (includes residential and commercial MBS): | | | | |
| 1.51 Pass-through securities: | | | | |
| 1.511 Guaranteed by GNMA | 10,710,112 | 8.780 | 10,710,112 | 8.780 |
| 1.512 Issued by FNMA and FHLMC | 23,238,306 | 19.050 | 23,238,306 | 19.050 |
| 1.513 Privately issued | | 0.000 | | 0.000 |
| 1.52 CMOs and REMICs: | | | | |
| 1.521 Issued by FNMA and FHLMC | | 0.000 | | 0.000 |
| 1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | 11,992,157 | 9.831 | 11,992,157 | 9.831 |
| 1.523 All other privately issued | | 0.000 | | 0.000 |
| 2. Other debt and other fixed income securities (excluding short-term): | | | | |
| 2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) | 59,834,127 | 49.049 | 59,834,127 | 49.049 |
| 2.2 Unaffiliated foreign securities | | 0.000 | | 0.000 |
| 2.3 Affiliated securities | | 0.000 | | 0.000 |
| 3. Equity interests: | | | | |
| 3.1 Investments in mutual funds | | 0.000 | | 0.000 |
| 3.2 Preferred stocks: | | | | |
| 3.21 Affiliated | | 0.000 | | 0.000 |
| 3.22 Unaffiliated | | 0.000 | | 0.000 |
| 3.3 Publicly traded equity securities (excluding preferred stocks): | | | | |
| 3.31 Affiliated | | 0.000 | | 0.000 |
| 3.32 Unaffiliated | | 0.000 | | 0.000 |
| 3.4 Other equity securities: | | | | |
| 3.41 Affiliated | | 0.000 | | 0.000 |
| 3.42 Unaffiliated | | 0.000 | | 0.000 |
| 3.5 Other equity interests including tangible personal property under lease: | | | | |
| 3.51 Affiliated | | 0.000 | | 0.000 |
| 3.52 Unaffiliated | | 0.000 | | 0.000 |
| 4. Mortgage loans: | | | | |
| 4.1 Construction and land development | | 0.000 | | 0.000 |
| 4.2 Agricultural | | 0.000 | | 0.000 |
| 4.3 Single family residential properties | | 0.000 | | 0.000 |
| 4.4 Multifamily residential properties | | 0.000 | | 0.000 |
| 4.5 Commercial loans | | 0.000 | | 0.000 |
| 5. Real estate investments: | | | | |
| 5.1 Property occupied by the company | | 0.000 | | 0.000 |
| 5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt) | | 0.000 | | 0.000 |
| 5.3 Property held for sale (\$ including property acquired in satisfaction of debt) | | 0.000 | | 0.000 |
| 6. Policy loans | | 0.000 | | 0.000 |
| 7. Receivables for securities | | 0.000 | | 0.000 |
| 8. Cash and short-term investments | 2,433,660 | 1.995 | 2,433,660 | 1.995 |
| 9. Other invested assets | | 0.000 | | 0.000 |
| 10. Total invested assets | 121,987,314 | 100.000 | 121,987,314 | 100.000 |

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

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

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |
| | |
| | |
| | |

GENERAL INTERROGATORIES

(continued)

8. What interest, direct or indirect, has this reporting entity in the capital stock of any other insurance company?
None
9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Calhoun & Co., LLP
7010 Village Center Drive
Austin, Texas 78731
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
MMC Enterprise Risk Consulting, Inc.
1166 Avenue of the Americas
New York, NY 10036
Not Affiliated
11. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she 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]
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []
13. Have the instructions for completing the blank required by this department been followed in every detail? Yes [X] No []

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
16. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement, any commission on the business transactions of the reporting entity? Yes [] No [X]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 18.1 Total amount loaned during the year (inclusive of separate accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 18.11 To directors or other officers .. | \$0 |
| | 18.12 To stockholders not officers .. | \$0 |
| | 18.13 Trustees, supreme or grand (Fraternal only) | \$0 |
- 18.2 Total amount of loans outstanding at end of year (inclusive of separate accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 18.21 To directors or other officers .. | \$0 |
| | 18.22 To stockholders not officers ... | \$0 |
| | 18.23 Trustees, supreme or grand (Fraternal only) | \$0 |
- 19.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------------|----------|
| | 19.21 Rented from others | \$ |
| | 19.22 Borrowed from others | \$ |
| | 19.23 Leased from others | \$ |
| | 19.24 Other | \$ |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 20.2 If answer is yes,
- | | | |
|--|--|----------|
| | 20.21 Amount paid as losses or risk adjustment | \$ |
| | 20.22 Amount paid as expenses | \$ |
| | 20.23 Other amounts paid | \$ |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

21.1 List the following capital stock information for the reporting entity:

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

22.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes No

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

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 23.2) Yes No

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

| | | |
|-------|---|----------|
| 23.21 | Loaned to others | \$ |
| 23.22 | Subject to repurchase agreements | \$ |
| 23.23 | Subject to reverse repurchase agreements | \$ |
| 23.24 | Subject to dollar repurchase agreements | \$ |
| 23.25 | Subject to reverse dollar repurchase agreements ... | \$ |
| 23.26 | Pledged as collateral | \$ |
| 23.27 | Placed under option agreements | \$ |
| 23.28 | Letter stock or other securities restricted as to sale .. | \$ |
| 23.29 | Other | \$ |

23.3 For each category above, if any of these assets are held by others, identify by whom held:

| | |
|-------------|-------------|
| 23.31 | 23.35 |
| 23.32 | 23.36 |
| 23.33 | 23.37 |
| 23.34 | 23.38 |
| | 23.39 |

For categories (23.21) and (23.23) 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.

23.4 For category (23.28) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | |
| | | |
| | | |
| | | |
| | | |

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

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

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

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

GENERAL INTERROGATORIES

(continued)

OTHER

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |
| | |
| | |
| | |

27.1 Amount of payments for legal expenses, if any?.....\$883,658

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

| 1 Name | 2 Amount Paid |
|-------------------|------------------|
| SEE ATTACHED..... | |
| | |
| | |
| | |

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

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

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |
| | |
| | |
| | |

29. What officials and heads of departments of the reporting entity supervised the making of this report?

Mike R. Parker

30.1 Has any direct new business been solicited or written in any state where the reporting entity was not licensed?..... Yes [] No [X]

30.2 If yes, explain

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

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies:..... \$
- 2.22 Non-participating policies:..... \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies?..... Yes [] No []
- 3.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 3.4 Total amount of assessments laid or ordered to be laid during the year on deposit notes or contingent premiums?..... \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents?..... Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 out of Attorney's-in-fact compensation..... Yes [] No [] NA []
- 4.22 as a direct expense of the Exchange..... Yes [] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []
- 4.5 If yes, give full information
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
- N/A
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)?..... Yes [X] No []
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:1

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

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
.....
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [] NA [X]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
.....
- 10.1 If the reporting entity 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:
- 10.11 unpaid losses..... \$
- 10.12 unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 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..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under deductible features of commercial policies?..... Yes [X] No []
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$2,825,829
- 10.62 Collateral and other funds..... \$1,336,192
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No []
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$4,931,911
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.
- 13.1 (a) Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
.....
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
.....

**ANNUAL STATEMENT FOR THE YEAR 2001 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 2001 | 2 2000 | 3 1999 | 4 1998 | 5 1997 |
|--|-------------|--------------|--------------|--------------|--------------|
| Gross Premiums Written (Page 9, Part 2B, Cols. 1, 2 & 3) | | | | | |
| 1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 0 | 0 | 0 | 0 | 0 |
| 2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)..... | 0 | 0 | 0 | 0 | 0 |
| 3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)..... | 0 | 0 | 0 | 0 | 0 |
| 4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)..... | 0 | 0 | 0 | 0 | 0 |
| 5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)..... | 0 | 0 | 0 | 0 | 0 |
| 6. Total (Line 34)..... | 0 | 0 | 0 | 0 | 0 |
| Net Premiums Written (Page 9, Part 2B, Col. 6) | | | | | |
| 7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)..... | 0 | 0 | 0 | 0 | 0 |
| 8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)..... | 0 | 0 | 0 | 0 | 0 |
| 9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)..... | 0 | 0 | 0 | 0 | 0 |
| 10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)..... | 0 | 0 | 0 | 0 | 0 |
| 11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)..... | 0 | 0 | 0 | 0 | 0 |
| 12. Total (Line 34)..... | 0 | 0 | 0 | 0 | 0 |
| Statement of Income (Page 4) | | | | | |
| 13. Net Underwriting Gain or (Loss) (Line 7)..... | 15,835,858 | (21,008,305) | 1,872,404 | 8,776,680 | (12,211,085) |
| 14. Net Investment Gain or (Loss) (Line 10)..... | 5,362,411 | 5,652,405 | 5,791,511 | 6,326,882 | 6,620,211 |
| 15. Total Other Income (Line 14)..... | 240 | 31 | 8,971,759 | 9,400,277 | 3,042 |
| 16. Dividends to Policyholders (Line 16)..... | 0 | 0 | 0 | 0 | 0 |
| 17. Federal and Foreign Income Taxes Incurred (Line 18)..... | 0 | 0 | 0 | 0 | 0 |
| 18. Net Income (Line 19)..... | 21,198,509 | (15,355,868) | 16,635,674 | 24,503,839 | (5,587,832) |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total Admitted Assets (Page 2, Line 25, Col. 3)..... | 125,373,136 | 133,549,523 | 133,953,830 | 137,699,700 | 135,454,215 |
| 20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3) | | | | | |
| 20.1 In Course of Collection (Line 10.1)..... | 0 | 0 | 0 | 0 | 0 |
| 20.2 Deferred and Not Yet Due (Line 10.2)..... | 0 | 0 | 0 | 0 | 0 |
| 20.3 Accrued Retrospective Premiums (Line 10.3)..... | 0 | 0 | 0 | 0 | 0 |
| 21. Total Liabilities (Page 3, Line 23)..... | 134,677,000 | 164,523,469 | 150,154,149 | 170,393,905 | 192,629,451 |
| 22. Losses (Page 3, Lines 1 and 2)..... | 59,890,270 | 75,577,779 | 51,474,518 | 61,744,425 | 69,439,408 |
| 23. Loss Adjustment Expenses (Page 3, Line 3)..... | 20,960,000 | 27,251,634 | 32,752,199 | 32,847,918 | 42,041,382 |
| 24. Unearned premiums (Page 3, Line 9)..... | 2,792,000 | 4,066,000 | 9,173,000 | 17,982,000 | 28,974,000 |
| 25. Capital Paid Up (Page 3, Lines 25 & 26)..... | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 26. Surplus as Regards Policyholders (Page 3, Line 32)..... | (9,303,864) | (30,973,946) | (16,200,319) | (32,694,204) | (57,175,235) |
| Risk-Based Capital Analysis | | | | | |
| 27. Total Adjusted Capital..... | (9,303,864) | (30,973,946) | (16,200,319) | (32,694,204) | (57,175,235) |
| 28. Authorized Control Level Risk-Based Capital..... | 9,053,488 | 12,870,068 | 10,450,516 | 12,116,724 | 14,592,392 |
| Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 9, Col. 3) x 100.0 | | | | | |
| 29. Bonds (Line 1)..... | 98.0 | 90.8 | 98.5 | 91.6 | 95.4 |
| 30. Stocks (Lines 2.1 & 2.2)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 32. Real Estate (Lines 4.1, 4.2 & 4.3)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. Cash and Short-Term Investments (Line 5)..... | 2.0 | 9.2 | 1.5 | 8.4 | 4.6 |
| 34. Other Invested Assets (Line 6)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 35. Receivable for Securities (Line 7)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Aggregate Write-Ins for Invested Assets (Line 8)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. Cash and Invested Assets (Line 9)..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)..... | 0 | 0 | 0 | 0 | 0 |
| 39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)..... | 0 | 0 | 0 | 0 | 0 |
| 40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)..... | 0 | 0 | 0 | 0 | 0 |
| 41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)..... | 0 | 0 | 0 | 0 | 0 |
| 42. Affiliated Mortgage Loans on Real Estate..... | 0 | 0 | 0 | 0 | 0 |
| 43. All Other Affiliated..... | 0 | 0 | 0 | 0 | 0 |
| 44. Total of above Lines 38 to 43..... | 0 | 0 | 0 | 0 | 0 |
| 45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 32 x 100.0)..... | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2001 | 2 2000 | 3 1999 | 4 1998 | 5 1997 |
|--|------------|--------------|------------|------------|-------------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 46. Net Unrealized Capital Gains or (Losses) (Line 22) | 313,062 | 196,274 | (439,800) | (107,153) | 67,886 |
| 47. Dividends to Stockholders (Line 32) | 0 | 0 | 0 | 0 | 0 |
| 48. Change in Surplus as Regards Policyholders for the Year (Line 35) | 21,670,081 | (14,773,629) | 16,493,888 | 24,481,029 | (4,170,079) |
| Gross Losses Paid (Page 10, Part 3, Cols. 1 & 2) | | | | | |
| 49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 3,366,773 | 3,692,294 | 4,294,539 | 7,476,917 | 6,336,246 |
| 50. Property Lines (Lines 1, 2, 9, 12, 21 & 26) | 0 | 0 | 0 | 0 | 0 |
| 51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 52. All Other Lines (Lines 10, 13, 14, 15, 23, 24, 28, 29 & 33) | 0 | 0 | 0 | 0 | 0 |
| 53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) | 0 | 0 | 0 | 0 | 0 |
| 54. Total (Line 34) | 3,366,773 | 3,692,294 | 4,294,539 | 7,476,917 | 6,336,246 |
| Net Losses Paid (Page 10, Part 3, Col. 4) | | | | | |
| 55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 3,011,799 | 3,161,497 | 6,779,786 | 6,499,537 | 5,762,909 |
| 56. Property Lines (Lines 1, 2, 9, 12, 21 & 26) | 0 | 0 | 0 | 0 | 0 |
| 57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) | 0 | 0 | 0 | 0 | 0 |
| 58. All Other Lines (Lines 10, 13, 14, 15, 23, 24, 28, 29 & 33) | 0 | 0 | 0 | 0 | 0 |
| 59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) | 0 | 0 | 0 | 0 | 0 |
| 60. Total (Line 34) | 3,011,799 | 3,161,497 | 6,779,786 | 6,499,537 | 5,762,909 |
| Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0 | | | | | |
| 61. Premiums Earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 62. Losses Incurred (Line 2) | (995.0) | 533.9 | (39.6) | (10.9) | 85.4 |
| 63. Loss Expenses Incurred (Line 3) | (188.8) | (38.6) | 54.5 | (34.6) | 63.0 |
| 64. Other Underwriting Expenses Incurred (Line 4) | 0.1 | 0.1 | 20.5 | 65.6 | 39.4 |
| 65. Net Underwriting Gain or (Loss) (Line 7) | 1,243.0 | (411.4) | 21.3 | 79.8 | (88.1) |
| Other Percentages | | | | | |
| 66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 14 divided by Page 9, Part 2B, Col. 6, Line 34 x 100.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | (1,183.8) | 495.3 | 14.9 | (45.5) | 148.4 |
| 68. Net Premiums Written to Policyholders' Surplus (Page 9, Part 2B, Col. 6, Line 34 divided by Page 3, Line 32, Col. 1 x 100.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| One Year Loss Development (000 omitted) | | | | | |
| 69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11) | (17,958) | 22,870 | (11,445) | (7,584) | 14,275 |
| 70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 20, Col. 1 x 100.0) | 58.0 | (141.2) | 35.0 | 13.3 | (26.9) |
| Two Year Loss Development (000 omitted) | | | | | |
| 71. 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. 12) | 4,705 | 10,328 | (19,087) | 6,901 | 22,274 |
| 72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 20, Col. 2 x 100.0) | (29.0) | (31.6) | 33.4 | (13.0) | (41.7) |



ANNUAL STATEMENT FOR THE YEAR 2001 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

DURING THE YEAR 2001

NAIC Company Code **41246**

| Line of Business | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies not Taken | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|--------------------------------|---|---|---|---------------------------|-------------------------|--|--|--|--|---------------------------------|
| | 1 Direct Premiums Written | 2 Direct Premiums Earned | Dividends Paid or Credited to Policyholders on Direct Business | Direct Unearned Premium Reserves | Direct Losses Paid (deducting salvage) | Direct Losses Incurred | Direct Losses Unpaid | Direct Defense and Cost Containment Expense Paid | Direct Defense and Cost Containment Expense Incurred | Direct Defense and Cost Containment Expense Unpaid | Commissions and Brokerage Expenses | Taxes, Licenses, and Fees |
| 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 | | | | | | | | | | | | |
| 33. Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34. TOTALS (a) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | | | |
| 3301. | | | | | | | | | | | | |
| 3302. | | | | | | | | | | | | |
| 3303. | | | | | | | | | | | | |
| 3398. Summary of remaining write-ins for Line 33 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Finance and service charges not included in Line 1 to 34 \$

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SCHEDULE A VERIFICATION BETWEEN YEARS

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

NONE

SCHEDULE B VERIFICATION BETWEEN YEARS

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

NONE

SCHEDULE BA VERIFICATION BETWEEN YEARS

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

NONE

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE D - SUMMARY BY COUNTRY

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

| Description | 1 Book/Adjusted Carrying Value | 2 Fair Value (a) | 3 Actual Cost | 4 Par Value of Bonds |
|--|--|--|--|--|
| BONDS | | | | |
| Governments (Including all obligations guaranteed by governments) | 1. United States 18,724,202 2. Canada 0 3. Other Countries 0 4. Totals 18,724,202 | 19,459,816 0 0 19,459,816 | 18,804,174 0 0 18,804,174 | 18,073,282 0 0 18,073,282 |
| States, Territories and Possessions (Direct and guaranteed) | 5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Political Subdivisions of States, Territories and Possessions (Direct and guaranteed) | 9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions | 13. United States 39,995,345 14. Canada 999,981 15. Other Countries 0 16. Totals 40,995,326 | 40,538,257 1,004,280 0 41,542,537 | 39,530,003 998,750 0 40,528,753 | 40,364,227 1,000,000 0 41,364,227 |
| Public Utilities (unaffiliated) | 17. United States 7,461,821 18. Canada 0 19. Other Countries 0 20. Totals 7,461,821 | 7,665,887 0 0 7,665,887 | 7,491,260 0 0 7,491,260 | 7,530,000 0 0 7,530,000 |
| Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated) | 21. United States 52,372,306 22. Canada 0 23. Other Countries 0 24. Totals 52,372,306 | 54,139,623 0 0 54,139,623 | 53,035,868 0 0 53,035,868 | 52,020,357 0 0 52,020,357 |
| Parent, Subsidiaries and Affiliates | 25. Totals 0 26. Total Bonds 119,553,654 | 0 122,807,863 | 0 119,860,055 | 0 118,987,865 |
| PREFERRED STOCKS | | | | |
| Public Utilities (unaffiliated) | 27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Banks, Trust and Insurance Companies (unaffiliated) | 31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Industrial and Miscellaneous (unaffiliated) | 35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Parent, Subsidiaries and Affiliates | 39. Totals 0 40. Total Preferred Stocks 0 | 0 0 | 0 0 | 0 0 |
| COMMON STOCKS | | | | |
| Public Utilities (unaffiliated) | 41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Banks, Trust and Insurance Companies (unaffiliated) | 45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Industrial and Miscellaneous (unaffiliated) | 49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0 | 0 0 0 0 | 0 0 0 0 | 0 0 0 0 |
| Parent, Subsidiaries and Affiliates | 53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0 | 0 0 0 | 0 0 0 | 0 0 0 |
| | 56. Total Bonds and Stocks 119,553,654 | 122,807,863 | 119,860,055 | |

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

| | |
|---|--|
| 1. Book/adjusted carrying value of bonds and stocks, prior year 117,648,680 | 6. Foreign Exchange Adjustment: |
| 2. Cost of bonds and stocks acquired, Column 6, Part 3 49,330,163 | 6.1 Column 17, Part 1 0 |
| 3. Increase (decrease) by adjustment: | 6.2 Column 13, Part 2, Sec. 1 0 |
| 3.1 Column 16, Part 1 (27,978) | 6.3 Column 11, Part 2, Sec. 2 0 |
| 3.2 Column 12, Part 2, Sec. 1 0 | 6.4 Column 11, Part 4 0 |
| 3.3 Column 10, Part 2, Sec. 2 0 | 7. Book/adjusted carrying value at end of current period 119,553,654 |
| 3.4 Column 10, Part 4 35,603 | 8. Total valuation allowance 0 |
| 4. Total gain (loss), Col. 14, Part 4 344,965 | 9. Subtotal (Lines 7 plus 8) 119,553,654 |
| 5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 47,777,780 | 10. Total nonadmitted amounts 0 |
| | 11. Statement value of bonds and stocks, current period 119,553,654 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1

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

| Quality Rating per the NAIC Designation | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total from Col. 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed (a) |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|-------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|-------------------------------------|
| 1. U.S. Governments, Schedules D & DA (Group 1) | | | | | | | | | | | |
| 1.1 Class 1 | 2,564,500 | 12,861,952 | 2,106,426 | 1,056,367 | 134,957 | 18,724,202 | 15.5 | 26,834,448 | 20.7 | 18,724,202 | 0 |
| 1.2 Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 1.3 Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 1.4 Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 1.5 Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 1.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 1.7 Totals | 2,564,500 | 12,861,952 | 2,106,426 | 1,056,367 | 134,957 | 18,724,202 | 15.5 | 26,834,448 | 20.7 | 18,724,202 | 0 |
| 2. All Other Governments, Schedules D & DA (Group 2) | | | | | | | | | | | |
| 2.1 Class 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.2 Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.3 Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.4 Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.5 Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 2.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3) | | | | | | | | | | | |
| 3.1 Class 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.2 Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.3 Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.4 Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.5 Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4) | | | | | | | | | | | |
| 4.1 Class 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.2 Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.3 Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.4 Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.5 Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5) | | | | | | | | | | | |
| 5.1 Class 1 | 7,717,263 | 17,506,572 | 6,744,916 | 5,873,592 | 3,152,983 | 40,995,326 | 34.0 | 32,697,441 | 25.2 | 40,995,326 | 0 |
| 5.2 Class 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5.3 Class 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5.4 Class 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5.5 Class 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5.7 Totals | 7,717,263 | 17,506,572 | 6,744,916 | 5,873,592 | 3,152,983 | 40,995,326 | 34.0 | 32,697,441 | 25.2 | 40,995,326 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

| Quality Rating per the NAIC Designation | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total from Col. 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed (a) |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|-------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|-------------------------------------|
| 6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6) | | | | | | | | | | | |
| 6.1 Class 1 | 999,847 | .0 | 959,936 | .0 | .0 | 1,959,783 | 1.6 | 2,953,138 | 2.3 | 1,959,783 | .0 |
| 6.2 Class 2 | .0 | 3,786,371 | 773,822 | .0 | .0 | 4,560,193 | 3.8 | 3,216,411 | 2.5 | 4,560,193 | .0 |
| 6.3 Class 3 | .0 | .0 | 941,844 | .0 | .0 | 941,844 | 0.8 | .0 | 0.0 | 941,844 | .0 |
| 6.4 Class 4 | .0 | .0 | .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 | .0 | .0 |
| 6.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 6.7 Totals | 999,847 | 3,786,371 | 2,675,602 | 0 | 0 | 7,461,820 | 6.2 | 6,169,549 | 4.8 | 7,461,820 | 0 |
| 7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7) | | | | | | | | | | | |
| 7.1 Class 1 | 4,326,236 | 20,613,316 | 3,751,725 | 1,032,688 | .0 | 29,723,965 | 24.7 | 42,592,232 | 32.8 | 29,723,966 | .0 |
| 7.2 Class 2 | 2,011,952 | 13,561,344 | 1,503,284 | .0 | .0 | 17,076,580 | 14.2 | 11,864,503 | 9.1 | 17,076,580 | .0 |
| 7.3 Class 3 | .0 | 2,525,761 | 4,068,226 | .0 | .0 | 6,593,987 | 5.5 | 9,267,823 | 7.1 | 6,593,987 | .0 |
| 7.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | 273,750 | 0.2 | .0 | .0 |
| 7.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 7.6 Class 6 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 7.7 Totals | 6,338,188 | 36,700,421 | 9,323,235 | 1,032,688 | 0 | 53,394,532 | 44.3 | 63,998,308 | 49.3 | 53,394,533 | 0 |
| 8. Credit Tenant Loans, Schedules D & DA (Group 8) | | | | | | | | | | | |
| 8.1 Class 1 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 8.2 Class 2 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 8.3 Class 3 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 8.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 8.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 8.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 8.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9) | | | | | | | | | | | |
| 9.1 Class 1 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 9.2 Class 2 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 9.3 Class 3 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 9.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 9.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 9.6 Class 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

| Quality Rating per the NAIC Designation | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total from Col. 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed (a) |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|-------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|-------------------------------------|
| 10. Total Bonds Current Year | | | | | | | | | | | |
| 10.1 Class 1 | 15,607,846 | 50,981,840 | 13,563,003 | 7,962,647 | 3,287,940 | 91,403,276 | 75.8 | XXX | XXX | 91,403,277 | .0 |
| 10.2 Class 2 | 2,011,952 | 17,347,715 | 2,277,106 | .0 | .0 | 21,636,773 | 17.9 | XXX | XXX | 21,636,773 | .0 |
| 10.3 Class 3 | .0 | 2,525,761 | 5,010,070 | .0 | .0 | 7,535,831 | 6.2 | XXX | XXX | 7,535,831 | .0 |
| 10.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | XXX | XXX | .0 | .0 |
| 10.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | XXX | XXX | .0 | .0 |
| 10.6 Class 6 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | XXX | XXX | .0 | .0 |
| 10.7 Totals | 17,619,798 | 70,855,316 | 20,850,179 | 7,962,647 | 3,287,940 | 120,575,880 | 100.0 | XXX | XXX | 120,575,881 | .0 |
| 10.8 Line 10.7 as a % of Col. 6 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | 0.0 |
| 11. Total Bonds Prior Year | | | | | | | | | | | |
| 11.1 Class 1 | 27,682,618 | 46,480,043 | 22,359,480 | 7,264,252 | 1,290,865 | XXX | XXX | 105,077,258 | 81.0 | 105,077,259 | .0 |
| 11.2 Class 2 | 3,519,600 | 8,649,360 | 2,761,954 | 150,000 | .0 | XXX | XXX | 15,080,914 | 11.6 | 15,080,914 | .0 |
| 11.3 Class 3 | 1,210,088 | 1,469,584 | 6,588,152 | .0 | .0 | XXX | XXX | 9,267,824 | 7.1 | 9,267,823 | .0 |
| 11.4 Class 4 | .0 | 273,750 | .0 | .0 | .0 | XXX | XXX | 273,750 | 0.2 | 273,750 | .0 |
| 11.5 Class 5 | .0 | .0 | .0 | .0 | .0 | XXX | XXX | .0 | 0.0 | .0 | .0 |
| 11.6 Class 6 | .0 | .0 | .0 | .0 | .0 | XXX | XXX | .0 | 0.0 | .0 | .0 |
| 11.7 Totals | 32,412,306 | 56,872,737 | 31,709,586 | 7,414,252 | 1,290,865 | XXX | XXX | 129,699,746 | 100.0 | 129,699,746 | .0 |
| 11.8 Line 11.7 as a % of Col. 8 | 25.0 | 43.8 | 24.4 | 5.7 | 1.0 | XXX | XXX | 100.0 | XXX | 100.0 | 0.0 |
| 12. Total Publicly Traded Bonds | | | | | | | | | | | |
| 12.1 Class 1 | 15,607,847 | 50,981,840 | 13,563,003 | 7,962,647 | 3,287,940 | 91,403,277 | 75.8 | 105,077,259 | 81.0 | 91,403,277 | XXX |
| 12.2 Class 2 | 2,011,952 | 17,347,715 | 2,277,105 | .0 | .0 | 21,636,772 | 17.9 | 15,080,914 | 11.6 | 21,636,772 | XXX |
| 12.3 Class 3 | .0 | 2,525,761 | 5,010,071 | .0 | .0 | 7,535,832 | 6.2 | 9,267,823 | 7.1 | 7,535,832 | XXX |
| 12.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | 273,750 | 0.2 | .0 | XXX |
| 12.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | XXX |
| 12.6 Class 6 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | XXX |
| 12.7 Totals | 17,619,799 | 70,855,316 | 20,850,179 | 7,962,647 | 3,287,940 | 120,575,881 | 100.0 | 129,699,746 | 100.0 | 120,575,881 | XXX |
| 12.8 Line 12.7 as a % of Col. 6 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | XXX |
| 12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | XXX |
| 13. Total Privately Placed Bonds | | | | | | | | | | | |
| 13.1 Class 1 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.2 Class 2 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.3 Class 3 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.4 Class 4 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.5 Class 5 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.6 Class 6 | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.7 Totals | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | XXX | .0 |
| 13.8 Line 13.7 as a % of Col. 6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | XXX | XXX | XXX | XXX | 0.0 |
| 13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | XXX | XXX | XXX | XXX | 0.0 |

(a) Includes \$.0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
 (b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 , current year, .0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
 (c) Includes \$.0 current year, \$.0 prior year of bonds with 5* designations and \$.0 , current year, .0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2

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

| Distribution by Type | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total from Col 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|-------------------------|------------------------------------|-------------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 1. U.S. Governments, Schedules D & DA (Group 1) | | | | | | | | | | | |
| 1.1 Issuer Obligations | .0 | 8,014,089 | .0 | .0 | .0 | 8,014,089 | 6.6 | 11,281,475 | 8.7 | 8,014,089 | .0 |
| 1.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 2,564,500 | 4,847,863 | 2,106,426 | 1,056,367 | 134,957 | 10,710,113 | 8.9 | 15,552,972 | 12.0 | 10,710,112 | 0 |
| 1.7 Totals | 2,564,500 | 12,861,952 | 2,106,426 | 1,056,367 | 134,957 | 18,724,202 | 15.5 | 26,834,447 | 20.7 | 18,724,201 | 0 |
| 2. All Other Governments, Schedules D & DA (Group 2) | | | | | | | | | | | |
| 2.1 Issuer Obligations | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 2.2 Single Class Mortgage-Backed/Asset-Backed Bonds | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 2.3 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 2.4 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 2.5 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 2.6 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 2.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3) | | | | | | | | | | | |
| 3.1 Issuer Obligations | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 3.2 Single Class Mortgage-Backed/Asset-Backed Bonds | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 3.3 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 3.4 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 3.5 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 3.6 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 3.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4) | | | | | | | | | | | |
| 4.1 Issuer Obligations | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 4.2 Single Class Mortgage-Backed/Asset-Backed Bonds | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 4.3 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 4.4 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 4.5 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 4.6 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 4.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5) | | | | | | | | | | | |
| 5.1 Issuer Obligations | .0 | 4,214,532 | .0 | 229,751 | .0 | 4,444,283 | 3.7 | 1,673,163 | 1.3 | 4,444,284 | .0 |
| 5.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 4,519,486 | 8,018,530 | 5,243,411 | 3,624,476 | 3,152,983 | 24,558,886 | 20.4 | 25,813,174 | 19.9 | 24,558,886 | .0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 5.3 Defined | 3,197,777 | 5,273,510 | 1,501,505 | 2,019,364 | .0 | 11,992,156 | 9.9 | 5,211,105 | 4.0 | 11,992,157 | .0 |
| 5.4 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 5.5 Defined | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 5.6 Other | .0 | .0 | .0 | .0 | .0 | .0 | 0.0 | .0 | 0.0 | .0 | .0 |
| 5.7 Totals | 7,717,263 | 17,506,572 | 6,744,916 | 5,873,591 | 3,152,983 | 40,995,325 | 34.0 | 32,697,442 | 25.2 | 40,995,327 | 0 |

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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

| Distribution by Type | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total from Col. 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|-------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6) | | | | | | | | | | | |
| 6.1 Issuer Obligations | 999,847 | 3,786,371 | 2,675,603 | 0 | 0 | 7,461,821 | 6.2 | 6,169,549 | 4.8 | 7,461,821 | 0 |
| 6.2 Single Class Mortgage-Backed/Asset-Based Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES: | | | | | | | | | | | |
| 6.3 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 6.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 6.5 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 6.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 6.7 Totals | 999,847 | 3,786,371 | 2,675,603 | 0 | 0 | 7,461,821 | 6.2 | 6,169,549 | 4.8 | 7,461,821 | 0 |
| 7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7) | | | | | | | | | | | |
| 7.1 Issuer Obligations | 5,546,036 | 35,998,395 | 9,160,604 | 994,104 | 0 | 51,699,139 | 42.9 | 61,834,956 | 47.7 | 51,699,138 | 0 |
| 7.2 Single Class Mortgage-Backed/Asset-Based Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES: | | | | | | | | | | | |
| 7.3 Defined | 120,986 | 373,254 | 162,631 | 38,584 | 0 | 695,455 | 0.6 | 1,163,482 | 0.9 | 695,455 | 0 |
| 7.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 7.5 Defined | 671,168 | 328,772 | 0 | 0 | 0 | 999,940 | 0.8 | 999,871 | 0.8 | 999,939 | 0 |
| 7.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 7.7 Totals | 6,338,190 | 36,700,421 | 9,323,235 | 1,032,688 | 0 | 53,394,534 | 44.3 | 63,998,309 | 49.3 | 53,394,532 | 0 |
| 8. Credit Tenant Loans, Schedules D & DA (Group 8) | | | | | | | | | | | |
| 8.1 Issuer Obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 8.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9) | | | | | | | | | | | |
| 9.1 Issuer Obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9.2 Single Class Mortgage-Backed/Asset-Based Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES: | | | | | | | | | | | |
| 9.3 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 9.5 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |
| 9.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

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

| Distribution by Type | 1 1 Year or Less | 2 Over 1 Year Through 5 Years | 3 Over 5 Years Through 10 Years | 4 Over 10 Years Through 20 Years | 5 Over 20 Years | 6 Total Current Year | 7 Col. 6 as a % of Line 10.7 | 8 Total From Col. 7 Prior Year | 9 % From Col. 8 Prior Year | 10 Total Publicly Traded | 11 Total Privately Placed |
|---|---------------------|-------------------------------------|---------------------------------------|--|--------------------|----------------------------|------------------------------------|--------------------------------------|----------------------------------|--------------------------------|---------------------------------|
| 10. Total Bonds Current Year | | | | | | | | | | | |
| 10.1 Issuer Obligations | 6,545,883 | 52,013,387 | 11,836,206 | 1,223,856 | 0 | 71,619,332 | 59.4 | XXX | XXX | 71,619,331 | 0 |
| 10.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 7,083,986 | 12,866,393 | 7,349,836 | 4,680,843 | 3,287,940 | 35,268,998 | 29.3 | XXX | XXX | 35,268,998 | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 10.3 Defined | 3,318,763 | 5,646,764 | 1,664,137 | 2,057,949 | 0 | 12,687,613 | 10.5 | XXX | XXX | 12,687,612 | 0 |
| 10.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | XXX | XXX | 0 | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 10.5 Defined | 671,168 | 328,772 | 0 | 0 | 0 | 999,940 | 0.8 | XXX | XXX | 999,939 | 0 |
| 10.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | XXX | XXX | 0 | 0 |
| 10.7 Totals | 17,619,800 | 70,855,316 | 20,850,179 | 7,962,648 | 3,287,940 | 120,575,883 | 100.0 | XXX | XXX | 120,575,880 | 0 |
| 10.8 Line 10.7 as a % of Col. 6 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | 0.0 |
| 11. Total Bonds Prior Year | | | | | | | | | | | |
| 11.1 Issuer Obligations | 20,290,571 | 36,847,964 | 22,006,834 | 1,813,773 | 0 | XXX | XXX | 80,959,142 | 62.4 | 80,959,142 | 0 |
| 11.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 7,430,206 | 17,884,995 | 9,219,559 | 5,540,521 | 1,290,865 | XXX | XXX | 41,366,146 | 31.9 | 41,366,146 | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 11.3 Defined | 4,691,528 | 1,139,907 | 483,193 | 59,958 | 0 | XXX | XXX | 6,374,586 | 4.9 | 6,374,587 | 0 |
| 11.4 Other | 0 | 0 | 0 | 0 | 0 | XXX | XXX | 0 | 0.0 | 0 | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 11.5 Defined | 0 | 999,871 | 0 | 0 | 0 | XXX | XXX | 999,871 | 0.8 | 999,871 | 0 |
| 11.6 Other | 0 | 0 | 0 | 0 | 0 | XXX | XXX | 0 | 0.0 | 0 | 0 |
| 11.7 Totals | 32,412,305 | 56,872,737 | 31,709,586 | 7,414,252 | 1,290,865 | XXX | XXX | 129,699,745 | 100.0 | 129,699,746 | 0 |
| 11.8 Line 11.7 as a % of Col. 8 | 25.0 | 43.8 | 24.4 | 5.7 | 1.0 | XXX | XXX | 100.0 | XXX | 100.0 | 0.0 |
| 12. Total Publicly Traded Bonds | | | | | | | | | | | |
| 12.1 Issuer Obligations | 6,545,883 | 52,013,387 | 11,836,206 | 1,223,856 | 0 | 71,619,332 | 59.4 | 80,959,142 | 62.4 | 71,619,332 | XXX |
| 12.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 7,083,986 | 12,866,393 | 7,349,836 | 4,680,843 | 3,287,940 | 35,268,998 | 29.3 | 41,366,146 | 31.9 | 35,268,998 | XXX |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 12.3 Defined | 3,318,763 | 5,646,764 | 1,664,137 | 2,057,949 | 0 | 12,687,613 | 10.5 | 6,374,587 | 4.9 | 12,687,613 | XXX |
| 12.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | XXX |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 12.5 Defined | 671,168 | 328,772 | 0 | 0 | 0 | 999,940 | 0.8 | 999,871 | 0.8 | 999,940 | XXX |
| 12.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | 0 | XXX |
| 12.7 Totals | 17,619,800 | 70,855,316 | 20,850,179 | 7,962,648 | 3,287,940 | 120,575,883 | 100.0 | 129,699,746 | 100.0 | 120,575,883 | XXX |
| 12.8 Line 12.7 as a % of Col. 6 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | XXX |
| 12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 | 14.6 | 58.8 | 17.3 | 6.6 | 2.7 | 100.0 | XXX | XXX | XXX | 100.0 | XXX |
| 13. Total Privately Placed Bonds | | | | | | | | | | | |
| 13.1 Issuer Obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| 13.2 Single Class Mortgage-Backed/Asset-Backed Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES: | | | | | | | | | | | |
| 13.3 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| 13.4 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES: | | | | | | | | | | | |
| 13.5 Defined | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| 13.6 Other | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| 13.7 Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0 | 0.0 | XXX | 0 |
| 13.8 Line 13.7 as a % of Col. 6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | XXX | XXX | XXX | XXX | 0.0 |
| 13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | XXX | XXX | XXX | XXX | 0.0 |

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SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

| | 1 | 2 | 3 | 4 | 5 |
|---|------------|------------|----------------|---------------------------------------|--|
| | Total | Bonds | Mortgage Loans | Other Short-term Investment Assets(a) | Investments in Parent, Subsidiaries and Affiliates |
| 1. Book/adjusted carrying value, prior year | 12,051,064 | 12,051,064 | 0 | 0 | 0 |
| 2. Cost of short-term investments acquired | 53,360,701 | 53,360,701 | | | |
| 3. Increase (decrease) by adjustment | 0 | 0 | | | |
| 4. Increase (decrease) by foreign exchange adjustment | 0 | 0 | | | |
| 5. Total profit (loss) on disposal of short-term investments | 0 | 0 | | | |
| 6. Consideration received on disposal of short-term investments | 64,389,540 | 64,389,540 | | | |
| 7. Book/adjusted carrying value, current year | 1,022,225 | 1,022,225 | 0 | 0 | 0 |
| 8. Total valuation allowance | 0 | | | | |
| 9. Subtotal (Lines 7 plus 8) | 1,022,225 | 1,022,225 | 0 | 0 | 0 |
| 10. Total nonadmitted amounts | 0 | | | | |
| 11. Statement value (Lines 9 minus 10) | 1,022,225 | 1,022,225 | 0 | 0 | 0 |
| 12. Income collected during year | 106,063 | 106,063 | | | |
| 13. Income earned during year | 106,063 | 106,063 | | | |

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

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Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 3

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

| 1 Federal ID Number | 2 NAIC Company Code | 3 Name of Reinsurer | 4 Domiciliary Jurisdiction | 5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written | 6 Reinsurance Premiums Ceded | Reinsurance Recoverable On | | | | | | | | | | Reinsurance Payable | | 18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17] | 19 Funds Held By Company Under Reinsurance Treaties | | | | | | | | | | | | |
|---|------------------------|--|-------------------------------|--|---------------------------------|----------------------------|---------------|-------------------------------|-------------------------------|--------------------------|-------------------------|-------------------------|------------------------------|------------------------------|------------------------------|---------------------------------------|--------|---|--|------------|--------------|----------|---------------|--------------|--------------|----------|---------------|----------|--------------|---------------|---------------|
| | | | | | | 7 Paid Losses | 8 Paid LAE | 9 Known Case Loss Reserves | 10 Known Case LAE Reserves | 11 IBNR Loss Reserves | 12 IBNR LAE Reserves | 13 Unearned Premiums | 14 Contingent Commissions | 15 Cols. 7 thru 14 Totals | 16 Ceded Balances Payable | 17 Other Amounts Due to Reinsurers | | | | | | | | | | | | | | | |
| 0499999 - Total - Authorized - Affiliates | | | | | | | | | | | | | | | | | | 0 | | 0 | | | | | | | | | | | |
| 13-4924125 | 10227 | American Reinsurance Company | DE | | | | | 1,238 | | 30,423 | 7,229 | 3,343 | | | 42,233 | | 42,233 | 38,159 | | | | | | | | | | | | | |
| 36-3347420 | 23876 | Chatham Reinsurance Corporation | NJ | | | 0 | 0 | | | | | | | 0 | | 9 | (8) | | | | | | | | | | | | | | |
| 13-3440360 | 29700 | European Reins. Corp of America | NH | | | 156 | 55 | | | | | | | 211 | | 657 | (446) | | | | | | | | | | | | | | |
| 00-0000000 | 00000 | New York Insurance Exchange | NY | | | 22 | 1 | | | | | | | 23 | | | 23 | | | | | | | | | | | | | | |
| 13-2930109 | 22047 | North Star Reinsurance Corp/Signet | DE | | | 4 | 4 | | | | | | | 8 | | 22 | (14) | | | | | | | | | | | | | | |
| 06-1008792 | 37818 | Orion Insurance Company | CT | | | 13 | 4 | | | | | | | 16 | | | 16 | | | | | | | | | | | | | | |
| 23-2153760 | 39675 | PMA Reinsurance Corporation | PA | | | 38 | 12 | | | | | | | 49 | | 19 | 31 | | | | | | | | | | | | | | |
| 23-0580680 | 24457 | Reliance Insurance Corporation | PA | | | 29 | 5 | | | | | | | 35 | | 31 | 3 | | | | | | | | | | | | | | |
| 75-1444207 | 30058 | SCOR Reinsurance Company | NY | | | 361 | 100 | | | | | | | 460 | | 1,393 | (932) | | | | | | | | | | | | | | |
| 13-3029255 | 39322 | Sorema North American Reinsurance Co. | NY | | | 42 | 13 | | | | | | | 54 | | 175 | (121) | | | | | | | | | | | | | | |
| 41-0406690 | 24767 | St. Paul Marine & Fire Insurance Company | MN | | | 76 | 16 | | | | | | | 92 | | 228 | (136) | | | | | | | | | | | | | | |
| 47-0698507 | 23680 | TIG Reinsurance Company | CT | | | 25 | 8 | | | | | | | 33 | | 35 | (2) | | | | | | | | | | | | | | |
| 13-6108722 | 12904 | Tokio Marine & Fire Insurance Company | NY | | | 0 | 0 | | | | | | | 0 | | 7 | (7) | | | | | | | | | | | | | | |
| 0599998 - Other U.S. Unaffil Insurers (Under \$100,000) | | | | | | | | | | | | | | | | | | 0 | | 0 | | | | | | | | | | | |
| 0599999 - Authorized - Other U.S. Unaffiliated Insurers | | | | | | | | | | | | | | | | | | 0 | 766 | 217 | 1,238 | 0 | 30,423 | 7,229 | 3,343 | 0 | 43,216 | 0 | 2,576 | 40,640 | 38,159 |
| AA-1122000 | 00000 | Lloyds Underwriters | EN | | | 97 | 8 | | | | | | | 105 | | 6 | 99 | | | | | | | | | | | | | | |
| 0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000) | | | | | | | | | | | | | | | | | | 0 | | | | | | | | | 0 | | 0 | | |
| 0899999 - Authorized - Other Non-U.S. Insurers | | | | | | | | | | | | | | | | | | 97 | 8 | | | | | | | | 105 | 6 | 99 | | |
| 0999999 - Total - Authorized | | | | | | | | | | | | | | | | | | 0 | 863 | 225 | 1,238 | 0 | 30,423 | 7,229 | 3,343 | 0 | 43,321 | 0 | 2,582 | 40,739 | 38,159 |
| 1399999 - Total - Unauthorized - Affiliates | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | | | 0 | |
| 1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | | | 0 | |
| AA-1120440 | 00000 | Copenhagen Reinsurance Company (UK) Ltd. | EN | | | 13 | 1 | | | | | | | 14 | | 55 | (41) | | | | | | | | | | | | | | |
| AA-1120580 | 00000 | Excess Insurance Company, Ltd. | EN | | | 16 | 1 | | | | | | | 17 | | | 17 | | | | | | | | | | | | | | |
| AA-1560483 | 00000 | Hannover Stahl Ruckversicherungs Akt. | GW | | | | | | | | | | | 0 | | 27 | (27) | | | | | | | | | | | | | | |
| AA-1561035 | 00000 | Mutuelle General Francaise Accidents | FR | | | 4 | 0 | | | | | | | 4 | | | 4 | | | | | | | | | | | | | | |
| AA-1121295 | 00000 | Scan Re Insurance Co., Ltd. | EN | | | 0 | 0 | | | | | | | 0 | | | 0 | | | | | | | | | | | | | | |
| 1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 | | 0 | | |
| 1799999 - Unauthorized - Other Non-U.S. Insurers | | | | | | | | | | | | | | | | | | 34 | 2 | | | | | | | | 36 | 82 | (46) | | |
| 1899999 - Total - Unauthorized | | | | | | | | | | | | | | | | | | 34 | 2 | | | | | | | | 36 | 82 | (46) | | |
| 9999999 Totals | | | | | | | | | | | | | | | | | | 0 | 897 | 227 | 1,238 | 0 | 30,423 | 7,229 | 3,343 | 0 | 43,357 | 0 | 2,664 | 40,693 | 38,159 |

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

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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

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

| 1 Federal ID Number | 2 NAIC Company Code | 3 Name of Reinsurer | 4 Domiciliary Jurisdiction | Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses | | | | | | | 11 Total Due Cols. 5 + 10 | 12 Percentage Overdue Col. 10/Col. 11 | 13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11 | | |
|---|------------------------|--|-------------------------------|--|-------------------|-------------------|--------------------|--------------------|--------------------|--|---------------------------------|--|---|----------|----------|
| | | | | 5 Current | Overdue | | | | | 10 Total Overdue Cols. 6 + 7 + 8 + 9 | | | | | |
| | | | | | 6 1 to 29 Days | 7 30 - 90 Days | 8 91 - 120 Days | 9 Over 120 Days | 9 Over 120 Days | | | | | | |
| 0199999 - Authorized - Affiliates - U.S. Intercompany Pooling | | | | | | | | | | | | 0.0 | 0.0 | | |
| 0299999 - Authorized - Affiliates - U.S. Non-Pool | | | | | | | | | | | | 0.0 | 0.0 | | |
| 0399999 - Authorized - Affiliates - Other (Non-U.S.) | | | | | | | | | | | | 0.0 | 0.0 | | |
| 0499999 - Total - Authorized - Affiliates | | | | | | | | | | | | 0 | 0 | | |
| 36-3347420 | 23876 | Chatham Reinsurance Corporation | NJ | | | | | .0 | .0 | .0 | 100.0 | 100.0 | | | |
| 13-3440360 | 29700 | European Reins. Corp of America | NH | | | | | 211 | 211 | 211 | 100.0 | 100.0 | | | |
| 00-0000000 | 00000 | New York Insurance Exchange | NY | | | | | 23 | 23 | 23 | 100.0 | 100.0 | | | |
| 13-2930109 | 22047 | North Star Reinsurance Corp/signet | DE | | | | | .8 | .8 | .8 | 100.0 | 100.0 | | | |
| 06-1008792 | 37818 | Orion Insurance Company | CT | | | | | 16 | 16 | 16 | 100.0 | 100.0 | | | |
| 23-2153760 | 39675 | PMA Reinsurance Corporation | PA | | | | | 49 | 49 | 49 | 100.0 | 100.0 | | | |
| 23-0580680 | 24457 | Reliance Insurance Corporation | PA | | | | | 35 | 35 | 35 | 100.0 | 100.0 | | | |
| 75-1444207 | 30058 | SCOR reinsurance Company | NY | | | | | 460 | 460 | 460 | 100.0 | 100.0 | | | |
| 13-3029255 | 39322 | Sorema North American Reinsurance Co. | NY | | | | | 54 | 54 | 54 | 100.0 | 100.0 | | | |
| 41-0406690 | 24767 | St. Paul Marine & Fire Insurance Company | MN | | | | | 92 | 92 | 92 | 100.0 | 100.0 | | | |
| 47-0698507 | 23680 | TIG Reinsurance Company | CT | | | | | 33 | 33 | 33 | 100.0 | 100.0 | | | |
| 13-6108722 | 12904 | Tokio Marine & Fire Insurance Company | NY | | | | | .0 | .0 | .0 | 100.0 | 100.0 | | | |
| 0599999 - Authorized - Other U.S. Unaffiliated Insurers | | | | | | | | | | | | 983 | 983 | 100.0 | 100.0 |
| 0699999 - Authorized - Pools - Mandatory Pools | | | | | | | | | | | | | | 0.0 | 0.0 |
| 0799999 - Authorized - Pools - Voluntary Pools | | | | | | | | | | | | | | 0.0 | 0.0 |
| AA-1122000 | 00000 | Lloyds Underwriters | EN | | | | | 105 | 105 | 105 | 100.0 | 100.0 | | | |
| 0899999 - Authorized - Other Non-U.S. Insurers | | | | | | | | | | | | 105 | 105 | 100.0 | 100.0 |
| 0999999 - Total - Authorized | | | | | | | | | | | | 1,088 | 1,088 | 100.0 | 100.0 |
| 1099999 - Unauthorized - Affiliates - U.S. Intercompany Pooling | | | | | | | | | | | | | | 0.0 | 0.0 |
| 1199999 - Unauthorized - Affiliates - U.S. Non-Pool | | | | | | | | | | | | | | 0.0 | 0.0 |
| 1299999 - Unauthorized - Affiliates - Other (Non-U.S.) | | | | | | | | | | | | | | 0.0 | 0.0 |
| 1399999 - Total - Unauthorized - Affiliates | | | | | | | | | | | | 0 | 0 | 0.0 | 0.0 |
| 1499999 - Unauthorized - Other U.S. Unaffiliated Insurers | | | | | | | | | | | | | | 0.0 | 0.0 |
| 1599999 - Unauthorized - Pools - Mandatory Pools | | | | | | | | | | | | | | 0.0 | 0.0 |
| 1699999 - Unauthorized - Pools - Voluntary Pools | | | | | | | | | | | | | | 0.0 | 0.0 |
| AA-1120440 | 00000 | Copenhagen Reinsurance Company (UK) Ltd | EN | | | | | 14 | 14 | 14 | 100.0 | 100.0 | | | |
| AA-1120580 | 00000 | Excess Insurance Company, Ltd | EN | | | | | 17 | 17 | 17 | 100.0 | 100.0 | | | |
| AA-1560483 | 00000 | Hannover Stahl Ruckversicherungs Akf. | GW | | | | | .0 | .0 | .0 | 0.0 | 0.0 | | | |
| AA-1561035 | 00000 | Mutuelle General Francaise Accidents | FR | | | | | .4 | .4 | .4 | 100.0 | 100.0 | | | |
| AA-1121295 | 00000 | Scan Re Insurance Co., Ltd | EN | | | | | .0 | .0 | .0 | 100.0 | 100.0 | | | |
| 1799999 - Unauthorized - Other Non-U.S. Insurers | | | | | | | | | | | | 0 | 0 | 0 | 0 |
| 1899999 - Total - Unauthorized | | | | | | | | | | | | 0 | 0 | 0 | 0 |
| 9999999 Totals | | | | | | | | | | | | 0 | 0 | 0 | 0 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

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

| 1 Federal ID Number | 2 NAIC Company Code | 3 Name of Reinsurer | 4 Domiciliary Jurisdiction | Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses | | | | | | | 12 Percentage Overdue Col. 10/Col. 11 | 13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11 |
|------------------------------|------------------------------|------------------------|----------------------------------|--|-------------------|-------------------|--------------------|--------------------|---------------------------------|--|--|---|
| | | | | 5 Current | Overdue | | | | 11 Total Due Cols. 5 + 10 | | | |
| | | | | | 6 1 to 29 Days | 7 30 - 90 Days | 8 91 - 120 Days | 9 Over 120 Days | | 10 Total Overdue Cols. 6 + 7 + 8 + 9 | | |
| 9999999 Totals | | | | 0 | 0 | 0 | 0 | 1,124 | 1,124 | 1,124 | 100.0 | 100.0 |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 5

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|-----------------------------------|-------------------|---|--------------------------|--|--|-------------------|------------------------|------------------------|----------------------------|--|-------------------------------|---|--------------------------|-------------------------------|---|--|
| Federal ID Number | NAIC Company Code | Name of Reinsurer | Domiciliary Jurisdiction | Reinsurance Recoverable all Items Schedule F Part 3, Col. 15 | Funds Held By Company Under Reinsurance Treaties | Letters of Credit | Ceded Balances Payable | Miscellaneous Balances | Other Allowed Offset Items | Sum of Cols. 6 thru 10 but not in excess of Col. 5 | Subtotal Col. 5 minus Col. 11 | Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute | 20% of Amount in Col. 13 | Smaller of Col. 11 or Col. 14 | Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5 | Total Provision for Unauthorized Reinsurance Smaller of Col.5 or Cols. 12 +15 + 16 |
| 0499999 - Total - Affiliates | | | | | | | | | | 0 | 0 | | 0 | 0 | 0 | 0 |
| AA-1120440 | 00000 | Copenhagen Reinsurance Company (UK) Ltd | EN | 14 | | | | 55 | | 14 | 0 | | 0 | 0 | 0 | 0 |
| AA-1120580 | 00000 | Excess Insurance Company, Ltd. | EN | 17 | | | | | | 0 | 17 | | 0 | 0 | 0 | 17 |
| AA-1560483 | 00000 | Hanover Stahl Ruckversicherungs Akf. | GW | 0 | | | | 27 | | 0 | 0 | | 0 | 0 | 0 | 0 |
| AA-1561035 | 00000 | Mutuelle Generale Francaise Accidents | FR | 4 | | | | | | 0 | 4 | | 0 | 0 | 0 | 4 |
| AA-1121295 | 00000 | Scan Re Insurance Co., Ltd. | EN | 0 | | | | | | 0 | 0 | | 0 | 0 | 0 | 0 |
| 0899999 - Other Non-U.S. Insurers | | | | 36 | | | | 82 | | 14 | 22 | | | | | 22 |
| 9999999 Totals | | | | 36 | | | | 82 | | 14 | 22 | | 0 | 0 | 0 | 22 |

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

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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 6

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

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|-----------------------|-------------------|--|--|---|--------------------------------|---------------------------------|---|---|-------------------------|---|
| Federal ID Number | NAIC Company Code | Name of Reinsurer | Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a) | Total Reinsurance Recoverable on Paid Losses and Paid LAE (b) | Amounts Received Prior 90 Days | Col. 4 divided by (Cols. 5 + 6) | Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7 | Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7 | 20% of Amount in Col. 9 | Amount Reported in Col. 8 x 20% + Col. 10 |
| 36-3347420 | 23876 | Chatham Reinsurance Corporation | 243 | 243 | | 100.0 | 0 | 0 | 0 | 0 |
| 13-3440360 | 29700 | European Reins. Corp of America | 211,152 | 211,152 | | 100.0 | 0 | 0 | 0 | 0 |
| AA-1122000 | 00000 | Lloyds Underwriters | 104,990 | 104,990 | | 100.0 | 0 | 0 | 0 | 0 |
| 00-0000000 | 00000 | New York Insurance Exchange | 22,947 | 22,947 | | 100.0 | 0 | 0 | 0 | 0 |
| 13-2930109 | 22047 | North Star Reinsurance Corp/Signet | 7,971 | 7,971 | | 100.0 | 0 | 0 | 0 | 0 |
| 06-1008792 | 37818 | Orion Insurance Company | 16,459 | 16,459 | | 100.0 | 0 | 0 | 0 | 0 |
| 23-2153760 | 39675 | PMA Reinsurance Corporation | 49,375 | 49,375 | | 100.0 | 0 | 0 | 0 | 0 |
| 23-0580680 | 24457 | Reliance Insurance Company | 34,664 | 34,664 | | 100.0 | 0 | 0 | 0 | 0 |
| 75-1444207 | 30058 | SCOR Reinsurance Company | 460,439 | 460,439 | | 100.0 | 0 | 0 | 0 | 0 |
| 13-3029255 | 39322 | Sorema North American Reinsurance Co | 54,409 | 54,409 | | 100.0 | 0 | 0 | 0 | 0 |
| 41-0406690 | 24767 | St. Paul Marine and Fire Insurance Company | 92,356 | 92,356 | | 100.0 | 0 | 0 | 0 | 0 |
| 47-0698507 | 23680 | TIG Reinsurance Company | 32,917 | 32,917 | | 100.0 | 0 | 0 | 0 | 0 |
| 13-6108722 | 12904 | Tokio Marine & Fire Insurance Company | 154 | 154 | | 100.0 | 0 | 0 | 0 | 0 |
| 9999999 Totals | | | 1,088,076 | 1,088,076 | | 100.0 | 0 | 0 | 0 | 0 |

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

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ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

| 1 Federal ID Number | 2 NAIC Company Code | 3 Name of Reinsurer | 4 Reinsurance Recoverable All Items | 5 Funds Held By Company Under Reinsurance Treaties | 6 Letters of Credit | 7 Ceded Balances Payable | 8 Other Miscellaneous Balances | 9 Other Allowed Offset Items | 10 Sum of Cols. 5 thru 9 but not in excess of Col. 4 | 11 Col. 4 minus Col. 10 | 12 Greater of Col. 11 or Schedule F - Part 4 Cols. 8 + 9 |
|------------------------------|------------------------------|-----------------------------|--|---|------------------------|--------------------------------|--------------------------------------|------------------------------------|---|----------------------------|---|
| AA-1122000 | 00000 | Lloyds Underwriters | 104,990 | | | | 6,212 | | 6,212 | 98,778 | 98,778 |
| 00-0000000 | 00000 | New York Insurance Exchange | 22,947 | | | | | | 0 | 22,947 | 22,947 |
| 06-1008792 | 37818 | Orion Insurance Company | 16,459 | | | | | | 0 | 16,459 | 16,459 |
| 23-2153760 | 39675 | PMA reinsurance Corporation | 49,375 | | | | 18,636 | | 18,636 | 30,739 | 30,739 |
| 23-0580680 | 24457 | Reliance Insurance Company | 34,664 | | | | 31,293 | | 31,293 | 3,371 | 3,371 |
| 9999999 Totals | | | 228,435 | | | | 56,141 | | 56,141 | 172,294 | 172,294 |

| | |
|--|---------|
| 1. Total | 172,294 |
| 2. Line 1 x .2 | 34,459 |
| 3. Schedule F - Part 6 Col. 11 | 0 |
| 4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3) | 34,459 |
| 5. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 17 x 1000) | 21,790 |
| 6. Provision for Reinsurance (sum Lines 4 + 5)[Enter this amount on Page 3, Line 15] | 56,249 |

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**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

| | 1 As Reported (Net of Ceded) | 2 Restatement Adjustments | 3 Restated (Gross of Ceded) |
|---|------------------------------------|---------------------------------|-----------------------------------|
| <u>ASSETS</u> (Page 2, Col. 3) | | | |
| 1. Cash and invested assets (Line 9) | 121,987,314 | | 121,987,314 |
| 2. Agents' balances or uncollected premiums (Line 10) | 0 | | 0 |
| 3. Funds held by or deposited with reinsured companies (Line 11) | 0 | | 0 |
| 4. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14) | 1,124,022 | (1,124,022) | 0 |
| 5. Other assets (Lines 12 and 13 and 15 through 24) | 2,261,800 | | 2,261,800 |
| 6. Net amount recoverable from reinsurers | | 5,142,216 | 5,142,216 |
| 7. Totals (Line 25) | 125,373,136 | 4,018,194 | 129,391,330 |
| <u>LIABILITIES</u> (Page 3) | | | |
| 8. Losses and loss adjustment expenses (Lines 1 through 3) | 80,850,270 | 38,890,368 | 119,740,638 |
| 9. Taxes, expenses, and other obligations (Lines 4 through 8) | 35,715 | | 35,715 |
| 10. Unearned premiums (Line 9) | 2,792,000 | 3,343,000 | 6,135,000 |
| 11. Dividends declared and unpaid (Line 10.1 and 10.2) | 0 | | 0 |
| 12. Funds held by company under reinsurance treaties (Line 12) | 38,158,925 | (38,158,925) | 0 |
| 13. Amounts withheld or retained by company for account of others (Line 13) | 0 | | 0 |
| 14. Provision for reinsurance (Line 15) | 56,249 | (56,249) | 0 |
| 15. Other liabilities (Lines 11, 14 and 16 through 22) | 12,783,841 | | 12,783,841 |
| 16. Total liabilities (Line 23) | 134,677,000 | 4,018,194 | 138,695,194 |
| 17. Surplus as regards policyholders (Line 32) | (9,303,864) | X X X | (9,303,864) |
| 18. Totals (Line 33) | 125,373,136 | 4,018,194 | 129,391,330 |

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

If yes, give full explanation:

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5

NONE

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | | 12 Number of Claims Reported - Direct and Assumed | |
|--|-------------------------|------------|------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|--|--|--|
| | 1 Direct and Assumed | 2 Ceded | 3 Net (Cols. 1 - 2) | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | 10 Salvage and Subrogation Received | | 11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |
| | | | | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | | | |
| | | | | | | | | | | | | |
| 1. Prior | XXX | XXX | XXX | (5) | 0 | 21 | 0 | 0 | 0 | 5 | 16 | XXX |
| 2. 1992 | 23,047 | 5,737 | 17,310 | 27,238 | 1,170 | 10,213 | 856 | 4,181 | 0 | 4,525 | 39,606 | XXX |
| 3. 1993 | 23,496 | 7,466 | 16,030 | 21,746 | 4,573 | 6,744 | 279 | 4,751 | 0 | 3,763 | 28,389 | XXX |
| 4. 1994 | 22,967 | 7,731 | 15,236 | 10,159 | 3,611 | 2,791 | 221 | 12,390 | 0 | 1,439 | 21,508 | XXX |
| 5. 1995 | 18,920 | 5,042 | 13,878 | 7,986 | 254 | 401 | 114 | 1,914 | 0 | 655 | 9,933 | XXX |
| 6. 1996 | 18,502 | 3,413 | 15,089 | 5,007 | 336 | 749 | 33 | 7,546 | 0 | 2,125 | 12,933 | XXX |
| 7. 1997 | 17,937 | 4,071 | 13,866 | 3,577 | 619 | 563 | 25 | 4,065 | 0 | 790 | 7,561 | XXX |
| 8. 1998 | 13,588 | 2,596 | 10,992 | 3,143 | 639 | 406 | 34 | 2,861 | 0 | 772 | 5,737 | XXX |
| 9. 1999 | 11,105 | 2,296 | 8,809 | 3,165 | 856 | 378 | 37 | 3,280 | 0 | 548 | 5,930 | XXX |
| 10. 2000 | 7,234 | 2,127 | 5,107 | 2,699 | 816 | 286 | 33 | 3,050 | 0 | 522 | 5,186 | XXX |
| 11. 2001 | 1,157 | (117) | 1,274 | 853 | 309 | 152 | 24 | 2,070 | 0 | 202 | 2,742 | XXX |
| 12. Totals | XXX | XXX | XXX | 85,568 | 13,183 | 22,704 | 1,656 | 46,108 | 0 | 15,346 | 139,541 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 Salvage and Subrogation Anticipated | 24 Total Net Losses and Expenses Unpaid | 25 Number of Claims Outstanding - Direct and Assumed |
|------------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 Direct and Assumed | 22 Ceded | | | |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | | | | | |
| | | | | | | | | | | | | | |
| 1. | 21,617 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 21,618 | XXX |
| 2. | 4,255 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,255 | XXX |
| 3. | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,600 | XXX |
| 4. | 2,103 | 2 | 55,341 | 30,423 | 1 | 0 | 13,150 | 7,229 | 14,809 | 0 | 0 | 47,750 | XXX |
| 5. | 306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 306 | XXX |
| 6. | 24 | 3 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | XXX |
| 7. | 183 | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 146 | XXX |
| 8. | 259 | 76 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 185 | XXX |
| 9. | 1,201 | 129 | 0 | 0 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 1,091 | XXX |
| 10. | 686 | 183 | 0 | 0 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 531 | XXX |
| 11. | 1,977 | 808 | 0 | 0 | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 1,344 | XXX |
| 12. Totals | 36,211 | 1,238 | 55,341 | 30,423 | 230 | 0 | 13,150 | 7,229 | 14,809 | 0 | 0 | 80,851 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 21,617 | 1 |
| 2. | 45,887 | 2,026 | 43,861 | 199.1 | 35.3 | 253.4 | 0 | 0 | | 4,255 | 0 |
| 3. | 36,841 | 4,852 | 31,989 | 156.8 | 65.0 | 199.6 | 0 | 0 | | 3,600 | 0 |
| 4. | 110,744 | 41,486 | 69,258 | 482.2 | 536.6 | 454.6 | 0 | 0 | | 27,019 | 20,731 |
| 5. | 10,607 | 368 | 10,239 | 56.1 | 7.3 | 73.8 | 0 | 0 | | 306 | 0 |
| 6. | 13,330 | 372 | 12,958 | 72.0 | 10.9 | 85.9 | 0 | 0 | | 21 | 4 |
| 7. | 8,388 | 681 | 7,707 | 46.8 | 16.7 | 55.6 | 0 | 0 | | 146 | 0 |
| 8. | 6,671 | 749 | 5,922 | 49.1 | 28.9 | 53.9 | 0 | 0 | | 183 | 2 |
| 9. | 8,043 | 1,022 | 7,021 | 72.4 | 44.5 | 79.7 | 0 | 0 | | 1,072 | 19 |
| 10. | 6,749 | 1,032 | 5,717 | 93.3 | 48.5 | 111.9 | 0 | 0 | | 503 | 28 |
| 11. | 5,227 | 1,141 | 4,086 | 451.8 | (975.2) | 320.7 | 0 | 0 | | 1,169 | 175 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 59,891 | 20,960 |

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

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | DEVELOPMENT | |
|-------------------------------------|---|--------|---------|--------|--------|--------|--------|--------|--------|--------|-------------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | One Year | Two Year |
| 1. Prior | 9,131 | 9,895 | 8,183 | 10,073 | 11,451 | 12,142 | 12,149 | 12,275 | 33,818 | 32,849 | (969) | 20,574 |
| 2. 1992 | 30,589 | 32,403 | 36,606 | 34,715 | 34,836 | 35,563 | 35,263 | 35,713 | 39,511 | 39,680 | 169 | 3,967 |
| 3. 1993 | XXX | 28,701 | 28,117 | 23,887 | 23,902 | 23,991 | 23,756 | 23,734 | 27,282 | 27,238 | (44) | 3,504 |
| 4. 1994 | XXX | XXX | 132,928 | 66,247 | 73,982 | 83,133 | 78,893 | 66,512 | 58,920 | 42,059 | (16,861) | (24,453) |
| 5. 1995 | XXX | XXX | XXX | 6,376 | 4,852 | 8,743 | 7,543 | 8,119 | 8,360 | 8,325 | (35) | 206 |
| 6. 1996 | XXX | XXX | XXX | XXX | 7,140 | 6,866 | 5,460 | 5,403 | 5,401 | 5,412 | 11 | 9 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 3,677 | 3,467 | 3,272 | 3,628 | 3,642 | 14 | 370 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 3,062 | 3,120 | 3,001 | 3,061 | 60 | (59) |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 3,154 | 4,251 | 3,741 | (510) | 587 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,460 | 2,667 | 207 | XXX |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,016 | XXX | XXX |
| 12. Totals | | | | | | | | | | | (17,958) | 4,705 |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 | 12 |
|-------------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | | |
| 1. Prior | 000 | 4,697 | 5,836 | 9,161 | 10,499 | 11,197 | 11,206 | 11,214 | 11,215 | 11,231 | XXX | XXX |
| 2. 1992 | 15,925 | 27,308 | 31,165 | 32,452 | 32,991 | 34,078 | 34,794 | 35,372 | 35,422 | 35,425 | XXX | XXX |
| 3. 1993 | XXX | 11,809 | 21,544 | 22,438 | 22,960 | 23,322 | 23,448 | 23,446 | 23,647 | 23,638 | XXX | XXX |
| 4. 1994 | XXX | XXX | (982) | 6,235 | 7,795 | 7,871 | 8,197 | 8,597 | 8,564 | 9,118 | XXX | XXX |
| 5. 1995 | XXX | XXX | XXX | 1,034 | 3,381 | 4,332 | 7,204 | 8,030 | 8,049 | 8,019 | XXX | XXX |
| 6. 1996 | XXX | XXX | XXX | XXX | 2,165 | 4,592 | 5,180 | 5,273 | 5,271 | 5,387 | XXX | XXX |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 1,392 | 2,905 | 2,952 | 3,457 | 3,496 | XXX | XXX |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 1,230 | 2,621 | 2,794 | 2,876 | XXX | XXX |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,031 | 2,263 | 2,650 | XXX | XXX |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,094 | 2,136 | XXX | XXX |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 672 | XXX | XXX |

SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | |
|-------------------------------------|---|-------|---------|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| 1. Prior | 3,685 | 3,162 | 1,865 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. 1992 | 2,378 | 892 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. 1993 | XXX | 4,018 | 2,369 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. 1994 | XXX | XXX | 119,883 | 56,034 | 64,516 | 73,342 | 69,825 | 57,587 | 47,275 | 30,839 |
| 5. 1995 | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. 1996 | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Medical Mal Occur

NONE

Schedule P - Part 1F - Medical Mal Claim

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance A

NONE

Schedule P - Part 1O - Reinsurance B

NONE

Schedule P - Part 1P - Reinsurance C

NONE

**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | 10 Salvage and Subrogation Received | 11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | 12 Number of Claims Reported - Direct and Assumed |
|--|-------------------------|------------|------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|--|--|--|
| | 1 Direct and Assumed | 2 Ceded | 3 Net (Cols. 1 - 2) | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | | | |
| | | | | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | | | |
| 1. Prior | XXX | XXX | XXX | (5) | 0 | 21 | 0 | 0 | 0 | 5 | 16 | XXX |
| 2. 1992 | 23,047 | 5,737 | 17,310 | 27,238 | 1,170 | 10,213 | 856 | 4,181 | 0 | 4,525 | 39,606 | 13,557 |
| 3. 1993 | 23,496 | 7,466 | 16,030 | 21,746 | 4,573 | 6,744 | 279 | 4,751 | 0 | 3,763 | 28,389 | 14,087 |
| 4. 1994 | 22,967 | 7,731 | 15,236 | 10,159 | 3,611 | 2,791 | 221 | 12,390 | 0 | 1,439 | 21,508 | 12,955 |
| 5. 1995 | 18,920 | 5,042 | 13,878 | 7,986 | 254 | 401 | 114 | 1,914 | 0 | 655 | 9,933 | 3,696 |
| 6. 1996 | 18,502 | 3,413 | 15,089 | 5,007 | 336 | 749 | 33 | 7,546 | 0 | 2,125 | 12,933 | 4,287 |
| 7. 1997 | 17,937 | 4,071 | 13,866 | 3,577 | 619 | 563 | 25 | 4,065 | 0 | 790 | 7,561 | 2,766 |
| 8. 1998 | 13,588 | 2,596 | 10,992 | 3,143 | 639 | 406 | 34 | 2,861 | 0 | 772 | 5,737 | 2,007 |
| 9. 1999 | 11,105 | 2,296 | 8,809 | 3,165 | 856 | 378 | 37 | 3,280 | 0 | 548 | 5,930 | 1,895 |
| 10. 2000 | 7,234 | 2,127 | 5,107 | 2,699 | 816 | 286 | 33 | 3,050 | 0 | 522 | 5,186 | 1,113 |
| 11. 2001 | 1,157 | (117) | 1,274 | 853 | 309 | 152 | 24 | 2,070 | 0 | 202 | 2,742 | 1,110 |
| 12. Totals | XXX | XXX | XXX | 85,568 | 13,183 | 22,704 | 1,656 | 46,108 | 0 | 15,346 | 139,541 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 Salvage and Subrogation Anticipated | 24 Total Net Losses and Expenses Unpaid | 25 Number of Claims Outstanding - Direct and Assumed |
|-----|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 Direct and Assumed | 22 Ceded | | | |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | | | | | |
| 1. | 21,617 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 21,618 | 338 |
| 2. | 4,255 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,255 | 27 |
| 3. | 3,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,600 | 16 |
| 4. | 2,103 | 2 | 55,341 | 30,423 | 1 | 0 | 13,150 | 7,229 | 14,809 | 0 | 0 | 47,750 | 10 |
| 5. | 306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 306 | 3 |
| 6. | 24 | 3 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 25 | 7 |
| 7. | 183 | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 146 | 27 |
| 8. | 259 | 76 | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 185 | 121 |
| 9. | 1,201 | 129 | 0 | 0 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 1,091 | 100 |
| 10. | 686 | 183 | 0 | 0 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 531 | 143 |
| 11. | 1,977 | 808 | 0 | 0 | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 1,344 | 370 |
| 12. | 36,211 | 1,238 | 55,341 | 30,423 | 230 | 0 | 13,150 | 7,229 | 14,809 | 0 | 0 | 80,851 | 1,162 |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|-----|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 21,617 | 1 |
| 2. | 45,887 | 2,026 | 43,861 | 199.1 | 35.3 | 253.4 | 0 | 0 | 0.0 | 4,255 | 0 |
| 3. | 36,841 | 4,852 | 31,989 | 156.8 | 65.0 | 199.6 | 0 | 0 | 0.0 | 3,600 | 0 |
| 4. | 110,744 | 41,486 | 69,258 | 482.2 | 536.6 | 454.6 | 0 | 0 | 0.0 | 27,019 | 20,731 |
| 5. | 10,607 | 368 | 10,239 | 56.1 | 7.3 | 73.8 | 0 | 0 | 0.0 | 306 | 0 |
| 6. | 13,330 | 372 | 12,958 | 72.0 | 10.9 | 85.9 | 0 | 0 | 0.0 | 21 | 4 |
| 7. | 8,388 | 681 | 7,707 | 46.8 | 16.7 | 55.6 | 0 | 0 | 0.0 | 146 | 0 |
| 8. | 6,671 | 749 | 5,922 | 49.1 | 28.9 | 53.9 | 0 | 0 | 0.0 | 183 | 2 |
| 9. | 8,043 | 1,022 | 7,021 | 72.4 | 44.5 | 79.7 | 0 | 0 | 0.0 | 1,072 | 19 |
| 10. | 6,749 | 1,032 | 5,717 | 93.3 | 48.5 | 111.9 | 0 | 0 | 0.0 | 503 | 28 |
| 11. | 5,227 | 1,141 | 4,086 | 451.8 | (975.2) | 320.7 | 0 | 0 | 0.0 | 1,169 | 175 |
| 12. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 59,891 | 20,960 |

Schedule P - Part 1R - Prod Liab Claims

NONE

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

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Medical Mal Occur

NONE

Schedule P - Part 2F - Medical Mal Claim

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I

NONE

Schedule P - Part 2J

NONE

Schedule P - Part 2K

NONE

Schedule P - Part 2L

NONE

Schedule P - Part 2M

NONE

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | DEVELOPMENT | |
|-------------------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|----------------|----------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 | 11 One Year | 12 Two Year |
| 1. Prior | 9,131 | 9,895 | 8,183 | 10,073 | 11,451 | 12,142 | 12,149 | 12,275 | 33,818 | 32,849 | (969) | 20,574 |
| 2. 1992 | 30,589 | 32,403 | 36,606 | 34,715 | 34,836 | 35,563 | 35,263 | 35,713 | 39,511 | 39,680 | 169 | 3,967 |
| 3. 1993 | XXX | 28,701 | 28,117 | 23,887 | 23,902 | 23,991 | 23,756 | 23,734 | 27,282 | 27,238 | (44) | 3,504 |
| 4. 1994 | XXX | XXX | 132,928 | 66,247 | 73,982 | 83,133 | 78,893 | 66,512 | 58,920 | 42,059 | (16,861) | (24,453) |
| 5. 1995 | XXX | XXX | XXX | 6,376 | 4,852 | 8,743 | 7,543 | 8,119 | 8,360 | 8,325 | (35) | 206 |
| 6. 1996 | XXX | XXX | XXX | XXX | 7,140 | 6,866 | 5,460 | 5,403 | 5,401 | 5,412 | 11 | 9 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 3,677 | 3,467 | 3,272 | 3,628 | 3,642 | 14 | 370 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 3,062 | 3,120 | 3,001 | 3,061 | 60 | (59) |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 3,154 | 4,251 | 3,741 | (510) | 587 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,460 | 2,667 | 207 | XXX |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,016 | XXX | XXX |
| 12. Totals | | | | | | | | | | | (17,958) | 4,705 |

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

| | | | | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|-----|
| 1. Prior | | | | | | | | | | | | |
| 2. 1992 | | | | | | | | | | | | |
| 3. 1993 | XXX | | | | | | | | | | | |
| 4. 1994 | XXX | XXX | | | | | | | | | | |
| 5. 1995 | XXX | XXX | XXX | | | | | | | | | |
| 6. 1996 | XXX | XXX | XXX | XXX | | | | | | | | |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | | | | | | | |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | | | | | | |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | | |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | XXX |
| 11. 2001 | 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 | XXX | XXX | XXX | XXX |
| 2. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX |
| 3. 2001 | XXX | 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 - Medical Mal Occur

NONE

Schedule P - Part 3F - Medical Mal Claim

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J

NONE

Schedule P - Part 3K

NONE

Schedule P - Part 3L

NONE

Schedule P - Part 3M

NONE

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 | 12 |
|-------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | | |
| 1. Prior | .000 | 4,697 | 5,836 | 9,161 | 10,499 | 11,197 | 11,206 | 11,214 | 11,215 | 11,231 | 11,167 | 27,593 |
| 2. 1992 | 15,925 | 27,308 | 31,165 | 32,452 | 32,991 | 34,078 | 34,794 | 35,372 | 35,422 | 35,425 | 3,109 | 10,421 |
| 3. 1993 | XXX | 11,809 | 21,544 | 22,438 | 22,960 | 23,322 | 23,448 | 23,446 | 23,647 | 23,638 | 3,003 | 11,068 |
| 4. 1994 | XXX | XXX | (982) | 6,235 | 7,795 | 7,871 | 8,197 | 8,597 | 8,564 | 9,118 | 1,903 | 11,042 |
| 5. 1995 | XXX | XXX | XXX | 1,034 | 3,381 | 4,332 | 7,204 | 8,030 | 8,049 | 8,019 | 761 | 2,932 |
| 6. 1996 | XXX | XXX | XXX | XXX | 2,165 | 4,592 | 5,180 | 5,273 | 5,271 | 5,387 | 1,035 | 3,245 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 1,392 | 2,905 | 2,952 | 3,457 | 3,496 | 480 | 2,259 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 1,230 | 2,621 | 2,794 | 2,876 | 424 | 1,462 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,031 | 2,263 | 2,650 | 406 | 1,389 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,094 | 2,136 | 308 | 662 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 672 | 154 | 586 |

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

| | | | | | | | | | | | | |
|----------|------|-----|-----|-----|-----|-----|-----|-----|-----|--|--|--|
| 1. Prior | .000 | | | | | | | | | | | |
| 2. 1992 | | | | | | | | | | | | |
| 3. 1993 | XXX | | | | | | | | | | | |
| 4. 1994 | XXX | XXX | | | | | | | | | | |
| 5. 1995 | XXX | XXX | XXX | | | | | | | | | |
| 6. 1996 | XXX | XXX | XXX | XXX | | | | | | | | |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | | | | | | | |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | | | | | | |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | | |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | |
| 11. 2001 | 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. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | XXX | XXX |
| 3. 2001 | 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 - Medical Mal Occur

NONE

Schedule P - Part 4F - Medical Mal Claim

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I - Special Property

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | |
|-------------------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 |
| 1. Prior | 3,685 | 3,162 | 1,865 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. 1992 | 2,378 | 892 | 2,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. 1993 | XXX | 4,018 | 2,369 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4. 1994 | XXX | XXX | 119,883 | 56,034 | 64,516 | 73,342 | 69,825 | 57,587 | 47,275 | 30,839 |
| 5. 1995 | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. 1996 | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |

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

| | | | | | | | | | | |
|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| 1. Prior | | | | | | | | | | |
| 2. 1992 | | | | | | | | | | |
| 3. 1993 | XXX | | | | | | | | | |
| 4. 1994 | XXX | XXX | | | | | | | | |
| 5. 1995 | XXX | XXX | XXX | | | | | | | |
| 6. 1996 | XXX | XXX | XXX | XXX | | | | | | |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | | | | | |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | | | | |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | |
| 11. 2001 | 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. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | |
| 3. 2001 | 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 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END | | | | | | | | | |
|--|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| 1. Prior | 1,218 | 103 | 93 | (49) | (9) | 1 | 3 | 4 | 2 | 0 |
| 2. 1992 | 2,240 | 3,109 | 3,161 | 3,079 | 3,066 | 3,081 | 3,087 | 3,108 | 3,108 | 3,109 |
| 3. 1993 | XXX | 2,125 | 3,020 | 2,974 | 2,973 | 2,987 | 2,992 | 2,994 | 3,002 | 3,003 |
| 4. 1994 | XXX | XXX | 1,181 | 1,541 | 1,638 | 1,650 | 1,701 | 1,833 | 1,839 | 1,903 |
| 5. 1995 | XXX | XXX | XXX | 331 | 639 | 688 | 747 | 756 | 759 | 761 |
| 6. 1996 | XXX | XXX | XXX | XXX | 383 | 721 | 984 | 1,025 | 1,032 | 1,035 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 219 | 427 | 464 | 477 | 480 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 216 | 388 | 409 | 424 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 191 | 357 | 406 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 186 | 308 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 154 |

SECTION 2A

| Years in Which Premiums Were Earned and Losses Were Incurred | NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END | | | | | | | | | |
|--|---|-------|-------|-------|-------|------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| 1. Prior | 595 | 135 | 40 | 55 | 45 | 93 | 129 | 92 | 89 | 338 |
| 2. 1992 | 1,688 | 167 | 104 | 104 | 87 | 49 | 49 | 28 | 28 | 27 |
| 3. 1993 | XXX | 1,748 | 284 | 156 | 102 | 108 | 35 | 30 | 20 | 16 |
| 4. 1994 | XXX | XXX | 1,663 | 314 | 147 | 199 | 219 | 83 | 76 | 10 |
| 5. 1995 | XXX | XXX | XXX | 1,358 | 251 | 101 | 24 | 11 | 6 | 3 |
| 6. 1996 | XXX | XXX | XXX | XXX | 1,763 | 336 | 81 | 30 | 9 | 7 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 709 | 128 | 59 | 31 | 27 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 592 | 203 | 142 | 121 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 613 | 224 | 100 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 400 | 143 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 370 |

SECTION 3A

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END | | | | | | | | | |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
| 1. Prior | 71 | 5 | (1) | (297) | 0 | 10 | 41 | 0 | 0 | 291 |
| 2. 1992 | 13,858 | 13,897 | 13,899 | 13,554 | 13,554 | 13,556 | 13,557 | 13,557 | 13,557 | 13,557 |
| 3. 1993 | XXX | 14,355 | 14,473 | 14,036 | 14,036 | 14,081 | 14,086 | 14,087 | 14,087 | 14,087 |
| 4. 1994 | XXX | XXX | 13,146 | 12,784 | 12,785 | 12,891 | 12,955 | 12,955 | 12,955 | 12,955 |
| 5. 1995 | XXX | XXX | XXX | 3,693 | 3,695 | 3,696 | 3,696 | 3,696 | 3,696 | 3,696 |
| 6. 1996 | XXX | XXX | XXX | XXX | 4,328 | 4,246 | 4,287 | 4,287 | 4,287 | 4,287 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 2,765 | 2,766 | 2,766 | 2,766 | 2,766 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 2,003 | 2,007 | 2,007 | 2,007 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,874 | 1,895 | 1,895 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,110 | 1,113 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,110 |

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 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 Current Year Premiums Earned |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------------------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 | |
| 1. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. 1992 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. 1993 | XXX | 23,484 | 23,602 | 23,496 | 23,496 | 23,496 | 23,496 | 23,496 | 23,496 | 23,496 | 0 |
| 4. 1994 | XXX | XXX | 23,703 | 22,967 | 22,967 | 22,967 | 22,967 | 22,967 | 22,967 | 22,967 | 0 |
| 5. 1995 | XXX | XXX | XXX | 18,920 | 18,920 | 18,920 | 18,920 | 18,920 | 18,920 | 18,920 | 0 |
| 6. 1996 | XXX | XXX | XXX | XXX | 18,502 | 18,502 | 18,502 | 18,502 | 18,502 | 18,502 | 0 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 17,937 | 17,937 | 17,937 | 17,937 | 17,937 | 0 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 13,588 | 13,588 | 13,588 | 13,588 | 0 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 10,946 | 10,946 | 10,946 | 0 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 7,234 | 7,234 | 0 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,157 | 1,157 |
| 12. Total | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,157 |
| 13. Earned Premiums (Sch P, Part 1) | 23,047 | 23,496 | 22,967 | 18,920 | 18,502 | 17,937 | 13,588 | 11,105 | 7,234 | 1,157 | XXX |

SECTION 2A

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 Current Year Premiums Earned |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------------------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 | |
| 1. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. 1992 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. 1993 | XXX | 5,269 | 5,269 | 7,466 | 7,466 | 7,466 | 7,466 | 7,466 | 7,466 | 7,466 | 0 |
| 4. 1994 | XXX | XXX | 6,047 | 7,731 | 7,731 | 7,731 | 7,731 | 7,731 | 7,731 | 7,731 | 0 |
| 5. 1995 | XXX | XXX | XXX | 5,042 | 5,042 | 5,042 | 5,042 | 5,042 | 5,042 | 5,042 | 0 |
| 6. 1996 | XXX | XXX | XXX | XXX | 3,413 | 3,413 | 3,413 | 3,413 | 3,413 | 3,413 | 0 |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | 4,071 | 4,071 | 4,071 | 4,071 | 4,071 | 0 |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | 2,596 | 2,596 | 2,596 | 2,596 | 0 |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,137 | 2,137 | 2,137 | 0 |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,127 | 2,127 | 0 |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | (117) | (117) |
| 12. Total | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | (117) |
| 13. Earned Premiums (Sch P, Part 1) | 5,737 | 7,466 | 7,731 | 5,042 | 3,413 | 4,071 | 2,596 | 2,296 | 2,127 | (117) | XXX |

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

SECTION 1B

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 Current Year Premiums Earned |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------------------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 | |
| 1. Prior | | | | | | | | | | | |
| 2. 1992 | | | | | | | | | | | |
| 3. 1993 | XXX | | | | | | | | | | |
| 4. 1994 | XXX | XXX | | | | | | | | | |
| 5. 1995 | XXX | XXX | XXX | | | | | | | | |
| 6. 1996 | XXX | XXX | XXX | XXX | | | | | | | |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | | | | | | |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | | | | | |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | |
| 12. Total | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 13. Earned Premiums (Sch P, Part 1) | | | | | | | | | | | XXX |

SECTION 2B

| Years in Which Premiums Were Earned and Losses Were Incurred | CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 Current Year Premiums Earned |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------------------------------|
| | 1 1992 | 2 1993 | 3 1994 | 4 1995 | 5 1996 | 6 1997 | 7 1998 | 8 1999 | 9 2000 | 10 2001 | |
| 1. Prior | | | | | | | | | | | |
| 2. 1992 | | | | | | | | | | | |
| 3. 1993 | XXX | | | | | | | | | | |
| 4. 1994 | XXX | XXX | | | | | | | | | |
| 5. 1995 | XXX | XXX | XXX | | | | | | | | |
| 6. 1996 | XXX | XXX | XXX | XXX | | | | | | | |
| 7. 1997 | XXX | XXX | XXX | XXX | XXX | | | | | | |
| 8. 1998 | XXX | XXX | XXX | XXX | XXX | XXX | | | | | |
| 9. 1999 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | | |
| 10. 2000 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | | |
| 11. 2001 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | | |
| 12. Total | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | |
| 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 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P INTERROGATORIES

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

| Years in which premiums were earned and losses were incurred | | 1 Medical Malpractice | 2 Other Liability | 3 Products Liability |
|--|-------------|--------------------------|----------------------|-------------------------|
| 1.01 | Prior | | | |
| 1.02 | 1992 | | | |
| 1.03 | 1993 | | | |
| 1.04 | 1994 | | | |
| 1.05 | 1995 | | | |
| 1.06 | 1996 | | | |
| 1.07 | 1997 | | | |
| 1.08 | 1998 | | | |
| 1.09 | 1999 | | | |
| 1.10 | 2000 | | | |
| 1.11 | 2001 | | | |
| 1.12 | Totals | 0 | 0 | 0 |

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

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

4. Do any lines in Schedule P include reserves 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 32 and 33.

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

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

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

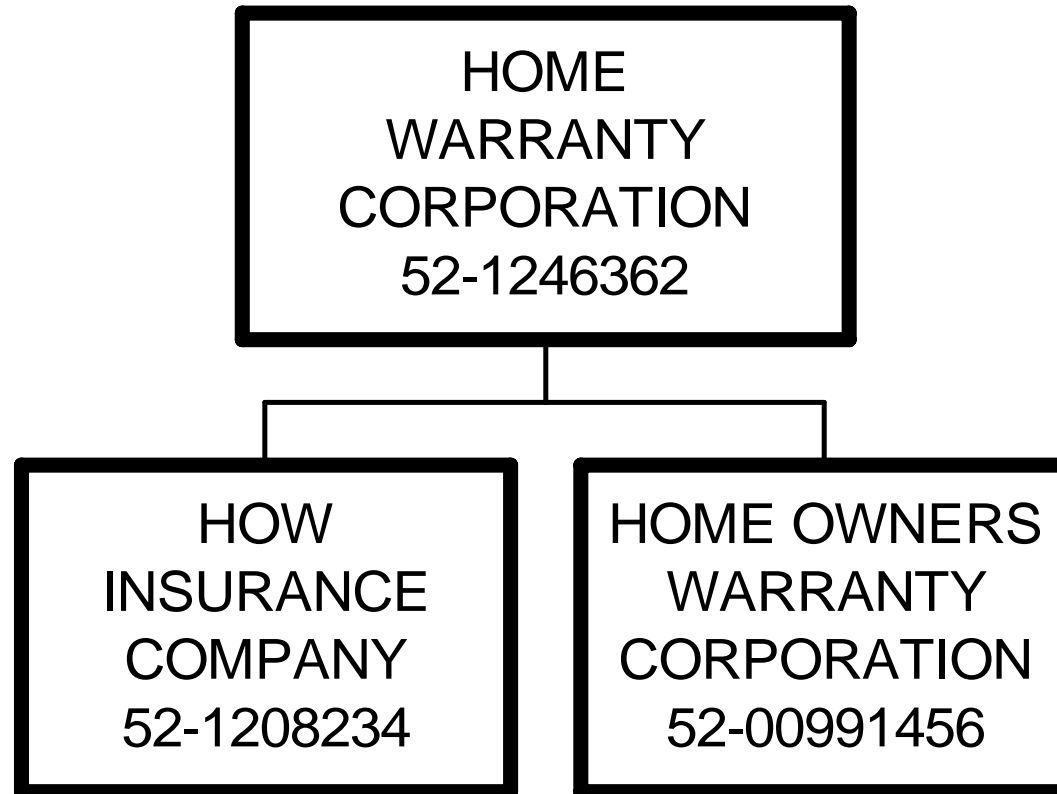
5.1 Fidelity0
5.2 Surety0

6. Claim count information is reported Per Claim

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

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

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



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

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

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**ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, etc. | 1 Is Insurer Licensed? (Yes or No) | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken | | 4 Dividends Paid or Credited to Policyholders on Direct Business | 5 Direct Losses Paid (Deducting Salvage) | 6 Direct Losses Incurred | 7 Direct Losses Unpaid | 8 Finance and Service Charges Not Included in Premiums | 9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) | |
|-----------------------------|---|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|--|
| | | 2 Direct Premiums Written | 3 Direct Premiums Earned | | | | | | | |
| 1. Alabama | AL | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 2. Alaska | AK | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 3. Arizona | AZ | No | .0 | .0 | 132,143 | (692) | 8,849 | .0 | .0 | |
| 4. Arkansas | AR | No | .0 | .0 | 29,240 | 20,519 | 44,245 | .0 | .0 | |
| 5. California | CA | No | .0 | .0 | 10,148 | (6,230,274) | 355,986 | .0 | .0 | |
| 6. Colorado | CO | No | .0 | .0 | 977,932 | (1,044,456) | 2,726,022 | .0 | .0 | |
| 7. Connecticut | CT | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 8. Delaware | DE | No | .0 | .0 | 2,953 | (11,049) | 17,698 | .0 | .0 | |
| 9. District of Columbia | DC | No | .0 | .0 | .0 | (2,023,185) | .0 | .0 | .0 | |
| 10. Florida | FL | No | .0 | .0 | 22,592 | .0 | 45,810,409 | .0 | .0 | |
| 11. Georgia | GA | No | .0 | .0 | 100,922 | 509,673 | 607,204 | .0 | .0 | |
| 12. Hawaii | HI | No | .0 | .0 | .0 | 8,849 | 8,849 | .0 | .0 | |
| 13. Idaho | ID | No | .0 | .0 | 624 | 624 | .0 | .0 | .0 | |
| 14. Illinois | IL | No | .0 | .0 | 4,803 | 44,164 | 77,366 | .0 | .0 | |
| 15. Indiana | IN | No | .0 | .0 | 33,688 | 219,142 | 403,012 | .0 | .0 | |
| 16. Iowa | IA | No | .0 | .0 | 12,950 | (53,258) | .0 | .0 | .0 | |
| 17. Kansas | KS | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 18. Kentucky | KY | No | .0 | .0 | 22,676 | (20,008) | 17,698 | .0 | .0 | |
| 19. Louisiana | LA | No | .0 | .0 | .0 | 26,976 | 73,321 | .0 | .0 | |
| 20. Maine | ME | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 21. Maryland | MD | No | .0 | .0 | 10,889 | 141,113 | 241,453 | .0 | .0 | |
| 22. Massachusetts | MA | No | .0 | .0 | .0 | 8,429 | 17,698 | .0 | .0 | |
| 23. Michigan | MI | No | .0 | .0 | .0 | 50,566 | 50,566 | .0 | .0 | |
| 24. Minnesota | MN | No | .0 | .0 | 176 | 45,320 | 78,251 | .0 | .0 | |
| 25. Mississippi | MS | No | .0 | .0 | 16,400 | (2,480) | 7,206 | .0 | .0 | |
| 26. Missouri | MO | No | .0 | .0 | 135,405 | 151,373 | 141,762 | .0 | .0 | |
| 27. Montana | MT | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 28. Nebraska | NE | No | .0 | .0 | .0 | 8,429 | 17,698 | .0 | .0 | |
| 29. Nevada | NV | No | .0 | .0 | 710 | (35,432) | 47,279 | .0 | .0 | |
| 30. New Hampshire | NH | No | .0 | .0 | .0 | .0 | (9,269) | .0 | .0 | |
| 31. New Jersey | NJ | No | .0 | .0 | 57,325 | (2,049,049) | 34,773,334 | .0 | .0 | |
| 32. New Mexico | NM | No | .0 | .0 | 652 | 215,558 | 214,906 | .0 | .0 | |
| 33. New York | NY | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 34. North Carolina | NC | No | .0 | .0 | 594,334 | (5,983,386) | 262,691 | .0 | .0 | |
| 35. North Dakota | ND | No | .0 | .0 | .0 | (927) | .0 | .0 | .0 | |
| 36. Ohio | OH | No | .0 | .0 | 11,354 | 8,834 | 53,094 | .0 | .0 | |
| 37. Oklahoma | OK | No | .0 | .0 | 88,005 | 211,543 | 270,529 | .0 | .0 | |
| 38. Oregon | OR | No | .0 | .0 | 2,534 | (7,155) | 8,849 | .0 | .0 | |
| 39. Pennsylvania | PA | No | .0 | .0 | 10,994 | (130,940) | 95,090 | .0 | .0 | |
| 40. Rhode Island | RI | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 41. South Carolina | SC | No | .0 | .0 | 79,379 | 191,901 | 195,946 | .0 | .0 | |
| 42. South Dakota | SD | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 43. Tennessee | TN | No | .0 | .0 | 85,057 | 82,961 | 72,057 | .0 | .0 | |
| 44. Texas | TX | No | .0 | .0 | 774,672 | 747,681 | 4,056,151 | .0 | .0 | |
| 45. Utah | UT | No | .0 | .0 | 1,130 | 26,417 | 53,094 | .0 | .0 | |
| 46. Vermont | VT | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 47. Virginia | VA | Yes | .0 | .0 | 78,720 | 91,338 | 654,832 | .0 | .0 | |
| 48. Washington | WA | No | .0 | .0 | 1,632 | 44,617 | 70,793 | .0 | .0 | |
| 49. West Virginia | WV | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 50. Wisconsin | WI | No | .0 | .0 | 66,733 | (75,791) | 17,698 | .0 | .0 | |
| 51. Wyoming | WY | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 52. American Samoa | AS | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 53. Guam | GU | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 54. Puerto Rico | PR | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 55. U.S. Virgin Islands | VI | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 56. Canada | CN | No | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 57. Aggregate Other Aliens | OT | XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 58. Totals | (a) 1 | | 0 | 0 | 3,366,773 | (14,821,322) | 91,551,638 | 0 | 0 | |
| DETAILS OF WRITE-INS | | | | | | | | | | |
| 5701. | XXX | | | | | | | | | |
| 5702. | XXX | | | | | | | | | |
| 5703. | XXX | | | | | | | | | |
| 5798. | Summary of remaining write-ins for Line 57 from overflow page | XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | |
| 5799. | Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |

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

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

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your 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.

- 1.1 Does your company write Medical Malpractice Insurance? Yes [] No [X]
 1.2 Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1? Yes [] No [X]
 1.3 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 450) here:



- 2.1 Does your company have 100 or more stockholders? Yes [] No [X]
 2.2 Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile and the NAIC by March 1? Yes [] No [X]
 2.3 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 420) here:



- 3.1 Does your company write financial guaranty insurance? Yes [] No [X]
 3.2 Will the Financial Guaranty Insurance Exhibit be filed March 1? Yes [] No [X]
 3.3 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 240) here:



- 4.1 Does your company write Medicare Supplement Insurance? Yes [] No [X]
 4.2 Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1? Yes [] No [X]
 4.3 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 360) here:



- 5.1 An actuarial opinion is a required filing for all companies. Will the actuarial opinion be filed with this statement by March 1? Yes [X] No []
 5.2 If no, please explain:

If response is no and the form is "None", affix bar code (Document Identifier 440) here:

- 6.1 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? Yes [] No [X]
 6.2 If response is no, please explain:
 The Company is in receivership and has no officers or directors.

If response is no and the form is "None", affix bar code (Document Identifier 380) here:



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES (continued)

- 13.1 Does your company write credit insurance? Yes [] No [X]
13.2 Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1? Yes [] No [X]
13.3 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 230) here:



- 14.1 Does your company write long-term care insurance? Yes [] No [X]
14.2 Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1? Yes [] No [X]
14.3 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 330) here:



- 15.1 Does your company write accident and health insurance (other than credit)? Yes [] No [X]
15.2 Will the Accident and Health Policy Experience Exhibit be filed by April 1? Yes [] No [X]
15.3 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 210) here:



- 16.1 The Investment Risks Interrogatories is a required filing. Will this be filed by April 1? Yes [X] No []
16.2 If no, please explain:

.....
If second response is no and the form is "None", affix bar code (Document Identifier 285) here:

- 17.1 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]
17.2 If yes, indicate NAIC group code.
17.3 If the company is included in a combined annual statement, will the basis of inclusion be consolidation? Yes [] No [X]
If the answer to 17.1 is no and the form is "None", affix bar code (Document Identifier 201) here:



- 18.1 An audited financial report is a required filing for all companies. Will an audited financial report be filed by June 1? Yes [X] No []
18.2 If no, please explain:

.....
If response is no and the form is "None", affix bar code (Document Identifier 220) here:

OVERFLOW PAGE FOR WRITE-INS

P003 Additional Aggregate Lines for Page 3 Line 22.

*LIAB

| | | |
|--|-----------|-----------|
| 2204. Reinsurance liability adjustment..... | 1,140,636 | 1,140,636 |
| 2205. Unclaimed property drafts..... | 127,695 | 24,209 |
| 2206. Lease liability..... | 500,000 | 500,000 |
| 2207. Notices of claim determination..... | 1,345,909 | 1,045,111 |
| 2208. Ceded reinsurance - Amounts due reinsurers..... | 1,523,649 | 1,523,649 |
| 2209. Accrued interest on deferred loss payments..... | 4,863,338 | 4,633,478 |
| 2210. Suspense..... | | 0 |
| 2297. Summary of remaining write-ins for Line 22 from page 3 | 9,501,227 | 8,867,083 |

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 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 | 3 * | Interest | | 6 Maturity Date | 7 Option Date | 8 Option Call Price | 9 Book/Adjusted Carrying Value | 10 Par Value | 11 Rate Used to Obtain Fair Value | 12 Fair Value | 13 Actual Cost | Interest | | 16 Increase (Decrease) by Adjustment | 17 Increase (Decrease) by Foreign Exchange Adjustment | 18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | 19 NAIC Design- ation | 20 Date Acquired | 21 Effective Rate of In- terest | | | | |
|--|---------------------|--------|--------------|------------------|-----------------------|------------------|---------------------------|---|--------------------|---|---------------------|----------------------|--|--|--|--|---|--------------------------------|------------------------|---|-----|-----|-----|-----|
| | | | 4 Rate of | 5 How Paid | | | | | | | | | 14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | 15 Gross Amount Received During Year | | | | | | | | | | |
| US GOVERNMENT OBLIGATIONS | | | | | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | | | | | |
| 912827-5S-7 | US TREASURY NOTE | | .5.875 | MN | 11/15/2004 | | | 3,452,188 | 3,320,000 | 105.8730 | 3,514,984 | 3,469,077 | 25,324 | 97,525 | (16,889) | 0 | 0 | 1 | 08/21/2001 | 4.436 | | | | |
| 912827-V8-2 | BTUS TREASURY NOTES | | .5.875 | MN | 11/15/2005 | | | 1,504,600 | 1,500,000 | 106.2200 | 1,593,300 | 1,507,031 | 11,442 | 70,500 | (1,031) | 0 | 0 | 1 | 07/13/1999 | 5.869 | | | | |
| 912827-Z6-2 | BTUS TREASURY NOTES | | .6.500 | AO | 10/15/2006 | | | 3,057,301 | 3,000,000 | 108.8890 | 3,266,670 | 3,078,242 | 41,786 | 195,000 | (10,035) | 0 | 0 | 1 | 08/03/2000 | 6.126 | | | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 8,014,089 | 7,820,000 | XXX | 8,374,954 | 8,054,351 | 78,552 | 363,025 | (27,956) | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| 0199999 - Total Bonds - U.S. Government - Issuer Obligations | | | | | | | | 8,014,089 | 7,820,000 | XXX | 8,374,954 | 8,054,351 | 78,552 | 363,025 | (27,956) | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| SINGLE CLASS MORTGAGE-BACKED/ASSET-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | | | | | |
| 36202C-BS-1 | GNMA POOL #1849 | | .8.500 | MTLY | 08/20/2024 | | | 8,095 | 7,772 | 106.5810 | 8,283 | 8,104 | 55 | 661 | (2) | 0 | 0 | 1 | 02/04/1998 | 6.804 | | | | |
| 36202C-G5-6 | GNMA POOL #2020 | | .8.500 | MTLY | 06/20/2025 | | | 1,358,498 | 1,304,080 | 106.0190 | 1,382,572 | 1,359,910 | 9,237 | 110,847 | (201) | 0 | 0 | 1 | 02/04/1998 | 6.520 | | | | |
| 36202C-RF-2 | GNMA POOL #2286 | | .8.500 | MTLY | 09/20/2026 | | | 62,513 | 60,005 | 106.0190 | 63,616 | 62,574 | 425 | 5,100 | (8) | 0 | 0 | 1 | 02/04/1998 | 6.586 | | | | |
| 36202C-SP-9 | GNMA POOL #2326 | | .8.500 | MTLY | 11/20/2026 | | | 716,574 | 687,841 | 106.0190 | 729,242 | 717,289 | 4,872 | 58,466 | (129) | 0 | 0 | 1 | 02/04/1998 | 7.042 | | | | |
| 36202C-TA-1 | GNMA POOL #2345 | | .8.500 | MTLY | 12/20/2026 | | | 292,882 | 281,128 | 106.0190 | 298,049 | 293,163 | 1,991 | 23,896 | (42) | 0 | 0 | 1 | 02/04/1998 | 6.739 | | | | |
| 36202C-UX-9 | GNMA POOL #2398 | | .8.500 | MTLY | 03/20/2027 | | | 56,588 | 54,326 | 105.7690 | 57,460 | 56,652 | 385 | 4,618 | (14) | 0 | 0 | 1 | 02/04/1998 | 7.443 | | | | |
| 36202C-VH-3 | GNMA POOL #2416 | | .8.500 | MTLY | 04/20/2027 | | | 13,410 | 12,872 | 105.7690 | 13,614 | 13,423 | 91 | 1,094 | (2) | 0 | 0 | 1 | 02/04/1998 | 6.714 | | | | |
| 36202C-WF-6 | GNMA POOL #2446 | | .8.500 | MTLY | 06/20/2027 | | | 192,977 | 185,227 | 105.7690 | 195,913 | 193,157 | 1,312 | 15,744 | (26) | 0 | 0 | 1 | 02/04/1998 | 6.715 | | | | |
| 36202C-ZC-0 | GNMA POOL #2539 | | .8.500 | MTLY | 01/20/2028 | | | 107,664 | 103,338 | 105.4560 | 108,976 | 107,762 | 732 | 8,784 | (13) | 0 | 0 | 1 | 02/04/1998 | 6.717 | | | | |
| 36203A-P2-6 | GNMA POOL #343441 | | .8.500 | MTLY | 07/15/2024 | | | 22,093 | 21,412 | 107.3220 | 22,979 | 22,131 | 152 | 1,820 | (5) | 0 | 0 | 1 | 09/26/1996 | 7.618 | | | | |
| 362059-Y8-4 | GNMA POOL #030435 | | .9.000 | MTLY | 04/15/2009 | | | 2,078 | 1,957 | 107.5190 | 2,104 | 2,113 | 15 | 176 | (11) | 0 | 0 | 1 | 05/18/1998 | 6.586 | | | | |
| 36205J-AX-3 | GNMA POOL #391622 | | .8.500 | MTLY | 12/15/2024 | | | 154,119 | 149,358 | 106.5190 | 159,094 | 154,398 | 1,058 | 12,695 | (45) | 0 | 0 | 1 | 09/26/1996 | 7.838 | | | | |
| 36205J-HZ-1 | GNMA POOL #391848 | | .8.500 | MTLY | 03/15/2025 | 12/15/2020 | 100.000 | 4,011 | 3,888 | 106.5190 | 4,142 | 4,019 | 28 | 330 | (1) | 0 | 0 | 1 | 09/26/1996 | 6.882 | | | | |
| 36205L-JF-8 | GNMA POOL #393662 | | .8.500 | MTLY | 12/15/2024 | | | 2,107 | 2,040 | 107.3220 | 2,189 | 2,108 | 14 | 173 | 0 | 0 | 0 | 1 | 09/26/1996 | 7.635 | | | | |
| 362064-L8-8 | GNMA POOL #034551 | | .9.000 | MTLY | 05/15/2009 | | | 33,854 | 31,751 | 107.5190 | 34,138 | 34,271 | 238 | 2,858 | (132) | 0 | 0 | 1 | 05/18/1998 | 5.643 | | | | |
| 36210A-2E-6 | GNMA POOL #486873 | | .6.500 | MTLY | 01/15/2029 | | | 707,603 | 755,205 | 100.6690 | 760,257 | 706,412 | 4,091 | 49,088 | 661 | 0 | 0 | 1 | 03/09/2000 | 7.634 | | | | |
| 362135-4V-4 | GNMA POOL #097136 | | 10.500 | MTLY | 04/15/2013 | | | 59,767 | 55,259 | 112.4610 | 62,145 | 60,785 | 5,802 | 5,802 | (218) | 0 | 0 | 1 | 09/19/1996 | 8.315 | | | | |
| 362135-T3-9 | GNMA POOL #096870 | | 10.500 | MTLY | 04/15/2013 | | | 65,134 | 60,688 | 112.4610 | 68,250 | 66,757 | 531 | 6,372 | (334) | 0 | 0 | 1 | 09/19/1996 | 9.274 | | | | |
| 36214G-3M-0 | GNMA POOL #106204 | | 10.000 | MTLY | 11/15/2013 | | | 184,993 | 173,946 | 108.8310 | 189,307 | 187,753 | 1,305 | 15,655 | (797) | 0 | 0 | 1 | 05/18/1998 | 7.962 | | | | |
| 36214H-GD-4 | GNMA POOL #106496 | | .9.000 | MTLY | 12/15/2013 | | | 48,784 | 45,876 | 108.8310 | 49,927 | 49,517 | 344 | 4,129 | (211) | 0 | 0 | 1 | 05/18/1998 | 7.992 | | | | |
| 362151-AU-6 | GNMA POOL #150419 | | 10.000 | MTLY | 02/15/2016 | | | 34,701 | 32,132 | 112.1440 | 36,034 | 35,064 | 268 | 3,213 | (59) | 0 | 0 | 1 | 06/23/1995 | 7.482 | | | | |
| 362153-ED-6 | GNMA POOL #152332 | | 10.000 | MTLY | 03/15/2016 | | | 162,142 | 150,843 | 112.1440 | 169,161 | 164,607 | 1,257 | 15,084 | (488) | 0 | 0 | 1 | 06/23/1995 | 8.670 | | | | |
| 362157-W5-4 | GNMA POOL #156468 | | 10.000 | MTLY | 11/15/2016 | | | 37,400 | 34,608 | 112.1440 | 38,811 | 37,766 | 288 | 3,461 | (59) | 0 | 0 | 1 | 06/23/1995 | 7.570 | | | | |
| 362159-P2-5 | GNMA POOL #158041 | | 10.000 | MTLY | 04/15/2016 | | | 36,215 | 33,477 | 112.1440 | 37,543 | 36,532 | 279 | 3,348 | (40) | 0 | 0 | 1 | 06/23/1995 | 6.460 | | | | |
| 36215N-3T-9 | GNMA POOL #140410 | | 10.000 | MTLY | 03/15/2016 | | | 47,982 | 44,362 | 112.1440 | 49,749 | 48,410 | 370 | 4,436 | (56) | 0 | 0 | 1 | 06/23/1995 | 6.562 | | | | |
| 36215N-3U-6 | GNMA POOL #140411 | | 10.000 | MTLY | 04/15/2016 | | | 37,448 | 34,634 | 112.1440 | 38,840 | 37,794 | 289 | 3,463 | (70) | 0 | 0 | 1 | 06/23/1995 | 7.644 | | | | |
| 36215N-TV-6 | GNMA POOL #140164 | | 10.000 | MTLY | 03/15/2016 | | | 54,128 | 49,933 | 112.1440 | 55,997 | 54,489 | 416 | 4,993 | (68) | 0 | 0 | 1 | 06/23/1995 | 6.561 | | | | |
| 36215Q-YK-7 | GNMA POOL #142114 | | 10.000 | MTLY | 03/15/2016 | | | 6,963 | 6,438 | 112.1440 | 7,220 | 7,026 | 54 | 644 | (9) | 0 | 0 | 1 | 06/23/1995 | 6.781 | | | | |
| 36215U-VT-2 | GNMA POOL #145626 | | 10.000 | MTLY | 02/15/2016 | | | 99,720 | 92,345 | 112.1440 | 103,560 | 100,772 | 770 | 9,235 | (175) | 0 | 0 | 1 | 06/23/1995 | 7.541 | | | | |
| 36215U-ZH-4 | GNMA POOL #145744 | | 10.000 | MTLY | 02/15/2016 | 04/15/2011 | 100.000 | 6,557 | 6,075 | 112.1440 | 6,813 | 6,629 | 51 | 6,208 | (5) | 0 | 0 | 1 | 06/23/1995 | 0.920 | | | | |
| 36215W-BR-4 | GNMA POOL #146848 | | 10.000 | MTLY | 02/15/2016 | | | 17,614 | 16,284 | 112.1440 | 18,261 | 17,770 | 136 | 1,628 | (20) | 0 | 0 | 1 | 06/23/1995 | 6.422 | | | | |
| 36215W-OD-9 | GNMA POOL #147252 | | 10.000 | MTLY | 02/15/2016 | | | 35,068 | 32,428 | 112.1440 | 36,366 | 35,387 | 270 | 3,243 | (43) | 0 | 0 | 1 | 06/23/1995 | 6.672 | | | | |
| 362162-SW-0 | GNMA POOL #181533 | | .9.000 | MTLY | 10/15/2019 | | | 7,518 | 6,996 | 109.1190 | 7,634 | 7,551 | 52 | 630 | (10) | 0 | 0 | 1 | 05/18/1998 | 7.223 | | | | |
| 362164-X6-7 | GNMA POOL #183501 | | 10.000 | MTLY | 10/15/2016 | | | 83,454 | 76,959 | 112.1440 | 86,305 | 83,982 | 641 | 7,996 | (103) | 0 | 0 | 1 | 06/23/1995 | 6.775 | | | | |
| 36216H-YB-6 | GNMA POOL #165506 | | .8.500 | MTLY | 08/15/2016 | | | 95,868 | 95,571 | 108.4310 | 103,628 | 96,019 | 677 | 8,124 | (11) | 0 | 0 | 1 | 11/28/1986 | 8.588 | | | | |
| 36216S-J7-8 | GNMA POOL #173186 | | .8.500 | MTLY | 08/15/2016 | | | 51,934 | 51,781 | 108.4310 | 56,146 | 52,023 | 367 | 4,401 | (8) | 0 | 0 | 1 | 11/28/1986 | 8.649 | | | | |
| 36216W-WW-9 | GNMA POOL #177161 | | 10.000 | MTLY | 09/15/2016 | | | 160,639 | 148,463 | 112.1440 | 166,492 | 162,010 | 1,237 | 14,846 | (181) | 0 | 0 | 1 | 06/23/1995 | 6.681 | | | | |
| 36217B-5D-6 | GNMA POOL #189044 | | 10.000 | MTLY | 05/15/2018 | 04/15/2013 | 100.000 | 4,293 | 4,424 | 112.7220 | 4,987 | 4,265 | 37 | 442 | 1 | 0 | 0 | 1 | 03/30/1989 | 13.837 | | | | |
| 36217C-SU-1 | GNMA POOL #189631 | | 10.000 | MTLY | 08/15/2017 | | | 141,932 | 131,416 | 111.3620 | 146,347 | 143,407 | 1,095 | 13,142 | (261) | 0 | 0 | 1 | 06/23/1995 | 8.084 | | | | |
| 36218F-KA-5 | GNMA POOL #220889 | | .9.000 | MTLY | 05/15/2018 | | | 8,244 | 7,694 | 109.3810 | 8,416 | 8,305 | 58 | 692 | (18) | 0 | 0 | 1 | 05/18/1998 | 7.745 | | | | |
| 36218V-S9-5 | GNMA POOL #233744 | | 10.000 | MTLY | 09/15/2017 | | | 23,163 | 23,686 | 111.3620 | 26,377 | 23,064 | 197 | 2,369 | 4 | 0 | 0 | 1 | 04/21/1989 | 11.501 | | | | |
| 36218W-MD-0 | GNMA POOL #234456 | | 10.000 | MTLY | 11/15/2018 | | | 224,558 | 207,185 | 112.7220 | 233,544 | 226,091 | 1,727 | 20,719 | (140) | 0 | 0 | 1 | 06/23/1995 | 5.943 | | | | |
| 362199-7D-7 | GNMA POOL #271892 | | .9.000 | MTLY | 08/15/2019 | | | 19,137 | 17,812 | 109.1190 | 19,437 | 19,226 | 134 | 1,603 | (26) | 0 | 0 | 1 | 05/18/1998 | 7.271 | | | | |
| 36219E-BK-5 | GNMA POOL #246742 | | .9.000 | MTLY | 04/15/2018 | | | 71,036 | 66,354 | 109.3810 | 72,579 | 71,621 | 498 | 5,972 | (173) | 0 | 0 | 1 | 05/18/1998 | 7.897 | | | | |
| 36219G-FG-5 | GNMA POOL #248667 | | 10.000 | MTLY | 04/15/2018 | | | 50,527 | 46,632 | 112.7220 | 52,565 | 50,888 | 489 | 4,663 | (36) | 0 | 0 | 1 | 06/23/1995 | 6.059 | | | | |
| 36219M-5Q-1 | GNMA POOL #253855 | | .9.000 | MTLY | 06/15/2018 | | | 48,477 | 45,126 | | | | | | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

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

| 1 | 2 | 3 | Interest | | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | Interest | | 16 | 17 | 18 | 19 | 20 | 21 | |
|--|------------------------------------|---|----------|----------|---------------|-------------|-------------------|------------------------------|------------|--------------------------------|------------|-------------|--|-----------------------------------|-----------------------------------|--|--|------------------|---------------|----------------------------|-----|
| | | | 4 | 5 | | | | | | | | | 14 | 15 | | | | | | | |
| CUSIP Identification | Description | * | Rate of | How Paid | Maturity Date | Option Date | Option Call Price | Book/Adjusted Carrying Value | Par Value | Rate Used to Obtain Fair Value | Fair Value | Actual Cost | Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | Gross Amount Received During Year | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | NAIC Designation | Date Acquired | Effective Rate of Interest | |
| 36219N-HR-4 | GNMA POOL #254140 | | 10.000 | MTLY | 07/15/2018 | | | 33,512 | 34,474 | 112.7220 | 38,860 | 33,236 | 287 | 3,447 | 32 | 0 | 0 | 1 | 03/30/1989 | 10.910 | |
| 36219N-TB-6 | GNMA POOL #254446 | | 9.000 | MTLY | 05/15/2018 | | | 56,392 | 52,451 | 109.3810 | 57,371 | 56,614 | 393 | 4,721 | (62) | 0 | 0 | 1 | 05/18/1998 | 6.582 | |
| 36219S-Z5-1 | GNMA POOL #258264 | | 10.000 | MTLY | 12/15/2018 | | | 74,266 | 68,847 | 112.7220 | 77,605 | 75,129 | 574 | 6,885 | (164) | 0 | 0 | 1 | 06/23/1995 | 8.699 | |
| 36219T-N6-0 | GNMA POOL #258813 | | 10.000 | MTLY | 09/15/2018 | | | 23,365 | 24,083 | 112.7220 | 27,147 | 23,218 | 201 | 2,408 | 12 | 0 | 0 | 1 | 03/30/1989 | 11.237 | |
| 36219U-4W-1 | GNMA POOL #260137 | | 10.000 | MTLY | 08/15/2018 | | | 22,057 | 22,741 | 112.7220 | 25,634 | 21,924 | 190 | 2,274 | 9 | 0 | 0 | 1 | 03/30/1989 | 11.355 | |
| 36220H-QY-9 | GNMA POOL #278671 | | 9.000 | MTLY | 08/15/2019 | | | 161,756 | 151,270 | 109.1190 | 165,064 | 163,277 | 1,135 | 13,614 | (443) | 0 | 0 | 1 | 05/18/1998 | 8.243 | |
| 36220L-2N-0 | GNMA POOL #281681 | | 9.000 | MTLY | 11/15/2019 | | | 93,318 | 86,759 | 109.1190 | 94,671 | 93,646 | 651 | 7,808 | (91) | 0 | 0 | 1 | 05/18/1998 | 6.760 | |
| 36220M-AP-4 | GNMA POOL #281814 | | 9.000 | MTLY | 12/15/2019 | | | 377,594 | 350,696 | 109.1190 | 382,676 | 378,533 | 2,630 | 31,563 | (204) | 0 | 0 | 1 | 05/18/1998 | 5.467 | |
| 36220N-DH-7 | GNMA POOL #282804 | | 9.000 | MTLY | 10/15/2019 | | | 5,726 | 5,803 | 109.1190 | 5,740 | 5,740 | 40 | 479 | (3) | 0 | 0 | 1 | 05/18/1998 | 5.060 | |
| 36221G-SV-4 | GNMA POOL #905932 | | 10.250 | MTLY | 02/15/2016 | | | 119,171 | 111,014 | 112.9020 | 125,338 | 121,353 | 948 | 11,379 | (455) | 0 | 0 | 1 | 10/07/1996 | 9.278 | |
| 36221H-5W-5 | GNMA POOL #907161 | | 10.250 | MTLY | 02/15/2016 | | | 39,052 | 36,379 | 112.9020 | 41,073 | 39,767 | 311 | 3,729 | (149) | 0 | 0 | 1 | 10/07/1996 | 9.278 | |
| 36221H-JU-4 | GNMA POOL #906575 | | 10.250 | MTLY | 02/15/2016 | | | 56,794 | 52,413 | 112.9020 | 59,175 | 57,294 | 448 | 5,372 | (67) | 0 | 0 | 1 | 10/07/1996 | 6.665 | |
| 36221J-US-5 | GNMA POOL #907473 | | 10.250 | MTLY | 04/15/2016 | | | 29,228 | 26,969 | 112.9020 | 30,449 | 29,481 | 230 | 2,764 | (32) | 0 | 0 | 1 | 10/07/1996 | 6.543 | |
| 36221J-UV-5 | GNMA POOL #907796 | | 10.250 | MTLY | 03/15/2016 | | | 12,446 | 11,593 | 112.9020 | 13,089 | 13,089 | 99 | 1,188 | (47) | 0 | 0 | 1 | 10/07/1996 | 9.282 | |
| 36221M-YS-1 | GNMA POOL #910621 | | 10.250 | MTLY | 02/15/2018 | | | 59,176 | 54,977 | 113.0320 | 62,141 | 60,096 | 470 | 5,635 | (193) | 0 | 0 | 1 | 10/07/1996 | 9.360 | |
| 36221N-PB-6 | GNMA POOL #911218 | | 10.250 | MTLY | 04/15/2019 | 08/15/2018 | 100.000 | 53,222 | 49,111 | 112.8580 | 55,425 | 53,684 | 419 | 5,034 | (23) | 0 | 0 | 1 | 10/07/1996 | 4.791 | |
| 36225A-DX-5 | GNMA POOL #780118 | | 9.500 | MTLY | 08/15/2021 | | | 329,365 | 307,669 | 108.9980 | 335,353 | 330,360 | 2,436 | 29,287 | (202) | 0 | 0 | 1 | 10/12/1995 | 7.244 | |
| 36225A-FR-6 | GNMA POOL #780176 | | 10.000 | MTLY | 03/15/2021 | | | 2,404,921 | 2,229,514 | 111.5810 | 2,487,714 | 2,415,539 | 18,579 | 239,591 | (1,943) | 0 | 0 | 1 | 05/26/1995 | 7.724 | |
| 36225A-L7-3 | GNMA POOL #780350 | | 6.500 | MTLY | 05/15/2009 | | | 1,098,288 | 1,115,381 | 103.6280 | 1,155,847 | 1,096,559 | 6,042 | 72,500 | 1,236 | 0 | 0 | 1 | 08/07/2000 | 7.222 | |
| COUNTRY TOTAL - U.S. | | | | | | | | 10,710,112 | 10,253,282 | XXX | 11,084,863 | 10,749,823 | 75,334 | 920,704 | (6,444) | 0 | 0 | XXX | XXX | XXX | |
| 0299999 - Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities | | | | | | | | 10,710,112 | 10,253,282 | XXX | 11,084,863 | 10,749,823 | 75,334 | 920,704 | (6,444) | 0 | 0 | 0 | XXX | XXX | XXX |
| 0399999 - Total - U.S. Government Bonds | | | | | | | | 18,724,202 | 18,073,282 | XXX | 19,459,816 | 18,804,174 | 153,885 | 1,283,729 | (34,400) | 0 | 0 | 0 | XXX | XXX | XXX |
| SPECIAL REVENUE AND ASSESSMENTS | | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | | |
| NEW YORK | | | | | | | | | | | | | | | | | | | | | |
| 649885-HV-5 | BTNEW YORK ST MTG AGY REC H/O SER | | 10.750 | AO | 10/01/2012 | | | 229,751 | 215,000 | 101.5800 | 218,397 | 234,350 | 5,778 | 23,112 | (753) | 0 | 0 | 1 | 07/09/1993 | 9.944 | |
| STATE TOTAL | | | | | | | | 229,751 | 215,000 | XXX | 218,397 | 234,350 | 5,778 | 23,112 | (753) | 0 | 0 | 0 | XXX | XXX | XXX |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | | | | | | | |
| 31359M-FV-0 | BTFNMA | | 7.000 | JJ | 07/15/2005 | | | 4,214,532 | 4,000,000 | 108.6570 | 4,346,280 | 4,258,594 | 129,111 | 140,000 | (44,062) | 0 | 0 | 1 | 03/06/2001 | 5.389 | |
| STATE TOTAL | | | | | | | | 4,214,532 | 4,000,000 | XXX | 4,346,280 | 4,258,594 | 129,111 | 140,000 | (44,062) | 0 | 0 | 0 | XXX | XXX | XXX |
| COUNTRY TOTAL - U.S. | | | | | | | | 4,444,284 | 4,215,000 | XXX | 4,564,677 | 4,492,944 | 134,889 | 163,112 | (44,815) | 0 | 0 | 0 | XXX | XXX | XXX |
| 2599999 - Total Bonds - Special Revenue - Issuer Obligations | | | | | | | | 4,444,284 | 4,215,000 | XXX | 4,564,677 | 4,492,944 | 134,889 | 163,112 | (44,815) | 0 | 0 | 0 | XXX | XXX | XXX |
| SINGLE CLASS MORTGAGE-BACKED/ASSET-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | | |
| GEORGIA | | | | | | | | | | | | | | | | | | | | | |
| 047852-DF-2 | BTATLANTA GA URBAN RESIDENTIAL FIN | | 0.000 | MATR | 10/01/2016 | | | 320,599 | 1,085,000 | 31.9130 | 346,256 | 175,698 | 0 | 54,038 | 25,429 | 0 | 0 | 1 | 09/20/1994 | 8.615 | |
| STATE TOTAL | | | | | | | | 320,599 | 1,085,000 | XXX | 346,256 | 175,698 | 0 | 54,038 | 25,429 | 0 | 0 | 0 | XXX | XXX | XXX |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | | | | | | | |
| 312950-S3-3 | FHLMC PC GOLD 15Y POOL #B00538 | | 9.500 | MTLY | 11/01/2005 | | | 163,659 | 159,318 | 104.0030 | 165,696 | 167,633 | 1,261 | 15,135 | (894) | 0 | 0 | 1 | 09/29/1995 | 7.713 | |
| 31359S-ES-5 | FNR 2001-3 PG | | 6.000 | MTLY | 02/01/2031 | 06/25/2026 | 100.000 | 2,002,973 | 2,000,000 | 100.8470 | 2,016,940 | 2,003,125 | 10,000 | 90,000 | (152) | 0 | 0 | 1 | 03/25/2001 | 6.123 | |
| 313611-A2-1 | FNMA POOL #46825 | | 8.000 | MTLY | 06/01/2002 | | | 614 | 620 | 100.5300 | 624 | 572 | 4 | 50 | 4 | 0 | 0 | 1 | 12/17/1987 | 10.055 | |
| 313613-QF-1 | FNMA POOL #49054 | | 8.000 | MTLY | 06/01/2002 | | | 279 | 282 | 100.5310 | 284 | 260 | 2 | 23 | 2 | 0 | 0 | 1 | 12/17/1987 | 10.730 | |
| 31361X-7J-8 | FNMA POOL #44997 | | 8.000 | MTLY | 06/01/2002 | | | 7,174 | 7,238 | 100.5300 | 7,276 | 6,668 | 48 | 579 | 44 | 0 | 0 | 1 | 12/17/1987 | 9.677 | |
| 31361Y-GK-3 | FNMA POOL #45202 | | 8.000 | MTLY | 04/01/2002 | | | 407 | 410 | 100.3190 | 412 | 378 | 3 | 33 | 3 | 0 | 0 | 1 | 12/17/1987 | 10.062 | |
| 31365E-BN-2 | FNMA POOL #125245 | | 7.000 | MTLY | 10/01/2023 | | | 267,294 | 261,919 | 102.7100 | 269,017 | 268,058 | 1,528 | 18,334 | (126) | 0 | 0 | 1 | 09/14/1993 | 6.763 | |
| 31376D-W7-3 | FNMA 15 YR #352670 | | 6.500 | MTLY | 02/01/2013 | | | 633,222 | 627,270 | 102.5940 | 643,541 | 634,204 | 3,398 | 40,773 | (377) | 0 | 0 | 1 | 03/18/1999 | 6.239 | |
| 31378D-NP-1 | FNMA 15 YR #395598 | | 6.500 | MTLY | 10/01/2012 | | | 199,905 | 198,085 | 102.5940 | 203,224 | 200,275 | 1,073 | 12,876 | (123) | 0 | 0 | 1 | 03/18/1999 | 6.242 | |
| 31378F-2D-6 | FNMA 15 YR #397772 | | 6.500 | MTLY | 09/01/2012 | | | 169,660 | 168,084 | 102.7190 | 172,655 | 169,943 | 910 | 10,925 | (107) | 0 | 0 | 1 | 03/18/1999 | 6.234 | |
| 31378M-GL-8 | FNMA 15 YR #402603 | | 6.500 | MTLY | 11/01/2012 | | | 173,722 | 172,106 | 102.5940 | 176,571 | 174,009 | 932 | 11,187 | (107) | 0 | 0 | 1 | 03/18/1999 | 6.237 | |
| 31378N-GZ-5 | FNMA 15 YR #403516 | | 6.500 | MTLY | 01/01/2013 | | | 326,985 | 323,919 | 102.5940 | 332,321 | 327,500 | 1,755 | 21,055 | (197) | 0 | 0 | 1 | 03/18/1999 | 6.238 | |
| 31378T-K4-6 | FNMA 15 YR #408115 | | 6.500 | MTLY | 12/01/2012 | | | 191,282 | 189,503 | 102.5940 | 194,418 | 191,598 | 1,026 | 12,319 | (116) | 0 | 0 | 1 | 03/18/1999 | 6.239 | |
| 31379B-HC-0 | FNMA 15 YR #414327 | | 6.500 | MTLY | 02/01/2013 | | | 221,292 | 219,213 | 102.5940 | 224,899 | 221,636 | 1,187 | 14,249 | (132) | 0 | 0 | 1 | 03/18/1999 | 6.239 | |
| 31379K-H2-2 | FNMA 15 YR #421549 | | 6.500 | MTLY | 06/01/2013 | | | 525,008 | 520,025 | 102.5940 | 533,514 | 525,773 | 2,817 | 33,802 | (300) | 0 | 0 | 1 | 03/18/1999 | 6.243 | |
| 31379K-H3-0 | FNMA 15 YR #421550 | | 6.500 | MTLY | 06/01/2013 | | | 403,869 | 400,054 | 102.5940 | 410,432 | 404,477 | 2,167 | 26,004 | (230) | 0 | 0 | 1 | 03/18/1999 | 6.244 | |

E08.1

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

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

| 1 | 2 | 3 | Interest | | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | Interest | | 16 | 17 | 18 | 19 | 20 | 21 | | | | | |
|--|-----------------------------------|---|----------|----------|---------------|-------------|-------------------|------------------------------|------------|--------------------------------|------------|-------------|--|-----------------------------------|-----------------------------------|--|--|------------------|---------------|----------------------------|-------|-----|-----|-----|-----|
| | | | 4 | 5 | | | | | | | | | 14 | 15 | | | | | | | | | | | |
| CUSIP Identification | Description | * | Rate of | How Paid | Maturity Date | Option Date | Option Call Price | Book/Adjusted Carrying Value | Par Value | Rate Used to Obtain Fair Value | Fair Value | Actual Cost | Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | Gross Amount Received During Year | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | NAIC Designation | Date Acquired | Effective Rate of Interest | | | | | |
| 31379X-JT-3 | FNMA 15 YR #432374 | | .6 | MTLY | 06/01/2013 | | | 209,775 | 207,788 | 102.5940 | 213,178 | 210,085 | 1,126 | 13,506 | (120) | 0 | 0 | 1 | 03/18/1999 | 6.243 | | | | | |
| 31379Y-FR-9 | FNMA 15 YR #433176 | | .6 | MTLY | 07/01/2013 | | | 1,264,385 | 1,253,253 | 102.5940 | 1,285,763 | 1,266,177 | 6,788 | 81,461 | (678) | 0 | 0 | 1 | 04/05/1999 | 6.267 | | | | | |
| 31380L-TC-2 | FNMA 15 YR #443447 | | .6 | MTLY | 09/01/2028 | | | 550,082 | 544,323 | 102.4690 | 557,762 | 550,340 | 2,948 | 35,381 | (86) | 0 | 0 | 1 | 03/18/1999 | 6.322 | | | | | |
| 31380Q-GA-9 | FNMA 15 YR #446693 | | .6 | MTLY | 10/01/2013 | | | 347,688 | 344,383 | 102.4690 | 352,886 | 348,190 | 1,865 | 22,385 | (189) | 0 | 0 | 1 | 03/18/1999 | 6.249 | | | | | |
| 31380Q-H3-4 | FNMA 15 YR #446750 | | .6 | MTLY | 10/01/2013 | | | 549,403 | 544,180 | 102.4690 | 557,616 | 550,196 | 2,948 | 35,371 | (299) | 0 | 0 | 1 | 03/18/1999 | 6.249 | | | | | |
| 31382D-YS-7 | FNMA 30 YR #479621 | | .6 | MTLY | 02/01/2029 | | | 3,010,210 | 3,050,084 | 98.2190 | 2,995,762 | 3,009,098 | 15,250 | 183,005 | 379 | 0 | 0 | 1 | 01/14/1999 | 6.312 | | | | | |
| 31382G-NY-9 | FNMA 15 YR #482007 | | .6 | MTLY | 04/01/2014 | | | 194,680 | 192,813 | 102.3440 | 197,332 | 194,944 | 1,044 | 12,533 | (99) | 0 | 0 | 1 | 03/18/1999 | 6.255 | | | | | |
| 31382J-T7-6 | FNMA 15 YR #483974 | | .6 | MTLY | 02/01/2014 | | | 1,752,383 | 1,736,783 | 102.4690 | 1,779,664 | 1,754,695 | 9,408 | 112,891 | (870) | 0 | 0 | 1 | 04/05/1999 | 6.274 | | | | | |
| 31382L-BY-1 | FNMA 15 YR #485255 | | .6 | MTLY | 02/01/2014 | | | 2,496,808 | 2,474,583 | 102.4690 | 2,535,680 | 2,500,102 | 13,404 | 160,848 | (1,239) | 0 | 0 | 1 | 04/05/1999 | 6.274 | | | | | |
| 31382L-X2-7 | FNMA 15 YR #485897 | | .6 | MTLY | 03/01/2014 | | | 314,244 | 311,234 | 102.4690 | 318,919 | 314,675 | 1,686 | 20,230 | (162) | 0 | 0 | 1 | 03/18/1999 | 6.254 | | | | | |
| 31382M-CY-8 | FNMA 15 YR #486187 | | .6 | MTLY | 03/01/2014 | | | 458,191 | 453,803 | 102.4690 | 465,007 | 458,820 | 2,458 | 29,497 | (236) | 0 | 0 | 1 | 03/18/1999 | 6.254 | | | | | |
| 31382N-SQ-6 | FNMA 30 YR #487527 | | .6 | MTLY | 02/01/2029 | | | 3,329,557 | 3,373,661 | 98.2190 | 3,313,576 | 3,328,328 | 16,868 | 202,420 | 420 | 0 | 0 | 1 | 01/14/1999 | 6.312 | | | | | |
| 31382Q-UQ-6 | FNMA 15 YR #489391 | | .6 | MTLY | 03/01/2014 | | | 211,511 | 209,485 | 102.4690 | 214,658 | 211,801 | 1,135 | 13,617 | (109) | 0 | 0 | 1 | 03/18/1999 | 6.254 | | | | | |
| 31382T-HK-8 | FNMA 15 YR #491734 | | .6 | MTLY | 03/01/2014 | | | 174,586 | 172,914 | 102.4690 | 177,184 | 174,826 | 937 | 11,239 | (90) | 0 | 0 | 1 | 03/18/1999 | 6.254 | | | | | |
| 31383S-CV-0 | FNMA 30 YR #511384 | | .7 | MTLY | 09/01/2029 | | | 295,901 | 302,331 | 101.9060 | 308,094 | 295,812 | 1,764 | 21,163 | 21 | 0 | 0 | 1 | 09/08/1999 | 7.774 | | | | | |
| 31383T-SN-9 | FNMA 30 YR #512725 | | .7 | MTLY | 09/01/2029 | | | 306,379 | 313,037 | 101.9060 | 319,003 | 306,287 | 1,826 | 21,913 | 22 | 0 | 0 | 1 | 09/08/1999 | 7.774 | | | | | |
| 31385Y-VS-1 | FNMA 15 YR #556925 | | .6 | MTLY | 08/01/2031 | | | 45,527 | 44,338 | 100.1880 | 44,421 | 45,529 | 222 | 222 | (2) | 0 | 0 | 1 | 10/31/2001 | 5.602 | | | | | |
| 31386L-U6-7 | FNMA 15 YR #566805 | | .6 | MTLY | 03/01/2031 | | | 23,275 | 23,472 | 100.1880 | 23,516 | 23,274 | 117 | 822 | 1 | 0 | 0 | 1 | 04/17/2001 | 6.235 | | | | | |
| 31386V-YK-3 | FNMA 15 YR #574918 | | .6 | MTLY | 03/01/2031 | | | 23,150 | 23,346 | 100.1880 | 23,390 | 23,149 | 233 | 817 | 1 | 0 | 0 | 1 | 04/17/2001 | 6.236 | | | | | |
| 31386X-J6-4 | FNMA 15 YR #576385 | | .6 | MTLY | 05/01/2031 | | | 908,286 | 915,976 | 100.1880 | 917,698 | 908,247 | 9,132 | 32,059 | 38 | 0 | 0 | 1 | 04/17/2001 | 6.235 | | | | | |
| 31388E-AF-3 | FNMA 15 YR #602206 | | .6 | MTLY | 09/01/2031 | | | 902,647 | 879,062 | 100.1880 | 880,714 | 902,686 | 4,395 | 4,395 | (40) | 0 | 0 | 1 | 10/31/2001 | 5.603 | | | | | |
| 31388W-BW-5 | FNMA 15 YR #616653 | | .6 | MTLY | 09/01/2031 | | | 70,702 | 68,855 | 100.1880 | 68,984 | 70,705 | 344 | 344 | (3) | 0 | 0 | 1 | 10/31/2001 | 5.603 | | | | | |
| 31389B-BV-2 | FNMA 15 YR #620252 | | .6 | MTLY | 12/01/2031 | | | 511,590 | 500,050 | 100.1880 | 500,990 | 511,692 | 2,500 | 0 | (101) | 0 | 0 | 1 | 12/01/2001 | 5.765 | | | | | |
| STATE TOTAL | | | | | | | | 23,238,306 | 23,187,802 | XXX | 23,403,621 | 23,255,768 | 126,510 | 1,323,462 | (6,249) | 0 | 0 | 0 | XXX | XXX | XXX | | | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 23,558,905 | 24,272,802 | XXX | 23,749,877 | 23,431,466 | 126,510 | 1,377,500 | 19,180 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| MANITOBA | | | | | | | | | | | | | | | | | | | | | | | | | |
| 563469-DA-0 | BTMANITOBA PROV. CANADA | | .7 | FA | 02/01/2002 | | | 999,981 | 1,000,000 | 100.4280 | 1,004,280 | 998,750 | 32,292 | 77,500 | 212 | 0 | 0 | 1 | 09/12/1994 | 7.924 | | | | | |
| STATE TOTAL | | | | | | | | 999,981 | 1,000,000 | XXX | 1,004,280 | 998,750 | 32,292 | 77,500 | 212 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| COUNTRY TOTAL - CANADA | | | | | | | | 999,981 | 1,000,000 | XXX | 1,004,280 | 998,750 | 32,292 | 77,500 | 212 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | |
| 2699999 - Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities | | | | | | | | 24,558,886 | 25,272,802 | XXX | 24,754,157 | 24,430,216 | 158,802 | 1,455,000 | 19,392 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | |
| DEFINED MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | | | | | | |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | | | | | | | | | | | |
| 312911-Z6-0 | FHLMC 1360Z | | .7 | MTLY | 10/15/2021 | 11/15/2006 | | 100,000 | 985,026 | 1,000,414 | 106,1990 | 1,062,430 | 673,627 | 6,253 | 0 | 74,141 | 0 | 0 | 1 | 09/14/1995 | 8.156 | | | | |
| 313399-PE-1 | FHR 2347 PB | | .6 | MTLY | 08/01/2031 | 10/15/2007 | | 100,000 | 1,141,917 | 1,100,000 | 102.6340 | 1,128,974 | 1,143,656 | 5,958 | 11,917 | (1,739) | 0 | 0 | 1 | 10/19/2001 | 5.610 | | | | |
| 3133TD-HE-9 | FHR 2044 PC | | .6 | MTLY | 04/01/2028 | 09/15/2006 | | 100,000 | 2,049,451 | 2,000,000 | 101.5380 | 2,030,760 | 2,053,125 | 10,000 | 30,000 | (3,674) | 0 | 0 | 1 | 09/21/2001 | 5.311 | | | | |
| 3133TK-2M-1 | FHR 2131 BD | | .6 | MTLY | 03/01/2029 | 06/15/2008 | | 100,000 | 1,519,768 | 1,500,000 | 101.7230 | 1,525,845 | 1,521,328 | 10,000 | 30,000 | (1,560) | 0 | 0 | 1 | 08/15/2001 | 5.767 | | | | |
| 3133TK-BU-3 | FHR 2148 B | | .6 | MTLY | 04/01/2029 | 04/15/2009 | | 100,000 | 1,376,061 | 1,363,113 | 102.5560 | 1,397,954 | 1,376,744 | 6,816 | 27,262 | (683) | 0 | 0 | 1 | 08/15/2001 | 5.707 | | | | |
| 3133TR-RS-6 | FHR 2295 PK | | .6 | MTLY | 03/01/2031 | 02/15/2019 | | 100,000 | 2,019,364 | 2,000,000 | 103.8270 | 2,076,540 | 2,020,000 | 10,000 | 90,000 | (636) | 0 | 0 | 1 | 03/15/2001 | 6.050 | | | | |
| 31358T-KP-3 | BTFNMA PAC 1993603 CLJ | | .7 | MTLY | 03/25/2022 | 01/25/2002 | | 100,000 | 1,991,056 | 2,000,000 | 103.8080 | 2,076,160 | 1,915,625 | 11,667 | 140,000 | 0 | 0 | 0 | 1 | 01/25/1993 | 6.926 | | | | |
| 31359F-SU-3 | BTFNMA CMO SER 93223 CL PG | | .5 | MTLY | 12/25/2021 | 01/25/2002 | | 100,000 | 909,516 | 912,898 | 101.3300 | 925,040 | 901,487 | 4,412 | 52,948 | 0 | 0 | 0 | 1 | 10/22/1993 | 5.709 | | | | |
| STATE TOTAL | | | | | | | | 11,992,157 | 11,876,426 | XXX | 12,223,703 | 11,605,593 | 65,105 | 382,127 | 65,848 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 11,992,157 | 11,876,426 | XXX | 12,223,703 | 11,605,593 | 65,105 | 382,127 | 65,848 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | |
| 2799999 - Total Bonds - Special Revenue - Defined Multi-Class Residential Mortgage-Backed Securities | | | | | | | | 11,992,157 | 11,876,426 | XXX | 12,223,703 | 11,605,593 | 65,105 | 382,127 | 65,848 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 3199999 - Special Revenue Bonds | | | | | | | | 40,995,326 | 41,364,227 | XXX | 41,542,537 | 40,528,753 | 358,797 | 2,000,240 | 40,425 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| PUBLIC UTILITIES | | | | | | | | | | | | | | | | | | | | | | | | | |
| ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | | | | | | |
| 025537-AA-9 | AMERICAN ELECTRIC POWER COMPANY | | .6 | MN | 05/15/2006 | | | 1,004,463 | 1,000,000 | 101.6520 | 1,016,520 | 1,004,540 | 7,826 | 0 | (77) | 0 | 0 | 2 | 11/29/2001 | 6.098 | | | | | |
| 03073K-AC-5 | AMERIGAS PARTNER 144A | | .8 | MN | 05/20/2011 | | | 510,368 | 500,000 | 103.5000 | 517,500 | 510,625 | 5,054 | 10,970 | (256) | 0 | 0 | 3 | 08/21/2001 | 8.732 | | | | | |
| 13134V-AA-1 | CALPINE CANADA ENERGY FINANCE | | .8 | FA | 05/01/2008 | | | 431,476 | 500,000 | 90.5000 | 452,500 | 431,250 | 7,083 | 0 | 226 | 0 | 0 | 3 | 12/19/2001 | 11.952 | | | | | |
| 283677-AT-9 | EL PASO ELECTRIC CO 1ST MTG SER-D | | .8 | FA | 02/01/2006 | | | 151,761 | 150,000 | 108.2040 | 162,306 | 153,450 | 5,562 | 13,350 | (347) | 0 | 0 | 2PE | 02/06/1996 | 8.737 | | | | | |
| 283677-AU-6 | EL PASO ELECTRIC CO 1ST MTG-SER-E | | .9 | MN | 05/01/2011 | | | 150,000 | 150,000 | 105.8000 | 158,700 | 150,000 | 2,350 | 14,100 | 0 | 0 | 0 | 2PE | 02/06/1996 | 9.621 | | | | | |
| 337932-AA-5 | FIRSTENERGY CORP | | .5 | MN | 11/15/2006 | | | 998,908 | 1,000,000 | 98.3630 | 983,630 | 998,880 | 7,028 | 0 | 28 | 0 | 0 | 2 | 11/08/2001 | 5.602 | | | | | |
| 637432-BA-2 | BTNATIONAL RURAL UTIL COOP | | .6 | MS | 09/15/2002 | | | 999,847 | 1,000,000 | 102.6660 | 1,026,660 | 998,750 | 19,139 | 65,000 | 205 | 0 | 0 | 1PE | 09/06/1995 | 6.629 | | | | | |

E08.2

ANNUAL STATEMENT FOR THE YEAR 2001 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 | 3 * | Interest | | 6 Maturity Date | 7 Option Date | 8 Option Call Price | 9 Book/Adjusted Carrying Value | 10 Par Value | 11 Rate Used to Obtain Fair Value | 12 Fair Value | 13 Actual Cost | Interest | | 16 Increase (Decrease) by Adjustment | 17 Increase (Decrease) by Foreign Exchange Adjustment | 18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | 19 NAIC Designation | 20 Date Acquired | 21 Effective Rate of Interest | | |
|---|-----------------------------------|--------|--------------|---------------|--------------------|------------------|------------------------|-----------------------------------|-----------------|--------------------------------------|------------------|-------------------|--|---|---|--|--|------------------------|---------------------|----------------------------------|-----|-----|
| | | | 4 Rate of | 5 How Paid | | | | | | | | | 14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | 15 Gross Amount Received During Year | | | | | | | | |
| 653522-DJ-8 | NIAGARA MOHAWK POWER | | .7.750 | AO | 10/01/2008 | | | 623,822 | 625,000 | 104.8670 | 655,419 | 623,412 | 12,109 | 48,438 | 128 | 0 | 0 | 2 | 06/17/1998 | 7.938 | | |
| 653522-DM-1 | NIAGARA MOHAWK POWER | | .5.375 | AO | 10/01/2004 | | | 374,838 | 375,000 | 99.1870 | 371,951 | 374,824 | 5,207 | 0 | 14 | 0 | 0 | 2 | 09/25/2001 | 5.465 | | |
| 677347-BJ-4 | OHIO EDISON CO | | .8.625 | MS | 09/15/2003 | | | 1,256,400 | 1,230,000 | 106.5090 | 1,310,061 | 1,317,109 | 31,237 | 106,088 | (14,024) | 0 | 0 | 2 | 01/14/1997 | 7.398 | | |
| 744567-DT-2 | BTPUBLIC SERV ELECT & GAS | | .6.250 | JJ | 01/01/2007 | | | 959,936 | 1,000,000 | 101.0640 | 1,010,640 | 928,420 | 31,250 | 62,500 | 6,441 | 0 | 0 | 1PE | 03/29/1996 | 7.349 | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 7,461,821 | 7,530,000 | XXX | 7,665,887 | 7,491,260 | 133,846 | 320,445 | (7,663) | 0 | 0 | XXX | XXX | XXX | | |
| 3299999 - Total Bonds - Public Utilities - Issuer Obligations | | | | | | | | 7,461,821 | 7,530,000 | XXX | 7,665,887 | 7,491,260 | 133,846 | 320,445 | (7,663) | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 3899999 - Total - Public Utilities Bonds | | | | | | | | 7,461,821 | 7,530,000 | XXX | 7,665,887 | 7,491,260 | 133,846 | 320,445 | (7,663) | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| INDUSTRIAL & MISCELLANEOUS ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | | | | | | |
| 00184A-AA-3 | AOL TIME WARNER | | .6.125 | AO | 04/15/2006 | | | 1,039,151 | 1,000,000 | 102.3070 | 1,023,070 | 1,040,530 | 12,931 | 0 | (1,379) | 0 | 0 | 2 | 10/29/2001 | 5.163 | | |
| 002824-AM-2 | BABBOTT LABORATORIES | | .5.625 | JJ | 07/01/2006 | | | 498,501 | 500,000 | 102.7290 | 513,645 | 498,355 | 13,750 | 0 | 146 | 0 | 0 | 1 | 06/28/2001 | 5.783 | | |
| 008916-AA-6 | AGRIUM INC. | | .7.000 | FA | 02/01/2004 | | | 998,873 | 1,000,000 | 101.8010 | 1,018,010 | 996,780 | 29,167 | 70,000 | 485 | 0 | 0 | 2PE | 01/28/1997 | 7.184 | | |
| 013817-AA-9 | BALCOA, INC. | | .7.250 | FA | 08/01/2005 | | | 1,246,742 | 1,250,000 | 106.7050 | 1,333,812 | 1,245,650 | 37,760 | 93,394 | 768 | 0 | 0 | 1 | 07/17/2000 | 7.468 | | |
| 023586-AA-8 | AMERCO NOTE | | .7.850 | MN | 05/15/2003 | | | 999,928 | 1,000,000 | 100.4170 | 1,004,170 | 999,700 | 10,361 | 78,500 | 37,158 | 0 | 0 | 3 | 05/01/1996 | 8.010 | | |
| 029717-AM-7 | AMER STANDARD SR NT | | .7.625 | FA | 02/15/2010 | | | 1,000,000 | 1,000,000 | 100.0000 | 1,000,000 | 1,005,660 | 28,806 | 76,250 | 37,500 | 0 | 0 | 3 | 07/30/1998 | 7.693 | | |
| 030730-AA-6 | AMERISOURCE BERGEN CORP 144A | | .8.125 | MS | 09/01/2008 | | | 514,388 | 500,000 | 104.5000 | 522,500 | 515,000 | 13,542 | 0 | (612) | 0 | 0 | 3 | 08/16/2001 | 7.711 | | |
| 058498-AB-2 | BALL CORP | | .7.750 | FA | 08/01/2006 | | | 510,044 | 500,000 | 103.5000 | 517,500 | 511,250 | 16,146 | 19,375 | (1,206) | 0 | 0 | 3 | 04/30/2001 | 7.358 | | |
| 06423A-AG-8 | BANK ONE CORP SUB NT | | .7.875 | FA | 08/01/2010 | | | 1,034,663 | 1,000,000 | 109.5140 | 1,095,140 | 1,037,350 | 32,812 | 78,531 | (2,687) | 0 | 0 | 1 | 01/17/2001 | 7.458 | | |
| 066050-CB-9 | BTBANKAMERICA CORP SUB NOTE | | .7.200 | AO | 04/15/2006 | | | 943,473 | 1,000,000 | 107.2590 | 1,072,590 | 885,530 | 15,200 | 72,000 | 10,428 | 0 | 0 | 1PE | 11/15/1994 | 9.004 | | |
| 097014-AB-0 | BOEING CAP CORP | | .7.104 | MS | 09/27/2005 | | | 1,003,027 | 1,000,000 | 104.5990 | 1,045,990 | 1,003,871 | 18,549 | 71,000 | (687) | 0 | 0 | 1 | 09/28/2000 | 7.134 | | |
| 111021-AC-5 | BTBRITISH TELECOM PLC | | .7.875 | JD | 12/15/2005 | | | 1,248,352 | 1,250,000 | 107.2220 | 1,340,275 | 1,247,988 | 4,375 | 97,669 | 342 | 0 | 0 | 2 | 12/05/2000 | 8.071 | | |
| 126304-AD-6 | CSC HOLDINGS INC SER B DEBENTURES | | .8.125 | FA | 08/15/2009 | | | 997,235 | 1,000,000 | 103.1890 | 1,031,890 | 996,270 | 30,694 | 81,250 | 253 | 0 | 0 | 3 | 08/21/1997 | 8.341 | | |
| 149123-AP-6 | BTBATERPILLAR INC | | .6.000 | MN | 05/01/2007 | | | 966,856 | 1,000,000 | 100.4410 | 1,004,410 | 934,410 | 10,000 | 60,000 | 5,008 | 0 | 0 | 1PE | 11/22/1993 | 6.864 | | |
| 172967-BA-8 | BTCTGROUP INC | | .6.750 | JD | 12/01/2005 | | | 1,332,221 | 1,300,000 | 106.2830 | 1,381,679 | 1,339,156 | 7,312 | 86,531 | (6,935) | 0 | 0 | 1 | 01/08/2001 | 6.121 | | |
| 184502-AG-7 | CLEAR CHANNEL | | .7.875 | JD | 06/15/2005 | | | 1,055,062 | 1,000,000 | 104.6180 | 1,046,180 | 1,060,570 | 3,500 | 39,375 | (5,508) | 0 | 0 | 2 | 08/10/2001 | 6.178 | | |
| 20043J-AG-0 | COMINCO LTD MTNS | | .8.030 | MS | 05/26/2003 | | | 1,285,007 | 1,275,000 | 106.5790 | 1,358,882 | 1,313,148 | 30,146 | 102,382 | (6,520) | 0 | 0 | 2 | 01/14/1997 | 7.570 | | |
| 233835-AB-3 | BTDAILMERCURY SNR NTS | | .6.900 | MS | 09/01/2004 | | | 1,448,760 | 1,450,000 | 102.8230 | 1,490,934 | 1,447,840 | 33,350 | 100,050 | 410 | 0 | 0 | 2 | 08/17/1999 | 7.056 | | |
| 25156P-AA-1 | BTDEUTSCHE TELEKOM FINANCE GRP | | .7.750 | JD | 06/15/2005 | | | 1,248,394 | 1,250,000 | 107.0380 | 1,337,975 | 1,247,825 | 4,306 | 96,876 | 391 | 0 | 0 | 1 | 06/28/2000 | 7.945 | | |
| 260543-AY-9 | BTDOW CHEM NT 99 | | .8.550 | AO | 10/15/2009 | | | 1,087,893 | 1,075,000 | 114.4240 | 1,230,058 | 1,094,187 | 19,404 | 91,912 | (1,137) | 0 | 0 | 1 | 01/10/1995 | 8.511 | | |
| 277461-AS-8 | BTEASTMAN KODAK CO NOTE | | .9.750 | AO | 10/01/2004 | | | 1,077,332 | 1,000,000 | 114.8800 | 1,148,800 | 1,244,870 | 24,375 | 97,500 | (24,827) | 0 | 0 | 1PE | 06/25/1993 | 6.740 | | |
| 309601-AB-8 | BTFARMERS INS EXCHANGE 144A | | .8.500 | FA | 08/01/2004 | | | 1,037,952 | 1,000,000 | 106.1940 | 1,061,940 | 1,087,090 | 35,417 | 85,000 | (12,987) | 0 | 0 | 1 | 10/14/1997 | 6.991 | | |
| 31410H-AF-8 | FEDERATED DEPARTMENT STORES | | .8.125 | AO | 10/15/2002 | | | 1,001,169 | 1,000,000 | 104.2970 | 1,042,970 | 1,006,405 | 17,153 | 81,250 | (1,382) | 0 | 0 | 2 | 04/23/1997 | 8.129 | | |
| 337358-DQ-5 | BTFIRST UNION CORP | | .7.550 | FA | 08/18/2005 | | | 1,035,317 | 1,000,000 | 108.5170 | 1,085,170 | 1,043,150 | 27,893 | 75,500 | (7,833) | 0 | 0 | 1 | 01/24/2001 | 6.548 | | |
| 345397-TX-1 | FORD MOTOR CREDIT | | .6.500 | JJ | 01/25/2007 | | | 998,492 | 1,000,000 | 98.1350 | 981,350 | 998,450 | 11,917 | 0 | 42 | 0 | 0 | 2 | 10/29/2001 | 6.642 | | |
| 36962G-UU-6 | BTGENERAL ELECTRIC CAP | | .7.500 | MN | 05/15/2005 | | | 1,196,035 | 1,200,000 | 109.1480 | 1,309,776 | 1,194,454 | 11,500 | 90,000 | 995 | 0 | 0 | 1 | 05/10/2000 | 7.758 | | |
| 404230-AF-4 | HMH PROPERTIES MTN | | .7.875 | JD | 08/01/2008 | | | 436,273 | 475,000 | 92.0000 | 437,000 | 428,094 | 1,662 | 37,406 | 4,061 | 0 | 0 | 3 | 11/12/1999 | 9.801 | | |
| 423328-BQ-5 | BTHELLER FINANCIAL INC | | .7.500 | FA | 08/23/2002 | | | 999,789 | 1,000,000 | 103.0840 | 1,030,840 | 999,380 | 26,667 | 75,000 | 306 | 0 | 0 | 1 | 08/16/2000 | 7.676 | | |
| 46625H-AE-0 | BTJP MORGAN CHASE & CO | | .6.250 | JJ | 01/15/2006 | | | 1,016,426 | 1,000,000 | 103.3320 | 1,033,320 | 1,019,290 | 28,819 | 31,250 | (2,864) | 0 | 0 | 1 | 03/08/2001 | 5.872 | | |
| 521865-AE-5 | LEAR CORP | | .8.110 | MN | 05/15/2009 | | | 502,830 | 500,000 | 100.5660 | 502,830 | 505,000 | 5,181 | 40,550 | (2,170) | 0 | 0 | 3 | 04/30/2001 | 8.097 | | |
| 55262L-AA-8 | MBNA CORPORATION | | .6.875 | JD | 06/01/2005 | | | 991,076 | 1,000,000 | 101.1830 | 1,011,830 | 982,500 | 5,729 | 68,750 | 2,229 | 0 | 0 | 2PE | 09/04/1997 | 7.303 | | |
| 552673-AM-7 | MCI COMMUNICATIONS CORP | | .7.500 | FA | 08/20/2004 | | | 202,219 | 200,000 | 104.6760 | 209,352 | 202,724 | 5,458 | 7,500 | (505) | 0 | 0 | 1 | 04/27/2001 | 7.156 | | |
| 57978X-AA-3 | BTMCCORMICK & CO | | .6.400 | FA | 02/01/2006 | | | 748,749 | 750,000 | 102.2900 | 767,175 | 748,508 | 20,000 | 48,133 | 242 | 0 | 0 | 1 | 01/26/2001 | 6.551 | | |
| 638585-AF-6 | BTNATIONSBANK SUB NOTE | | .6.500 | FA | 08/15/2003 | | | 1,000,000 | 1,000,000 | 104.7490 | 1,047,490 | 1,000,000 | 24,556 | 65,000 | 0 | 0 | 0 | 1 | 08/17/1993 | 6.606 | | |
| 652228-AE-7 | NEWPORT NEWS | | .8.625 | JD | 12/01/2006 | | | 515,789 | 500,000 | 106.0000 | 530,000 | 525,000 | 3,594 | 43,125 | 13,289 | 0 | 0 | 3 | 12/03/1997 | 7.993 | | |
| 655422-AK-9 | NORANDA INC DEB. | | .8.625 | JJ | 07/15/2002 | | | 1,010,783 | 1,000,000 | 102.0810 | 1,020,810 | 1,109,220 | 39,771 | 86,250 | (18,943) | 0 | 0 | 2 | 11/29/1995 | 6.674 | | |
| 676255-AJ-1 | OFFSHORE LOGISTICS INC 144A | | .7.875 | JJ | 01/15/2008 | | | 617,500 | 650,000 | 95.0000 | 617,500 | 648,200 | 23,603 | 51,188 | 16,250 | 0 | 0 | 3 | 01/22/1998 | 8.072 | | |
| 679833-AB-9 | BTOLD KENT FINANCIAL CORP | | .6.625 | MN | 11/15/2005 | | | 1,007,515 | 1,000,000 | 105.4580 | 1,054,580 | 1,016,150 | 8,465 | 66,250 | (1,659) | 0 | 0 | 1PE | 12/05/1995 | 6.505 | | |
| 69332H-GX-8 | PHH CORP MTN | | .8.125 | FA | 02/03/2003 | | | 999,821 | 1,000,000 | 103.3050 | 1,033,050 | 999,680 | 33,403 | 41,302 | 141 | 0 | 0 | 1 | 01/26/2001 | 8.308 | | |
| 695629-AR-6 | BTPAINE WEBBER | | .8.875 | MS | 03/15/2005 | | | 1,058,339 | 1,000,000 | 100.5910 | 1,005,910 | 1,139,600 | 26,132 | 88,750 | (15,763) | 0 | 0 | 1PE | 12/05/1995 | 6.936 | | |
| 700690-AB-6 | PARK PLACE ENTMT | | .7.875 | JD | 12/15/2006 | | | 500,000 | 500,000 | 100.0000 | 500,000 | 503,125 | 1,750 | 39,375 | (3,125) | 0 | 0 | 3 | 04/30/2001 | 7.885 | | |
| 74005P-AB-0 | PRAXAIR INC | | .6.850 | JD | 06/15/2005 | | | 1,023,758 | 1,000,000 | 104.1510 | 1,041,510 | 1,027,980 | 3,044 | 68,500 | (4,222) | 0 | 0 | 2PE | 04/19/2001 | 6.170 | | |
| 77531Q-AB-4 | ROGERS WIRELESS | | .9.625 | MN | 05/01/2011 | | | 504,791 | 500,000 | 103.5000 | 517,500 | 505,000 | 8,021 | 23,929 | (209) | 0 | 0 | 2 | 02/30/2001 | 9.692 | | |
| 79549B-CF-2 | BTSALOMON SMITH BARNEY HLDGS NOTE | | .6.875 | JD | 06/1 | | | | | | | | | | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2001 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 | 3 * | Interest | | 6 Maturity Date | 7 Option Date | 8 Option Call Price | 9 Book/Adjusted Carrying Value | 10 Par Value | 11 Rate Used to Obtain Fair Value | 12 Fair Value | 13 Actual Cost | Interest | | 16 Increase (Decrease) by Adjustment | 17 Increase (Decrease) by Foreign Exchange Adjustment | 18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest | 19 NAIC Designation | 20 Date Acquired | 21 Effective Rate of Interest | | | | | |
|--|--------------------------------|--------|--------------|---------------|--------------------|------------------|------------------------|-----------------------------------|-----------------|--------------------------------------|------------------|-------------------|--|---|---|--|--|------------------------|---------------------|----------------------------------|-----|-----|-----|-----|-----|
| | | | 4 Rate of | 5 How Paid | | | | | | | | | 14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default | 15 Gross Amount Received During Year | | | | | | | | | | | |
| 879385-AB-8 | BTTELEFONICA EUROP | | .7.350 | MS | 09/15/2005 | | | 1,001,182 | 1,000,000 | 105.4870 | 1,054,870 | 1,001,505 | 21,642 | 72,275 | (269) | 0 | 0 | 1 | 10/06/2000 | 7.447 | | | | | |
| 902118-AL-2 | TYCO INTERNATIONAL GRP | | .5.875 | MN | 11/01/2004 | | | 1,318,528 | 1,350,000 | 102.3530 | 1,381,766 | 1,308,177 | 13,219 | 79,312 | 9,750 | 0 | 0 | 2PE | 12/07/2000 | 6.908 | | | | | |
| 908068-AD-1 | UNION PLANTERS CORP SUB | | .6.250 | MN | 11/01/2003 | | | 995,855 | 1,000,000 | 103.2700 | 1,032,700 | 985,150 | 10,417 | 62,500 | 2,061 | 0 | 0 | 0 | 12/05/1995 | 6.599 | | | | | |
| 908584-DJ-1 | BTUNION TANK CAR | | .7.125 | FA | 02/01/2007 | | | 499,682 | 500,000 | 103.5290 | 517,645 | 499,465 | 14,844 | 35,625 | 50 | 0 | 0 | 1PE | 01/22/1997 | 7.268 | | | | | |
| 912920-AU-9 | US WEST COMMUNICATIONS INC | | .7.200 | MN | 11/01/2004 | | | 1,121,683 | 1,100,000 | 99.5590 | 1,095,149 | 1,127,238 | 13,200 | 79,200 | (5,555) | 0 | 0 | 2 | 03/06/2001 | 6.532 | | | | | |
| 931142-AS-2 | BTWALMART STORES INC | | .7.250 | JD | 06/01/2013 | | | 994,104 | 1,000,000 | 110.0030 | 1,100,030 | 991,970 | 6,042 | 72,500 | 321 | 0 | 0 | 1 | 05/25/1993 | 7.461 | | | | | |
| 962166-AX-2 | WEYERHAEUSER CO | | .6.000 | FA | 08/01/2006 | | | 1,245,507 | 1,250,000 | 100.2710 | 1,253,388 | 1,245,162 | 30,833 | 0 | 344 | 0 | 0 | 1 | 08/03/2001 | 6.184 | | | | | |
| 98155K-AA-0 | WORLDCOM INC | | .7.550 | AO | 04/01/2004 | | | 1,035,239 | 1,000,000 | 104.4530 | 1,044,530 | 1,041,150 | 18,875 | 37,750 | (5,911) | 0 | 0 | 2PE | 08/03/2001 | 5.943 | | | | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 50,676,912 | 50,325,000 | XXX | 52,422,225 | 51,305,197 | 929,967 | 3,262,317 | (26,380) | 0 | 0 | 0 | XXX | XXX | XXX | | | | |
| 3999999 - Total Bonds - Industrial, Misc. - Issuer Obligations | | | | | | | | 50,676,912 | 50,325,000 | XXX | 52,422,225 | 51,305,197 | 929,967 | 3,262,317 | (26,380) | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | |
| DEFINED MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES | | | | | | | | | | | | | | | | | | | | | | | | | |
| 783760-QK-0 | RYLAND ACCEPT CORP IV REMIC 81 | | .9.000 | MTLY | 02/01/2017 | 03/01/2016 | | 695,455 | 695,357 | 98.3650 | 683,988 | 730,885 | 5,215 | 62,582 | (28) | 0 | 0 | 1PE | 04/09/1992 | 9.376 | | | | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 695,455 | 695,357 | XXX | 683,988 | 730,885 | 5,215 | 62,582 | (28) | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| 4199999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Residential Mortgage-Backed Securities | | | | | | | | 695,455 | 695,357 | XXX | 683,988 | 730,885 | 5,215 | 62,582 | (28) | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| DEFINED MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED | | | | | | | | | | | | | | | | | | | | | | | | | |
| 68338S-BA-5 | ONYX ACCEPTANCE AUTO TRUST | | .6.760 | MTLY | 05/15/2004 | 06/15/2003 | | 999,939 | 1,000,000 | 103.3410 | 1,033,410 | 999,786 | 3,004 | 67,600 | 68 | 0 | 0 | 1 | 08/25/1999 | 6.981 | | | | | |
| COUNTRY TOTAL - U.S. | | | | | | | | 999,939 | 1,000,000 | XXX | 1,033,410 | 999,786 | 3,004 | 67,600 | 68 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | | |
| 4399999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Commercial Mortgage-Backed Securities | | | | | | | | 999,939 | 1,000,000 | XXX | 1,033,410 | 999,786 | 3,004 | 67,600 | 68 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | | |
| 4599999 - Total - Industrial and Miscellaneous Bonds | | | | | | | | 52,372,306 | 52,020,357 | XXX | 54,139,623 | 53,035,868 | 938,187 | 3,392,499 | (26,340) | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX | |
| 5499999 - Total - Issuer Obligations | | | | | | | | 70,597,105 | 69,890,000 | XXX | 73,027,743 | 71,343,751 | 1,277,254 | 4,108,900 | (106,814) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 5599999 - Total - Single Class Mortgage-Backed/Asset-Backed Securities | | | | | | | | 35,268,998 | 35,526,083 | XXX | 35,839,019 | 35,180,039 | 234,136 | 2,375,704 | 12,947 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 5699999 - Total - Defined Multi-Class Residential Mortgage-Backed Securities | | | | | | | | 12,687,612 | 12,571,782 | XXX | 12,907,691 | 12,336,478 | 70,321 | 444,709 | 65,820 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 5899999 - Total - Defined Multi-Class Commercial Mortgage-Backed Securities | | | | | | | | 999,939 | 1,000,000 | XXX | 1,033,410 | 999,786 | 3,004 | 67,600 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |
| 6099999 Totals | | | | | | | | 119,553,654 | 118,987,865 | XXX | 122,807,863 | 119,860,055 | 1,584,715 | 6,996,913 | (27,978) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | XXX | XXX |

E08.4

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2001 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 CUSIP Identification | 2 Description | 3 Date Acquired | 4 Name of Vendor | 5 Number of Shares of Stock | 6 Actual Cost | 7 Par Value | 8 Paid for Accrued Interest and Dividends |
|---|---------------------------------|--------------------|---------------------------|-----------------------------------|---------------------|----------------|---|
| US GOVERNMENT OBLIGATIONS - U.S. | | | | | | | |
| 912827-5S-7 | US TREASURY NOTE | 08/21/2001 | VARIOUS | | 3,469,077 | 3,320,000 | 44,007 |
| COUNTRY TOTAL | | | | | 3,469,077 | 3,320,000 | 44,007 |
| 0399999 - Total - Bonds - U.S. Government | | | | | 3,469,077 | 3,320,000 | 44,007 |
| SPECIAL REVENUE AND ASSESSMENTS - U.S. | | | | | | | |
| U.S. GOVERNMENT | | | | | | | |
| 312911-Z6-0 | FHLMC 1360Z | 12/15/2001 | PAR ACCRETION | | 0 | 73,897 | 0 |
| 313399-PE-1 | FHR 2347 PB | 10/19/2001 | GREENWICH CAPITAL MARKETS | | 1,143,656 | 1,100,000 | 4,568 |
| 3133TD-HE-9 | FHR 2044 PC | 09/21/2001 | Bank Of America | | 2,053,125 | 2,000,000 | 8,333 |
| 3133TK-2M-1 | FHR 2131 BD | 08/15/2001 | SALOMON BROTHERS INC. | | 1,521,328 | 1,500,000 | 3,500 |
| 3133TK-BU-3 | FHR 2148 B | 08/15/2001 | BEAR STEARNS CO. | | 1,506,140 | 1,491,228 | 7,208 |
| 3133TR-RS-6 | FHR 2295 PK | 03/15/2001 | Bank Of America | | 2,020,000 | 2,000,000 | 9,667 |
| 31359M-FV-0 | BTFNMA | 03/06/2001 | MERRILL LYNCH | | 4,258,594 | 4,000,000 | 40,444 |
| 31359S-ES-5 | FNR 2001-3 PG | 03/25/2001 | CHASE MANHATTAN | | 2,003,125 | 2,000,000 | 4,000 |
| 31385Y-VS-1 | FNMA 15 YR #556925 | 10/31/2001 | GOLDMAN SACHS & CO. | | 45,695 | 44,499 | 134 |
| 31386L-UG-7 | FNMA 15 YR #566805 | 04/17/2001 | CS First Boston | | 24,834 | 25,045 | 67 |
| 31386V-VK-3 | FNMA 15 YR #574918 | 04/17/2001 | CS First Boston | | 24,796 | 25,007 | 67 |
| 31386X-J6-4 | FNMA 15 YR #576385 | 04/17/2001 | CS First Boston | | 941,933 | 949,948 | 2,533 |
| 31388E-AF-3 | FNMA 15 YR #602206 | 10/31/2001 | GOLDMAN SACHS & CO. | | 910,185 | 886,364 | 2,659 |
| 31388W-BW-5 | FNMA 15 YR #616653 | 10/31/2001 | GOLDMAN SACHS & CO. | | 70,937 | 69,080 | 207 |
| 31389B-BV-2 | FNMA 15 YR #620252 | 12/01/2001 | GOLDMAN SACHS & CO. | | 511,692 | 500,050 | 1,417 |
| STATE TOTAL | | | | | 17,036,039 | 16,665,118 | 84,803 |
| COUNTRY TOTAL | | | | | 17,036,039 | 16,665,118 | 84,803 |
| 3199999 - Total - Bonds - Special Revenue | | | | | 17,036,039 | 16,665,118 | 84,803 |
| PUBLIC UTILITIES - U.S. | | | | | | | |
| 025537-AA-9 | AMERICAN ELECTRIC POWER COMPANY | 11/29/2001 | MERRILL LYNCH | | 1,004,540 | 1,000,000 | 3,233 |
| 03073K-AC-5 | AMERIGAS PARTNER 144A | 08/21/2001 | RBC DOMIN | | 510,625 | 500,000 | 370 |
| 13134V-AA-1 | CALPINE CANADA ENERGY FINANCE | 12/19/2001 | DEUTSCHE BANK | | 431,250 | 500,000 | 6,257 |
| 337932-AA-5 | FIRSTENERGY CORP | 11/08/2001 | MORGAN STANLEY | | 998,880 | 1,000,000 | 0 |
| 653522-DM-1 | NIAGARA MOHAWK POWER | 09/25/2001 | SALOMON BROTHERS INC. | | 374,824 | 375,000 | 0 |
| COUNTRY TOTAL | | | | | 3,320,119 | 3,375,000 | 9,859 |
| 3899999 - Total - Bonds - Public Utilities | | | | | 3,320,119 | 3,375,000 | 9,859 |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | |
| 00184A-AA-3 | AOL TIME WARNER | 10/29/2001 | MORGAN STANLEY | | 1,040,530 | 1,000,000 | 2,722 |
| 002824-AM-2 | BTABBOTT LABORATORIES | 06/28/2001 | GOLDMAN SACHS & CO. | | 498,355 | 500,000 | 0 |
| 03073Q-AA-6 | AMERISOURCE BERGEN CORP 144A | 08/16/2001 | FIRST UNION CAPITAL MARKE | | 515,000 | 500,000 | 790 |
| 058498-AB-2 | BALL CORP | 04/30/2001 | LEHMAN BROTHERS | | 511,250 | 500,000 | 9,903 |
| 06423A-AG-8 | BANK ONE CORP SUB NT | 01/17/2001 | MORGAN STANLEY | | 1,037,350 | 1,000,000 | 37,188 |
| 172967-BA-8 | BTCTIGROUP INC | 01/08/2001 | SALOMON BROTHERS INC. | | 1,339,156 | 1,300,000 | 10,969 |
| 184502-AG-7 | CLEAR CHANNEL | 08/10/2001 | MERRILL LYNCH | | 1,060,570 | 1,000,000 | 13,125 |
| 337358-DQ-5 | BTFIRST UNION CORP | 01/24/2001 | LEHMAN BROTHERS | | 1,043,150 | 1,000,000 | 33,765 |
| 345397-TX-1 | FORD MOTOR CREDIT | 10/29/2001 | SALOMON BROTHERS INC. | | 998,450 | 1,000,000 | 1,083 |
| 46625H-AE-0 | BTJP MORGAN CHASE & CO | 03/08/2001 | SALOMON BROTHERS INC. | | 1,019,290 | 1,000,000 | 10,069 |
| 521865-AE-5 | LEAR CORP | 04/30/2001 | LEHMAN BROTHERS | | 505,000 | 500,000 | 18,923 |
| 552673-AM-7 | MCI COMMUNICATIONS CORP | 04/27/2001 | UBS SECURITIES INC. | | 202,724 | 200,000 | 3,000 |
| 57978X-AA-3 | BTMCCORMICK & CO | 01/26/2001 | GOLDMAN SACHS & CO. | | 748,508 | 750,000 | 0 |
| 69332H-GX-8 | PHH CORP MTN | 01/26/2001 | MERRILL LYNCH | | 999,680 | 1,000,000 | 0 |
| 700690-AB-6 | PARK PLACE ENTW | 04/30/2001 | DEUTSCHE BANK | | 503,125 | 500,000 | 15,094 |
| 74005P-AB-0 | PRAXAIR INC | 04/19/2001 | MORGAN STANLEY | | 1,027,980 | 1,000,000 | 24,546 |
| 77531Q-AB-4 | ROGERS WIRELESS | 04/30/2001 | RBC DOMIN | | 505,000 | 500,000 | 134 |
| 91292Q-AU-9 | US WEST COMMUNICATIONS INC | 03/06/2001 | VARIOUS | | 1,127,238 | 1,100,000 | 28,160 |
| 962166-AX-2 | WEYERHAEUSER CO | 08/03/2001 | J P MORGAN | | 1,245,162 | 1,250,000 | 729 |
| 98155K-AA-0 | WORLDCOM INC | 08/03/2001 | LEHMAN BROTHERS | | 1,041,150 | 1,000,000 | 26,635 |
| COUNTRY TOTAL | | | | | 16,968,668 | 16,600,000 | 236,835 |
| 4599999 - Total - Bonds - Industrial, Misc. | | | | | 16,968,668 | 16,600,000 | 236,835 |
| 6099997 - Total - Bonds - Part 3 | | | | | 40,793,904 | 39,960,118 | 375,504 |
| 6099998 - Total - Bonds - Part 5 | | | | | 8,536,260 | 8,420,183 | 41,318 |
| 6099999 - Total - Bonds | | | | | 49,330,163 | 48,380,301 | 416,822 |
| 6599998 - Total - Preferred Stocks - Part 5 | | | | | 0 | XXX | 0 |

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ANNUAL STATEMENT FOR THE YEAR 2001 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 | 15 | 16 |
|----------------------------------|-------------------|---------------|-------------------|---------------------------|---------------|-----------|-------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|--|--|
| CUSIP Identification | Description | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest on Bonds Received During Year | Dividends on Stocks Received During Year |
| US GOVERNMENT OBLIGATIONS - U.S. | | | | | | | | | | | | | | | |
| 36202C-B5-1... | GNMA POOL #1849 | 12/20/2001 | PRIN RCPT | | 3,987 | 3,987 | 4,158 | 3,987 | (167) | 0 | 0 | 0 | 0 | 180 | |
| 36202C-G5-6... | GNMA POOL #2020 | 12/20/2001 | PRIN RCPT | | 492,410 | 492,410 | 513,492 | 492,410 | (20,624) | 0 | 0 | 0 | 0 | 22,104 | |
| 36202C-RF-2... | GNMA POOL #2286 | 12/20/2001 | PRIN RCPT | | 34,753 | 34,753 | 36,241 | 34,753 | (1,457) | 0 | 0 | 0 | 0 | 1,599 | |
| 36202C-SP-9... | GNMA POOL #2326 | 12/20/2001 | PRIN RCPT | | 322,272 | 322,272 | 336,070 | 322,272 | (13,523) | 0 | 0 | 0 | 0 | 14,632 | |
| 36202C-TA-1... | GNMA POOL #2345 | 12/20/2001 | PRIN RCPT | | 138,827 | 138,827 | 144,770 | 138,827 | (5,825) | 0 | 0 | 0 | 0 | 5,838 | |
| 36202C-UX-9... | GNMA POOL #2398 | 12/20/2001 | PRIN RCPT | | 48,158 | 48,158 | 50,220 | 48,158 | (2,018) | 0 | 0 | 0 | 0 | 2,423 | |
| 36202C-VH-3... | GNMA POOL #2416 | 12/20/2001 | PRIN RCPT | | 7,880 | 7,880 | 8,218 | 7,880 | (331) | 0 | 0 | 0 | 0 | 400 | |
| 36202C-WF-6... | GNMA POOL #2446 | 12/20/2001 | PRIN RCPT | | 100,718 | 100,718 | 105,030 | 100,718 | (4,228) | 0 | 0 | 0 | 0 | 4,786 | |
| 36202C-ZC-0... | GNMA POOL #2539 | 12/20/2001 | PRIN RCPT | | 162,128 | 162,128 | 169,069 | 162,128 | (6,809) | 0 | 0 | 0 | 0 | 8,750 | |
| 36203A-P2-6... | GNMA POOL #343441 | 12/15/2001 | PRIN RCPT | | 575 | 575 | 595 | 575 | (18) | 0 | 0 | 0 | 0 | 27 | |
| 362059-Y8-4... | GNMA POOL #030435 | 12/15/2001 | PRIN RCPT | | 205 | 205 | 221 | 205 | (14) | 0 | 0 | 0 | 0 | 11 | |
| 36205J-AX-3... | GNMA POOL #391622 | 12/15/2001 | PRIN RCPT | | 216,377 | 216,377 | 223,680 | 216,377 | (6,964) | 0 | 0 | 0 | 0 | 11,843 | |
| 36205J-HZ-1... | GNMA POOL #391848 | 12/15/2001 | PRIN RCPT | | 47 | 47 | 49 | 47 | (1) | 0 | 0 | 0 | 0 | 2 | |
| 36205L-JF-8... | GNMA POOL #393662 | 12/15/2001 | PRIN RCPT | | 3,983 | 3,983 | 4,117 | 3,983 | (132) | 0 | 0 | 0 | 0 | 253 | |
| 362064-L8-8... | GNMA POOL #034551 | 12/15/2001 | PRIN RCPT | | 48,741 | 48,741 | 52,610 | 48,741 | (3,431) | 0 | 0 | 0 | 0 | 1,245 | |
| 36210A-2E-6... | GNMA POOL #486873 | 12/15/2001 | PRIN RCPT | | 189,906 | 189,906 | 177,636 | 189,906 | 12,136 | 0 | 0 | 0 | 0 | 7,287 | |
| 36210X-QA-8... | GNMA POOL #505449 | 11/15/2001 | VARIOUS | | 992,679 | 974,640 | 982,178 | 977,140 | (4,956) | 0 | 0 | 15,539 | 15,539 | 50,387 | |
| 362135-4V-4... | GNMA POOL #097136 | 12/15/2001 | PRIN RCPT | | 5,021 | 5,021 | 5,523 | 5,021 | (429) | 0 | 0 | 0 | 0 | 269 | |
| 362135-T3-9... | GNMA POOL #096870 | 12/15/2001 | PRIN RCPT | | 2,696 | 2,696 | 2,966 | 2,696 | (212) | 0 | 0 | 0 | 0 | 156 | |
| 362146-3M-0... | GNMA POOL #106204 | 12/15/2001 | PRIN RCPT | | 38,556 | 38,556 | 41,617 | 38,556 | (2,625) | 0 | 0 | 0 | 0 | 2,849 | |
| 36214H-GD-4... | GNMA POOL #106496 | 12/15/2001 | PRIN RCPT | | 1,992 | 1,992 | 2,150 | 1,992 | (135) | 0 | 0 | 0 | 0 | 98 | |
| 362151-AU-6... | GNMA POOL #150419 | 12/15/2001 | PRIN RCPT | | 5,412 | 5,412 | 5,906 | 5,412 | (443) | 0 | 0 | 0 | 0 | 237 | |
| 362153-ED-6... | GNMA POOL #152332 | 12/15/2001 | PRIN RCPT | | 36,085 | 36,085 | 39,378 | 36,085 | (2,820) | 0 | 0 | 0 | 0 | 3,335 | |
| 362157-W5-4... | GNMA POOL #156468 | 12/15/2001 | PRIN RCPT | | 25,355 | 25,355 | 27,669 | 25,355 | (2,089) | 0 | 0 | 0 | 0 | 1,962 | |
| 362159-P2-5... | GNMA POOL #158041 | 12/15/2001 | PRIN RCPT | | 1,037 | 1,037 | 1,132 | 1,037 | (86) | 0 | 0 | 0 | 0 | 55 | |
| 36215D-WA-0... | GNMA POOL #132141 | 12/17/2001 | VARIOUS | | 42,809 | 42,809 | 46,716 | 46,280 | (83) | 0 | 0 | (3,471) | (3,471) | 4,225 | |
| 36215N-3T-9... | GNMA POOL #140410 | 12/15/2001 | PRIN RCPT | | 22,552 | 22,552 | 24,610 | 22,552 | (1,869) | 0 | 0 | 0 | 0 | 1,341 | |
| 36215N-3U-6... | GNMA POOL #140411 | 12/15/2001 | PRIN RCPT | | 20,681 | 20,681 | 22,568 | 20,681 | (1,723) | 0 | 0 | 0 | 0 | 1,259 | |
| 36215N-TV-6... | GNMA POOL #140164 | 12/15/2001 | PRIN RCPT | | 8,710 | 8,710 | 9,505 | 8,710 | (744) | 0 | 0 | 0 | 0 | 188 | |
| 36215Q-YK-7... | GNMA POOL #142114 | 12/15/2001 | PRIN RCPT | | 36,316 | 36,316 | 39,630 | 36,316 | (3,009) | 0 | 0 | 0 | 0 | 1,230 | |
| 36215U-VT-2... | GNMA POOL #145626 | 12/15/2001 | PRIN RCPT | | 38,924 | 38,924 | 42,476 | 38,924 | (3,182) | 0 | 0 | 0 | 0 | 1,674 | |
| 36215U-ZH-4... | GNMA POOL #145744 | 12/15/2001 | PRIN RCPT | | 278 | 278 | 303 | 278 | (22) | 0 | 0 | 0 | 0 | 15 | |
| 36215W-BR-4... | GNMA POOL #146848 | 12/15/2001 | PRIN RCPT | | 12,568 | 12,568 | 13,715 | 12,568 | (1,042) | 0 | 0 | 0 | 0 | 1,017 | |
| 36215W-QD-9... | GNMA POOL #147252 | 12/15/2001 | PRIN RCPT | | 11,328 | 11,328 | 12,361 | 11,328 | (937) | 0 | 0 | 0 | 0 | 419 | |
| 362162-SW-0... | GNMA POOL #181533 | 12/15/2001 | PRIN RCPT | | 9,833 | 9,833 | 10,614 | 9,833 | (747) | 0 | 0 | 0 | 0 | 580 | |
| 362164-X6-7... | GNMA POOL #183501 | 12/15/2001 | PRIN RCPT | | 2,135 | 2,135 | 2,330 | 2,135 | (183) | 0 | 0 | 0 | 0 | 118 | |
| 36216H-YB-6... | GNMA POOL #165506 | 12/15/2001 | PRIN RCPT | | 22,781 | 22,781 | 22,888 | 22,781 | (74) | 0 | 0 | 0 | 0 | 1,352 | |
| 36216S-J7-8... | GNMA POOL #173186 | 12/15/2001 | PRIN RCPT | | 39,847 | 39,847 | 40,034 | 39,847 | (124) | 0 | 0 | 0 | 0 | 2,586 | |
| 36216W-WW-9... | GNMA POOL #177161 | 12/15/2001 | PRIN RCPT | | 16,146 | 16,146 | 17,619 | 16,146 | (1,344) | 0 | 0 | 0 | 0 | 945 | |
| 36217B-5D-6... | GNMA POOL #189044 | 12/15/2001 | PRIN RCPT | | 2,356 | 2,356 | 2,271 | 2,356 | 70 | 0 | 0 | 0 | 0 | 111 | |
| 36217C-SU-1... | GNMA POOL #189631 | 12/15/2001 | PRIN RCPT | | 36,119 | 36,119 | 39,415 | 36,119 | (2,962) | 0 | 0 | 0 | 0 | 1,947 | |
| 36218F-KA-5... | GNMA POOL #220889 | 12/15/2001 | PRIN RCPT | | 4,636 | 4,636 | 5,004 | 4,636 | (342) | 0 | 0 | 0 | 0 | 235 | |
| 36218V-S9-5... | GNMA POOL #233744 | 12/15/2001 | PRIN RCPT | | 562 | 562 | 548 | 562 | 12 | 0 | 0 | 0 | 0 | 31 | |
| 36218W-MD-0... | GNMA POOL #234456 | 12/15/2001 | PRIN RCPT | | 75,774 | 75,774 | 82,688 | 75,774 | (6,405) | 0 | 0 | 0 | 0 | 2,081 | |
| 362199-7D-7... | GNMA POOL #271892 | 12/15/2001 | PRIN RCPT | | 376 | 376 | 406 | 376 | (28) | 0 | 0 | 0 | 0 | 19 | |
| 36219E-BK-5... | GNMA POOL #246742 | 12/15/2001 | PRIN RCPT | | 13,193 | 13,193 | 14,240 | 13,193 | (965) | 0 | 0 | 0 | 0 | 388 | |
| 36219G-FG-5... | GNMA POOL #248667 | 12/15/2001 | PRIN RCPT | | 2,265 | 2,265 | 2,472 | 2,265 | (191) | 0 | 0 | 0 | 0 | 134 | |
| 36219M-5Q-1... | GNMA POOL #253855 | 12/15/2001 | PRIN RCPT | | 40,437 | 40,437 | 43,647 | 40,437 | (3,063) | 0 | 0 | 0 | 0 | 1,332 | |
| 36219N-HR-4... | GNMA POOL #254140 | 12/15/2001 | PRIN RCPT | | 13,174 | 13,174 | 12,701 | 13,174 | 380 | 0 | 0 | 0 | 0 | 570 | |
| 36219N-TB-6... | GNMA POOL #254446 | 12/15/2001 | PRIN RCPT | | 1,271 | 1,271 | 1,372 | 1,271 | (97) | 0 | 0 | 0 | 0 | 63 | |
| 36219S-Z5-1... | GNMA POOL #258264 | 12/15/2001 | PRIN RCPT | | 38,451 | 38,451 | 41,959 | 38,451 | (3,119) | 0 | 0 | 0 | 0 | 1,016 | |
| 36219T-NG-0... | GNMA POOL #258813 | 12/15/2001 | PRIN RCPT | | 3,791 | 3,791 | 3,655 | 3,791 | 115 | 0 | 0 | 0 | 0 | 218 | |
| 36219U-4W-1... | GNMA POOL #260137 | 12/15/2001 | PRIN RCPT | | 5,939 | 5,939 | 5,726 | 5,939 | 181 | 0 | 0 | 0 | 0 | 278 | |
| 36220H-QY-9... | GNMA POOL #278671 | 12/15/2001 | PRIN RCPT | | 57,364 | 57,364 | 61,917 | 57,364 | (4,145) | 0 | 0 | 0 | 0 | 3,381 | |
| 36220L-2N-0... | GNMA POOL #281681 | 12/15/2001 | PRIN RCPT | | 1,839 | 1,839 | 1,985 | 1,839 | (141) | 0 | 0 | 0 | 0 | 91 | |
| 36220M-AP-4... | GNMA POOL #281814 | 12/15/2001 | PRIN RCPT | | 89,499 | 89,499 | 96,603 | 89,499 | (6,916) | 0 | 0 | 0 | 0 | 4,539 | |
| 36220N-DH-7... | GNMA POOL #282804 | 12/15/2001 | PRIN RCPT | | 3,290 | 3,290 | 3,551 | 3,290 | (254) | 0 | 0 | 0 | 0 | 223 | |

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ANNUAL STATEMENT FOR THE YEAR 2001 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 | 15 | 16 | |
|--|------------------------------------|---------------|-----------------------|---------------------------|---------------|------------|-------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|--|--|--|
| CUSIP Identification | Description | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest on Bonds Received During Year | Dividends on Stocks Received During Year | |
| 36221G-SW-4 | GNMA POOL #905932 | 12/15/2001 | PRIN RCPT | | 3,738 | 3,738 | 4,086 | 3,738 | (290) | 0 | 0 | 0 | 0 | 211 | | |
| 36221H-SW-5 | GNMA POOL #907161 | 12/15/2001 | PRIN RCPT | | 1,264 | 1,264 | 1,382 | 1,264 | (98) | 0 | 0 | 0 | 0 | 72 | | |
| 36221H-JU-4 | GNMA POOL #906575 | 12/15/2001 | PRIN RCPT | | 1,521 | 1,521 | 1,662 | 1,521 | (129) | 0 | 0 | 0 | 0 | 86 | | |
| 36221J-JS-5 | GNMA POOL #907473 | 12/15/2001 | PRIN RCPT | | 761 | 761 | 832 | 761 | (65) | 0 | 0 | 0 | 0 | 43 | | |
| 36221J-UV-5 | GNMA POOL #907796 | 12/15/2001 | PRIN RCPT | | 368 | 368 | 403 | 368 | (29) | 0 | 0 | 0 | 0 | 22 | | |
| 36221M-YS-1 | GNMA POOL #910621 | 12/15/2001 | PRIN RCPT | | 1,202 | 1,202 | 1,314 | 1,202 | (96) | 0 | 0 | 0 | 0 | 68 | | |
| 36221N-PB-6 | GNMA POOL #911218 | 12/15/2001 | PRIN RCPT | | 1,592 | 1,592 | 1,740 | 1,592 | (134) | 0 | 0 | 0 | 0 | 85 | | |
| 36225A-DX-5 | GNMA POOL #780118 | 12/15/2001 | PRIN RCPT | | 110,350 | 110,350 | 118,488 | 110,350 | (7,854) | 0 | 0 | 0 | 0 | 6,027 | | |
| 36225A-FR-6 | GNMA POOL #780176 | 12/15/2001 | PRIN RCPT | | 636,019 | 636,019 | 689,087 | 636,019 | (50,593) | 0 | 0 | 0 | 0 | 39,997 | | |
| 36225A-L7-3 | GNMA POOL #780350 | 12/15/2001 | PRIN RCPT | | 373,315 | 373,315 | 367,015 | 373,315 | 6,134 | 0 | 0 | 0 | 0 | 13,475 | | |
| 912827-2M-3 | TREASURY INFL INDX | 08/21/2001 | Barclay Investments | | 2,278,866 | 2,000,000 | 2,149,493 | 2,133,558 | (14,909) | 0 | 0 | 145,308 | 145,308 | 70,281 | | |
| 912827-3G-5 | BTU S. TREASURY NOTES | 05/02/2001 | SPEAR LEED & KELLO | | 1,026,875 | 1,000,000 | 1,004,297 | 1,002,165 | (526) | 0 | 0 | 24,710 | 24,710 | 42,120 | | |
| 912827-6D-9 | US TREASURY NT/BD | 05/02/2001 | LEHMAN BROTHERS | | 535,430 | 500,000 | 515,176 | 513,118 | (965) | 0 | 0 | 22,311 | 22,311 | 15,756 | | |
| 912827-V8-2 | BTUS TREASURY NOTES | 05/02/2001 | DEUTSCHE BANK | | 1,040,977 | 1,000,000 | 1,004,688 | 1,003,526 | (229) | 0 | 0 | 37,451 | 37,451 | 45,052 | | |
| 912827-Z6-2 | BTUS TREASURY NOTES | 05/10/2001 | Barclay Investments | | 2,152,422 | 2,000,000 | 2,041,797 | 2,037,428 | (2,083) | 0 | 0 | 114,994 | 114,994 | 74,235 | | |
| COUNTRY TOTAL | | | | | 11,719,745 | 11,167,137 | 11,561,678 | 11,362,904 | (182,019) | 0 | 0 | 356,841 | 356,841 | 481,867 | XXX | |
| 0399999 - Bonds - U.S. Governments | | | | | 11,719,745 | 11,167,137 | 11,561,678 | 11,362,904 | (182,019) | 0 | 0 | 356,841 | 356,841 | 481,867 | XXX | |
| SPECIAL REVENUE AND ASSESSMENTS - U.S. GEORGIA | | | | | | | | | | | | | | | | |
| 047852-DF-2 | BT ATLANTA GA URBN RESIDENTAL FIN | 04/02/2001 | MORGAN KEEGAN & CO | | 25,232 | 90,000 | 14,574 | 25,007 | 523 | 0 | 0 | 226 | 226 | 0 | XXX | |
| STATE TOTAL | | | | | 25,232 | 90,000 | 14,574 | 25,007 | 523 | 0 | 0 | 226 | 226 | 0 | XXX | |
| NEW YORK | | | | | | | | | | | | | | | | |
| 649885-HV-5 | BT NEW YORK ST MTG AGY REC H/O SER | 10/01/2001 | SMITH BARNEY SHEARSON | | 35,000 | 35,000 | 38,150 | 37,459 | (65) | 0 | 0 | (2,459) | (2,459) | 2,956 | XXX | |
| STATE TOTAL | | | | | 35,000 | 35,000 | 38,150 | 37,459 | (65) | 0 | 0 | (2,459) | (2,459) | 2,956 | XXX | |
| TEXAS | | | | | | | | | | | | | | | | |
| 539761-AC-0 | BT LOCKHART CORRECTIONAL FAC MBIA | 04/02/2001 | STEPHENS INC | | 405,000 | 405,000 | 400,950 | 402,002 | 41 | 0 | 0 | 2,998 | 2,998 | 17,719 | XXX | |
| STATE TOTAL | | | | | 405,000 | 405,000 | 400,950 | 402,002 | 41 | 0 | 0 | 2,998 | 2,998 | 17,719 | XXX | |
| U.S. GOVERNMENT | | | | | | | | | | | | | | | | |
| 312950-S3-3 | FHLMC PC GOLD 15Y POOL #B00538 | 12/15/2001 | PRIN RCPT | | 181,993 | 181,993 | 191,491 | 181,993 | (5,979) | 0 | 0 | 0 | 0 | 8,075 | | |
| 3133TK-BU-3 | FHR 2148 B | 12/15/2001 | PRIN RCPT | | 128,115 | 128,115 | 129,396 | 128,115 | (1,281) | 0 | 0 | 0 | 0 | 1,695 | | |
| 31359E-QU-8 | BTFNMA PAC 93188 CL PK | 01/25/2001 | PRIN RCPT | | 7,533 | 7,533 | 7,638 | 7,533 | 28 | 0 | 0 | 0 | 0 | 36 | | |
| 31359F-SU-3 | BTFNMA CMO SER 93223 CL PG | 12/25/2001 | PRIN RCPT | | 1,057,238 | 1,057,238 | 1,044,022 | 1,057,238 | 3,918 | 0 | 0 | 0 | 0 | 32,063 | | |
| 31359H-TL-8 | BTFNMA PAC 9475E | 05/25/2001 | VARIOUS | | 340,258 | 340,258 | 329,625 | 340,080 | 1,256 | 0 | 0 | 179 | 179 | 5,298 | | |
| 313610-VQ-7 | FNMA POOL #46523 | 10/25/2001 | PRIN RCPT | | 14,869 | 14,869 | 13,698 | 14,869 | 218 | 0 | 0 | 0 | 0 | 536 | | |
| 313611-A2-1 | FNMA POOL #46825 | 12/25/2001 | PRIN RCPT | | 2,427 | 2,427 | 2,236 | 2,427 | 40 | 0 | 0 | 0 | 0 | 99 | | |
| 313613-QF-1 | FNMA POOL #49054 | 12/25/2001 | PRIN RCPT | | 1,479 | 1,479 | 1,363 | 1,479 | 29 | 0 | 0 | 0 | 0 | 67 | | |
| 31361X-7J-8 | FNMA POOL #44997 | 12/25/2001 | PRIN RCPT | | 14,817 | 14,817 | 13,651 | 14,817 | 221 | 0 | 0 | 0 | 0 | 650 | | |
| 31361Y-GK-3 | FNMA POOL #45202 | 12/25/2001 | PRIN RCPT | | 1,739 | 1,739 | 1,602 | 1,739 | 27 | 0 | 0 | 0 | 0 | 76 | | |
| 31365E-BN-2 | FNMA POOL #125245 | 12/25/2001 | VARIOUS | | 930,083 | 903,793 | 924,976 | 917,948 | (4,830) | 0 | 0 | 12,136 | 12,136 | 51,200 | | |
| 31376D-W7-3 | FNMA 15 YR #352670 | 12/25/2001 | PRIN RCPT | | 188,368 | 188,368 | 190,450 | 188,368 | (1,901) | 0 | 0 | 0 | 0 | 6,775 | | |
| 31378D-NP-1 | FNMA 15 YR #395598 | 12/25/2001 | PRIN RCPT | | 105,563 | 105,563 | 106,730 | 105,563 | (1,035) | 0 | 0 | 0 | 0 | 5,863 | | |
| 31378F-2D-6 | FNMA 15 YR #397772 | 12/25/2001 | PRIN RCPT | | 51,627 | 51,627 | 52,197 | 51,627 | (517) | 0 | 0 | 0 | 0 | 2,179 | | |
| 31378M-GL-8 | FNMA 15 YR #402603 | 12/25/2001 | PRIN RCPT | | 33,190 | 33,190 | 33,557 | 33,190 | (332) | 0 | 0 | 0 | 0 | 1,173 | | |
| 31378N-GZ-5 | FNMA 15 YR #403516 | 12/25/2001 | PRIN RCPT | | 151,581 | 151,581 | 153,256 | 151,581 | (1,527) | 0 | 0 | 0 | 0 | 6,246 | | |
| 31378T-K4-6 | FNMA 15 YR #408115 | 12/25/2001 | PRIN RCPT | | 77,057 | 77,057 | 77,909 | 77,057 | (771) | 0 | 0 | 0 | 0 | 2,253 | | |
| 31379B-HC-0 | FNMA 15 YR #414327 | 12/25/2001 | PRIN RCPT | | 75,981 | 75,981 | 76,821 | 75,981 | (766) | 0 | 0 | 0 | 0 | 3,119 | | |
| 31379K-H2-2 | FNMA 15 YR #421549 | 12/25/2001 | PRIN RCPT | | 103,531 | 103,531 | 104,675 | 103,531 | (1,052) | 0 | 0 | 0 | 0 | 4,902 | | |
| 31379K-H3-0 | FNMA 15 YR #421550 | 12/25/2001 | PRIN RCPT | | 52,732 | 52,732 | 53,315 | 52,732 | (533) | 0 | 0 | 0 | 0 | 2,031 | | |
| 31379X-JT-3 | FNMA 15 YR #432374 | 12/25/2001 | PRIN RCPT | | 48,649 | 48,649 | 49,187 | 48,649 | (493) | 0 | 0 | 0 | 0 | 1,910 | | |
| 31379Y-FR-9 | FNMA 15 YR #433176 | 12/25/2001 | PRIN RCPT | | 280,744 | 280,744 | 283,639 | 280,744 | (2,645) | 0 | 0 | 0 | 0 | 11,659 | | |
| 31380L-TC-2 | FNMA 15 YR #443447 | 12/25/2001 | PRIN RCPT | | 69,745 | 69,745 | 70,516 | 69,745 | (749) | 0 | 0 | 0 | 0 | 3,388 | | |
| 31380Q-GA-9 | FNMA 15 YR #446693 | 12/25/2001 | PRIN RCPT | | 156,304 | 156,304 | 158,032 | 156,304 | (1,586) | 0 | 0 | 0 | 0 | 6,814 | | |
| 31380Q-H3-4 | FNMA 15 YR #446750 | 12/25/2001 | PRIN RCPT | | 74,152 | 74,152 | 74,972 | 74,152 | (752) | 0 | 0 | 0 | 0 | 3,570 | | |
| 31382D-YS-7 | FNMA 30 YR #479621 | 12/25/2001 | PRIN RCPT | | 413,068 | 413,068 | 407,517 | 413,068 | 5,452 | 0 | 0 | 0 | 0 | 14,676 | | |
| 31382G-NY-9 | FNMA 15 YR #482007 | 12/25/2001 | PRIN RCPT | | 65,820 | 65,820 | 66,547 | 65,820 | (671) | 0 | 0 | 0 | 0 | 3,115 | | |
| 31382J-T7-6 | FNMA 15 YR #483974 | 12/25/2001 | PRIN RCPT | | 648,214 | 648,214 | 654,900 | 648,214 | (6,147) | 0 | 0 | 0 | 0 | 21,844 | | |
| 31382L-BY-1 | FNMA 15 YR #485255 | 12/25/2001 | PRIN RCPT | | 726,553 | 726,553 | 734,046 | 726,553 | (6,889) | 0 | 0 | 0 | 0 | 34,596 | | |

E12.1

ANNUAL STATEMENT FOR THE YEAR 2001 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 | 15 | 16 | |
|---|------------------------------------|---------------|-------------------------|---------------------------|---------------|------------|-------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|--|--|---|
| CUSIP Identification | Description | Disposal Date | Name of Purchaser | Number of Shares of Stock | Consideration | Par Value | Actual Cost | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest on Bonds Received During Year | Dividends on Stocks Received During Year | |
| 31382L-X2-7 | FNMA 15 YR #485897 | 12/25/2001 | PRIN RCPT | | 45,731 | 45,731 | 46,237 | 45,731 | (466) | 0 | 0 | 0 | 0 | 1,635 | | |
| 31382M-CY-8 | FNMA 15 YR #486187 | 12/25/2001 | PRIN RCPT | | 47,225 | 47,225 | 47,747 | 47,225 | (481) | 0 | 0 | 0 | 0 | 1,624 | | |
| 31382N-SQ-6 | FNMA 30 YR #487527 | 12/25/2001 | PRIN RCPT | | 312,199 | 312,199 | 308,004 | 312,199 | 4,120 | 0 | 0 | 0 | 0 | 9,644 | | |
| 31382O-UQ-6 | FNMA 15 YR #489391 | 12/25/2001 | PRIN RCPT | | 105,895 | 105,895 | 107,066 | 105,895 | (1,079) | 0 | 0 | 0 | 0 | 5,018 | | |
| 31382T-HK-8 | FNMA 15 YR #491734 | 12/25/2001 | PRIN RCPT | | 49,043 | 49,043 | 49,585 | 49,043 | (500) | 0 | 0 | 0 | 0 | 1,913 | | |
| 31383C-VN-2 | FNMA 30 YR #499321 | 10/25/2001 | VARIOUS | | 260,941 | 252,162 | 246,724 | 247,276 | 495 | 0 | 0 | 13,665 | 13,665 | 15,301 | | |
| 31383S-CV-0 | FNMA 30 YR #511384 | 12/25/2001 | PRIN RCPT | | 75,327 | 75,327 | 73,702 | 75,327 | 1,607 | 0 | 0 | 0 | 0 | 3,470 | | |
| 31383T-SN-9 | FNMA 30 YR #512725 | 12/25/2001 | PRIN RCPT | | 141,113 | 141,113 | 138,070 | 141,113 | 3,011 | 0 | 0 | 0 | 0 | 6,814 | | |
| 31383V-LM-3 | FNMA 30 YR #514332 | 10/25/2001 | VARIOUS | | 241,375 | 234,160 | 229,111 | 230,144 | 981 | 0 | 0 | 11,231 | 11,231 | 13,495 | | |
| 31385Y-VS-1 | FNMA 15 YR #556925 | 12/25/2001 | PRIN RCPT | | 161 | 161 | 165 | 161 | (4) | 0 | 0 | 0 | 0 | 1 | | |
| 31386L-U6-7 | FNMA 15 YR #566805 | 12/25/2001 | PRIN RCPT | | 1,573 | 1,573 | 1,560 | 1,573 | 13 | 0 | 0 | 0 | 0 | 37 | | |
| 31386V-VK-3 | FNMA 15 YR #574918 | 12/26/2001 | PRIN RCPT | | 1,660 | 1,660 | 1,646 | 1,660 | 14 | 0 | 0 | 0 | 0 | 23 | | |
| 31386X-J6-4 | FNMA 15 YR #576385 | 12/26/2001 | PRIN RCPT | | 33,972 | 33,972 | 33,686 | 33,972 | 287 | 0 | 0 | 0 | 0 | 695 | | |
| 31388E-AF-3 | FNMA 15 YR #602206 | 12/25/2001 | PRIN RCPT | | 7,303 | 7,303 | 7,499 | 7,303 | (196) | 0 | 0 | 0 | 0 | 37 | | |
| 31388W-BW-5 | FNMA 15 YR #616653 | 12/25/2001 | PRIN RCPT | | 225 | 225 | 231 | 225 | (6) | 0 | 0 | 0 | 0 | 1 | | |
| STATE TOTAL | | | | | 7,327,173 | 7,284,887 | 7,298,996 | 7,289,962 | (21,474) | 0 | 0 | 37,210 | 37,210 | 295,618 | XXX | |
| COUNTRY TOTAL | | | | | 7,792,405 | 7,814,887 | 7,752,670 | 7,754,431 | (20,976) | 0 | 0 | 37,974 | 37,974 | 316,293 | XXX | |
| SPECIAL REVENUE AND ASSESSMENTS - CANADA QUEBEC | | | | | | | | | | | | | | | | |
| 74815H-AS-1 | QUEBEC PROVIDENCE CANADA MTN | 03/12/2001 | NATIONSBANK | | 1,001,970 | 1,000,000 | 1,057,320 | 1,001,005 | (2,168) | 0 | 0 | 965 | 965 | 29,500 | | |
| STATE TOTAL | | | | | 1,001,970 | 1,000,000 | 1,057,320 | 1,001,005 | (2,168) | 0 | 0 | 965 | 965 | 29,500 | XXX | |
| COUNTRY TOTAL | | | | | 1,001,970 | 1,000,000 | 1,057,320 | 1,001,005 | (2,168) | 0 | 0 | 965 | 965 | 29,500 | XXX | |
| 3199999 - Bonds - Special Revenues | | | | | 8,794,375 | 8,814,887 | 8,809,990 | 8,755,435 | (23,144) | 0 | 0 | 38,939 | 38,939 | 345,793 | XXX | |
| PUBLIC UTILITIES - U.S. | | | | | | | | | | | | | | | | |
| 653522-BV-3 | NIAGARA MOHAWK PWR CORP | 03/12/2001 | SALOMON BROTHERS INC | | 1,018,340 | 1,000,000 | 1,087,930 | 1,014,915 | (5,269) | 0 | 0 | 3,425 | 3,425 | 41,625 | | |
| 74325X-AA-8 | BTPROGRESS CAPITAL MTN | 03/14/2001 | SALOMON BROTHERS INC | | 1,000,610 | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 0 | 0 | 610 | 610 | 43,573 | | |
| COUNTRY TOTAL | | | | | 2,018,950 | 2,000,000 | 2,087,930 | 2,014,915 | (5,269) | 0 | 0 | 4,035 | 4,035 | 85,198 | XXX | |
| 3899999 - Bonds - Public Utilities | | | | | 2,018,950 | 2,000,000 | 2,087,930 | 2,014,915 | (5,269) | 0 | 0 | 4,035 | 4,035 | 85,198 | XXX | |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | | | | | | | | | | |
| 031652-AD-2 | AMKOR TECHNOLOGIES INC | 02/09/2001 | SOC GN CORP | | 1,003,938 | 1,000,000 | 995,000 | 995,738 | 40,738 | 0 | 0 | 8,199 | 8,199 | 26,465 | | |
| 06423A-AF-0 | BTBANK ONE CORP SR NTS | 01/17/2001 | MORGAN STANLEY | | 1,042,200 | 1,000,000 | 1,010,510 | 1,010,175 | (89) | 0 | 0 | 32,025 | 32,025 | 36,007 | | |
| 200336-AN-5 | COMDISCO INC | 02/15/2001 | Undefined | | 1,500,000 | 1,500,000 | 1,494,195 | 1,500,000 | 166 | 0 | 0 | 0 | 0 | 43,125 | | |
| 201615-CW-9 | BTCOMMERCIAL CR GROUP INC NOTE | 08/10/2001 | SPEAR LEED & KELLO | | 1,083,550 | 1,000,000 | 1,010,590 | 1,003,972 | (723) | 0 | 0 | 79,578 | 79,578 | 85,312 | | |
| 345397-NK-5 | BTFORD MOTOR CREDIT CO NTS | 02/01/2001 | MERRILL LYNCH | | 967,270 | 1,000,000 | 940,380 | 964,876 | 513 | 0 | 0 | 2,394 | 2,394 | 34,198 | | |
| 393505-BH-4 | GREENTREE FINL CORP HSG CL 93-3A5 | 06/15/2001 | VARIOUS | | 226,031 | 226,031 | 226,561 | 226,020 | 459 | 0 | 0 | 11 | 11 | 3,428 | | |
| 404230-AF-4 | HMH PROPERTIES MTN | 09/17/2001 | GRANTCHESTER SECURITIES | | 455,438 | 525,000 | 473,156 | 480,856 | 3,149 | 0 | 0 | (25,419) | (25,419) | 31,927 | | |
| 438506-AN-7 | BTHONEYWELL INC NOTES | 03/14/2001 | SPEAR LEED & KELLO | | 500,280 | 500,000 | 498,145 | 499,962 | 89 | 0 | 0 | 318 | 318 | 14,117 | | |
| 441065-AH-2 | COLUMBIA HEALTH HOSPITAL CORP AMER | 06/01/2001 | MATURITY | | 1,250,000 | 1,250,000 | 1,012,000 | 1,250,000 | 39,912 | 0 | 0 | 0 | 0 | 0 | | |
| 552078-AM-9 | LYONDELL CHEMICAL CO | 01/12/2001 | CHASE MANHATTAN | | 1,016,500 | 1,000,000 | 1,042,500 | 1,036,541 | 66,541 | 0 | 0 | (20,041) | (20,041) | 21,012 | | |
| 638585-AD-1 | BTNATIONSBANK CORP | 02/02/2001 | GRUNTAL | | 1,014,540 | 1,000,000 | 995,500 | 998,060 | 37 | 0 | 0 | 16,480 | 16,480 | 31,701 | | |
| 74157K-AC-5 | PRIMEDIA INC | 08/22/2001 | SALOMON BROTHERS INC | | 682,500 | 750,000 | 745,688 | 746,829 | 56,829 | 0 | 0 | (64,329) | (64,329) | 51,786 | | |
| 749121-AL-3 | QWEST COMMUNICATIONS INTL | 02/27/2001 | LEHMAN BROTHERS | | 1,015,530 | 1,000,000 | 992,245 | 993,251 | 102 | 0 | 0 | 22,279 | 22,279 | 25,208 | | |
| 783760-QK-0 | RYLAND ACCEPT CORP IV REMIC 81 | 12/03/2001 | PRIN RCPT | | 242,393 | 242,393 | 254,778 | 242,393 | (44) | 0 | 0 | 0 | 0 | 12,331 | | |
| 880336-AC-4 | TENET HEALTHCARE SNR NOTE | 08/13/2001 | CS First Boston | | 531,250 | 500,000 | 515,625 | 505,497 | (1,317) | 0 | 0 | 25,753 | 25,753 | 30,547 | | |
| 903290-AC-8 | BTUSF&G CORP | 03/14/2001 | SPEAR LEED & KELLO | | 1,007,170 | 1,000,000 | 1,057,352 | 1,003,761 | (3,011) | 0 | 0 | 3,409 | 3,409 | 21,868 | | |
| 912912-AU-6 | US WEST CAPITAL FUNDING INC | 03/06/2001 | CS First Boston | | 1,004,000 | 1,000,000 | 998,740 | 999,703 | 121 | 0 | 0 | 4,297 | 4,297 | 38,958 | | |
| 942683-AA-1 | WATSTON PHARMACEUTICALS | 04/17/2001 | CS First Boston | | 912,080 | 1,000,000 | 991,280 | 993,219 | 217 | 0 | 0 | (81,139) | (81,139) | 30,677 | | |
| 949746-CC-3 | BT - WELLS FARGO & CO SR NT | 01/24/2001 | LEHMAN BROTHERS | | 1,050,470 | 1,000,000 | 996,120 | 996,393 | 44 | 0 | 0 | 54,077 | 54,077 | 31,215 | | |
| 961238-AG-7 | WESTPOINT STEVENS SR | 04/24/2001 | VARIOUS | | 273,125 | 375,000 | 315,000 | 322,305 | 48,555 | 0 | 0 | (49,180) | (49,180) | 7,722 | | |
| COUNTRY TOTAL | | | | | 16,778,264 | 16,868,424 | 16,565,365 | 16,769,553 | 252,287 | 0 | 0 | 8,711 | 8,711 | 577,605 | XXX | |
| 4599999 - Bonds - Industrial and Miscellaneous | | | | | 16,778,264 | 16,868,424 | 16,565,365 | 16,769,553 | 252,287 | 0 | 0 | 8,711 | 8,711 | 577,605 | XXX | |
| 6099997 - Bonds - Part 4 | | | | | 39,311,335 | 38,850,448 | 39,024,963 | 38,902,808 | 41,855 | 0 | 0 | 408,527 | 408,527 | 1,490,464 | XXX | |
| 6099998 - Bonds - Part 5 | | | | | 8,466,446 | 8,420,183 | 8,536,260 | 8,530,008 | (6,252) | 0 | 0 | (63,562) | (63,562) | 256,689 | XXX | |
| 6099999 - Total - Bonds | | | | | 47,777,780 | 47,270,631 | 47,561,222 | 47,432,815 | 35,603 | 0 | 0 | 344,965 | 344,965 | 1,747,153 | XXX | |
| 6599998 - Preferred Stocks - Part 5 | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | 0 |
| 6599999 - Total - Preferred Stocks | | | | | 0 | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX | 0 |

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ANNUAL STATEMENT FOR THE YEAR 2001 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 | 16 | 17 |
|--|----------------------------------|---------------|---------------------|---------------|---------------------|---|-------------|---------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|---|---|
| CUSIP Identification | Description | Date Acquired | Name of Vendor | Disposal Date | Name of Purchaser | Par Value (Bonds) or Number of Shares (Stock) | Actual Cost | Consideration | Book/Adjusted Carrying Value at Disposal Date | Increase (Decrease) by Adjustment | Increase (Decrease) by Foreign Exchange Adjustment | Foreign Exchange Gain (Loss) on Disposal | Realized Gain (Loss) on Disposal | Total Gain (Loss) on Disposal | Interest and Dividends Received During Year | Paid for Accrued Interest and Dividends |
| US GOVERNMENT OBLIGATIONS - U.S. | | | | | | | | | | | | | | | | |
| 912827-2M-3 | TREASURY INFL INDX | 02/20/2001 | Barclay Investments | 06/29/2001 | Barclay Investments | 1,000,000 | 1,103,862 | 1,129,758 | 1,097,819 | (6,042) | 0 | 0 | 31,939 | 31,939 | 30,398 | 3,994 |
| COUNTRY TOTAL | | | | | | 1,000,000 | 1,103,862 | 1,129,758 | 1,097,819 | (6,042) | 0 | 0 | 31,939 | 31,939 | 30,398 | 3,994 |
| 0399999 - Bonds - U.S. Governments | | | | | | 1,000,000 | 1,103,862 | 1,129,758 | 1,097,819 | (6,042) | 0 | 0 | 31,939 | 31,939 | 30,398 | 3,994 |
| SPECIAL REVENUE AND ASSESSMENTS - U.S. UNDEFINED | | | | | | | | | | | | | | | | |
| 31371H-0T-8 | FNMA 15 YR #252566 | 03/08/2001 | CS First Boston | 04/17/2001 | VARIOUS | 2,020,183 | 2,016,395 | 2,012,131 | 2,016,437 | 41 | 0 | 0 | (4,305) | (4,305) | 12,921 | 6,061 |
| STATE TOTAL | | | | | | 2,020,183 | 2,016,395 | 2,012,131 | 2,016,437 | 41 | 0 | 0 | (4,305) | (4,305) | 12,921 | 6,061 |
| COUNTRY TOTAL | | | | | | 2,020,183 | 2,016,395 | 2,012,131 | 2,016,437 | 41 | 0 | 0 | (4,305) | (4,305) | 12,921 | 6,061 |
| 3199999 - Bonds - Special Revenue | | | | | | 2,020,183 | 2,016,395 | 2,012,131 | 2,016,437 | 41 | 0 | 0 | (4,305) | (4,305) | 12,921 | 6,061 |
| INDUSTRIAL & MISCELLANEOUS - U.S. | | | | | | | | | | | | | | | | |
| 031652-AM-2 | AMKOR TECH INC 144A | 02/09/2001 | VARIOUS | 09/28/2001 | VARIOUS | 1,000,000 | 1,000,938 | 849,000 | 1,000,875 | (63) | 0 | 0 | (151,875) | (151,875) | 50,303 | 0 |
| 277460-AC-8 | EASTMAN KODAK | 06/22/2001 | CS First Boston | 11/30/2001 | VARIOUS | 1,000,000 | 1,004,030 | 966,276 | 1,003,752 | (278) | 0 | 0 | (37,476) | (37,476) | 25,500 | 177 |
| 345397-TS-2 | FORD MOTOR CREDIT | 01/25/2001 | MORGAN STANLEY | 10/29/2001 | BEAR STERNS | 500,000 | 498,220 | 504,545 | 498,314 | 94 | 0 | 0 | 6,231 | 6,231 | 27,759 | 0 |
| 441812-JT-2 | HOUSEHOLD FINANCE CORP | 01/17/2001 | CS First Boston | 11/05/2001 | CS First Boston | 1,000,000 | 997,810 | 1,055,690 | 998,113 | 303 | 0 | 0 | 57,577 | 57,577 | 51,278 | 0 |
| 718154-CJ-4 | PHILIP MORRIS COMPANIES INC. NTS | 04/18/2001 | UBS SECURITIES INC | 06/22/2001 | MERRILL LYNCH | 1,000,000 | 1,018,380 | 1,036,310 | 1,017,706 | (674) | 0 | 0 | 18,604 | 18,604 | 31,500 | 19,056 |
| 98155K-AG-7 | WORLDCOM INC | 04/27/2001 | UBS SECURITIES INC | 08/03/2001 | LEHMAN BROTHERS | 900,000 | 896,625 | 912,735 | 896,992 | 367 | 0 | 0 | 15,743 | 15,743 | 27,031 | 12,031 |
| COUNTRY TOTAL | | | | | | 5,400,000 | 5,416,002 | 5,324,556 | 5,415,752 | (251) | 0 | 0 | (91,196) | (91,196) | 213,371 | 31,264 |
| 4599999 - Bonds - Industrial and Miscellaneous | | | | | | 5,400,000 | 5,416,002 | 5,324,556 | 5,415,752 | (251) | 0 | 0 | (91,196) | (91,196) | 213,371 | 31,264 |
| 6099998 - Total - Bonds | | | | | | 8,420,183 | 8,536,260 | 8,466,446 | 8,530,008 | (6,252) | 0 | 0 | (63,562) | (63,562) | 256,689 | 41,318 |
| 7199999 - Total - Preferred and Common Stocks | | | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7299999 Totals | | | | | | | 8,536,260 | 8,466,446 | 8,530,008 | (6,252) | 0 | 0 | (63,562) | (63,562) | 256,689 | 41,318 |

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

| 1 CUSIP Identification | 2 Description Name of Subsidiary, Controlled or Affiliated Company | 3 NAIC Company Code or Alien Insurer Identification Number | 4 NAIC Valuation Method (See SVO Purposes and Procedures manual) | 5 Do Insurer's Admitted Assets Include Intangible Assets Connected with Holding of Such Company's Stock? | 6 If Yes, Amount of Such Intangible Assets | 7 Statement Value | 8 Stock of Such Company Owned by Insurer on Statement Date | |
|------------------------------|---|---|--|---|---|----------------------|--|--------------------------|
| | | | | | | | 8 Number of Shares | 9 % of Outstanding |
| NONE | | | | | | | | |
| 1799999 Totals | | | | | | | XXX | XXX |

Amount of insurer's capital and surplus from the prior year's annual statement: \$

SCHEDULE D - PART 6 - SECTION 2

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

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE DA - PART 1

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

| 1 CUSIP Identification | 2 Description | 3 Date Acquired | 4 Name of Vendor | Interest | | 7 Maturity Date | 8 Book/Adjusted Carrying Value | 9 Increase (Decrease) by Adjustment | 10 Increase (Decrease) by Foreign Exchange Adjustment | 11 Par Value | 12 Actual Cost | Interest | | 15 Paid for Accrued Interest | 16 NAIC Designation | 17 Effective Rate of Interest | |
|---|------------------|-----------------------|---------------------|--------------|------------------|-----------------------|--------------------------------------|---|--|-----------------|-------------------|---|--------------------------------|------------------------------------|---------------------------|--|-----|
| | | | | 5 Rate of | 6 How Paid | | | | | | | 13 Amount Due and Accrued Dec. 31 of Current Year on Bonds Not in Default | 14 Gross Amount Received | | | | |
| INDUSTRIAL & MISCELLANEOUS ISSUER OBLIGATIONS | | | | | | | | | | | | | | | | | |
| 161990-22-1... | CHASE MANHATTAN | 12/01/2001 | Undefined | 0.000 | MATR | 01/01/2002 | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | 1 | 0.000 | |
| COUNTRY TOTAL - U.S. | | | | | | | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | XXX | XXX | |
| 3999999 - Industrial and Miscellaneous - Issuer Obligations | | | | | | | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | XXX | XXX | |
| 4599999 - Total - Industrial and Miscellaneous Bonds | | | | | | | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | XXX | XXX | |
| 5499999 - Total - Issuer Obligations | | | | | | | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | XXX | XXX | |
| 6099999 - Total - Bonds | | | | | | | 1,022,227 | 0 | 0 | 1,022,227 | 1,022,227 | 0 | 0 | 0 | XXX | XXX | |
| 8099999 Totals | | | | | | | 1,022,227 | (a) | 0 | 0 | XXX | 1,022,227 | 0 | 0 | 0 | XXX | XXX |

(a) Includes \$ other than accrual of discount and amortization of premium.

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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

**ANNUAL STATEMENT FOR THE YEAR 2001 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 value, and the aggregate difference, if any, between them.

| | 1 | 2 | 3 |
|---------------------------|-------------------------------|-------------------|---|
| | Statement (Admitted) Value | Fair Value (a) | Excess of Statement over Fair Value(-), or Fair Value over Statement (+) |
| 1. Bonds | 120,575,881 | 122,807,863 | 2,231,982 |
| 2. Preferred Stocks | 0 | | 0 |
| 3. Totals | 120,575,881 | 122,807,863 | 2,231,982 |

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

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

ANNUAL STATEMENT FOR THE YEAR 2001 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

| 1 Line Number | 2 Type | 3 Description of Deposit | 4 Where Deposited and Purpose of Deposit | 5 Par or Book Value | 6 Statement Value (a) | 7 Fair Value |
|------------------|-----------|---|---|------------------------|--------------------------|-----------------|
| 00001 | B | Abbot Labs 5.625% Due 07/01/2006 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 500,000 | 498,501 | 513,645 |
| 00002 | B | Alcoa, Inc. 7.250% due 08/01/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,250,000 | 1,246,742 | 1,333,813 |
| 00003 | B | Atlanta Ga Urban Fin Due 10/01/2016 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,085,000 | 320,599 | 346,256 |
| 00004 | B | Bank America Corp Sub NT 7.20% Due 04/15/2006 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 943,473 | 1,072,590 |
| 00005 | B | British Telecommunications PLC 7.65% due 12/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,250,000 | 1,248,352 | 1,340,275 |
| 00006 | B | Caterpillar Inc 6% Due 05/01/2007 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 966,856 | 1,004,410 |
| 00007 | B | CitiGroup Inc 6.750% due 12/01/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,300,000 | 1,332,221 | 1,381,679 |
| 00008 | B | Dow Chemic Co 8.55% Due 10/15/2009 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,075,000 | 1,087,893 | 1,230,058 |
| 00009 | B | Daimier Chrysler North Amr Hld 6.90% Due 9/01/2004 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,450,000 | 1,448,760 | 1,490,934 |
| 00010 | B | Deutsche Telekom Int. 7.750% Due 06/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,250,000 | 1,248,394 | 1,337,975 |
| 00011 | B | Eastman Kodak Co. 9.75% Due 10/01/2004 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,077,332 | 1,148,800 |
| 00012 | B | Farmers Ins Exchange 8.5% Due 08/01/2004 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,037,952 | 1,061,940 |
| 00013 | B | Federal Natl Mtg Assn GTD Remic 7.00% Due 03/25/02 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 2,000,000 | 1,991,056 | 2,076,160 |
| 00014 | B | Federal Natl Mtg Assn GTD Remic 5.80% Due 12/25/21 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 912,898 | 909,516 | 925,040 |
| 00015 | B | Federal Natl Mtg Assn GTD Remic 7.00% Due 07/15/05 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,053,633 | 1,086,570 |
| 00016 | B | First Union Corp 7.550% Due 08/18/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,035,317 | 1,085,170 |
| 00017 | B | General Elec Cap 7.50% Due 05/15/2002 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,200,000 | 1,196,035 | 1,309,776 |
| 00018 | B | Heller Financial Inc. 7.50% Due 08/23/2002 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 999,789 | 1,030,840 |
| 00019 | B | JP Morgan Chase 6.250% Due 01/15/2006 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,016,426 | 1,033,320 |
| 00020 | B | Manitoba Prov CDA 7.750% Due 02/01/2002 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 999,981 | 1,004,280 |
| 00021 | B | McCormick & Co. Inc. 6.40% Due 02/01/2006 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 750,000 | 748,749 | 767,175 |
| 00022 | B | National Rural Utils Coop Fin Corp 6.50% Due 09/15/20 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 999,847 | 1,026,660 |
| 00023 | B | Nations Bank Corp 6.50% Due 08/15/2003 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,000,000 | 1,047,490 |
| 00024 | B | New York St. Mtg AGY Rev 10.750% due 10/01/2012 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 215,000 | 229,751 | 218,397 |
| 00025 | B | Old Kent Financial 6.625% Due 11/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,007,515 | 1,054,580 |
| 00026 | B | Paine Webber Group Inc. 8.875% Due 03/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,058,339 | 1,005,910 |
| 00027 | B | Public SVC Elec & Gas Co. 6.250% Due 01/01/2007 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 959,936 | 1,010,640 |
| 00028 | B | Salomon Smith Barney Holdings 6.875% Due 06/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,012,539 | 1,057,040 |
| 00029 | B | Sears Roebuck & Co. Med Term NT 8.52% Due 05/13/2002 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,500,000 | 1,512,067 | 1,525,695 |
| 00030 | B | TeleFonica Europe 7.350% Due 09/15/2002 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 1,001,182 | 1,054,870 |
| 00031 | B | Union Tank Car Co 7.125% Due 02/01/2007 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 500,000 | 499,682 | 517,645 |
| 00032 | B | Wal Mart Stores Inc. 7.25% Due 06/01/2013 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,000,000 | 994,104 | 1,100,030 |
| 00033 | B | US Treasury NTS 5.875% Due 11/15/2005 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 1,500,000 | 1,504,600 | 1,593,300 |
| 00034 | B | US Treasury NTS 6.50% Due 10/15/2006 | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | 2,000,000 | 2,038,200 | 2,177,780 |
| 00035 | B | | Bankers Trust Co. Reinsurance Trust Agreement w/ AmericanRe | | | |
| Z999999 | | Total - All Policyholders | | 36,737,898 | 36,225,339 | 37,970,743 |
| 9999999 | | Totals | | 36,737,898 | 36,225,339 | 37,970,743 |

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

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