

**ANNUAL STATEMENT**

OF THE

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

**2007**

OF

Richmond

IN THE STATE OF

Virginia

TO THE

**INSURANCE DEPARTMENT**

OF THE

**STATE OF**

FOR THE YEAR ENDED

DECEMBER 31, 2007

PROPERTY AND CASUALTY

**2007**



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007
OF THE CONDITION AND AFFAIRS OF THE
HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

NAIC Group Code 0000, NAIC Company Code 41246, Employer's ID Number 52-1208234
Organized under the Laws of Virginia, State of Domicile or Port of Entry Virginia
Country of Domicile United States
Incorporated/Organized 02/23/1981, Commenced Business 07/27/1981
Statutory Home Office 1300 E. Main Street, Richmond, VA 23219
Main Administrative Office 11401 Century Oaks Terrace, Ste. 310, Austin, TX 78758
Mail Address 11401 Century Oaks Terrace, Ste. 310, Austin, TX 78758
Primary Location of Books and Records 11401 Century Oaks Terrace, Ste. 310, Austin, TX 78758
Internet Website Address www.howcorp.com
Statutory Statement Contact Brenda J. Stewart, 512-404-6555
bstewart@palomarfin.com

OFFICERS

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

OTHER OFFICERS

DIRECTORS OR TRUSTEES

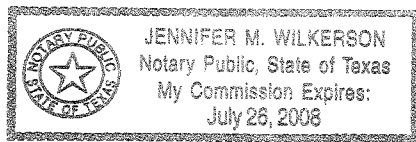
State of Texas
County of Travis ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Brenda J. Stewart, Nicole Wilkins
Authorized Representative, Authorized Representative

Subscribed and sworn to before me this 29 day of February, 2008
Jennifer M. Wilkerson
Jennifer M. Wilkerson
July 26, 2008

a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number
2. Date filed 02/29/2008
3. Number of pages attached



**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	117,529,357		117,529,357	78,027,336
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....3,823,507 , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....5,371,487 , Schedule DA).....	9,194,993		9,194,993	48,695,205
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	0	0	0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	126,724,350	0	126,724,350	126,722,541
11. Title plants less \$ .....charged off (for Title insurers only).....			0	0
12. Investment income due and accrued .....	1,758,618		1,758,618	1,061,646
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	845,117		845,117	845,117
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software.....			0	0
19. Furniture and equipment, including health care delivery assets (\$ .....)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....	4,669,106	4,669,106	0	0
22. Health care (\$ .....) and other amounts receivable.....			0	0
23. Aggregate write-ins for other than invested assets .....	54,752,619	53,671,298	1,081,321	520,604
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	188,749,810	58,340,404	130,409,406	129,149,908
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	188,749,810	58,340,404	130,409,406	129,149,908
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Loss reserve prepayments.....	1,081,321		1,081,321	520,604
2302. Miscellaneous receivables.....	3,550	3,550	0	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	53,667,748	53,667,748	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	54,752,619	53,671,298	1,081,321	520,604

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	3,848,000	33,545,000
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....	3,231,906	4,203,000
4. Commissions payable, contingent commissions and other similar charges .....		0
5. Other expenses (excluding taxes, licenses and fees) .....	72,669	66,257
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		0
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....		0
7.2 Net deferred tax liability .....		0
8. Borrowed money \$ ..... and interest thereon \$ .....		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ .....)	0	0
10. Advance premium .....		0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		0
11.2 Policyholders .....		0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	54,822,738	50,726,123
14. Amounts withheld or retained by company for account of others .....		0
15. Remittances and items not allocated .....		0
16. Provision for reinsurance (Schedule F, Part 7) .....	10,800	10,800
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		0
18. Drafts outstanding .....		0
19. Payable to parent, subsidiaries and affiliates .....		0
20. Payable for securities .....		0
21. Liability for amounts held under uninsured plans .....		0
22. Capital notes \$ ..... and interest thereon \$ .....		0
23. Aggregate write-ins for liabilities .....	13,850,939	13,573,215
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	75,837,052	102,124,395
25. Protected cell liabilities .....		0
26. Total liabilities (Lines 24 and 25) .....	75,837,052	102,124,395
27. Aggregate write-ins for special surplus funds .....	0	0
28. Common capital stock .....	1,000,000	1,000,000
29. Preferred capital stock .....		0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....		0
32. Gross paid in and contributed surplus .....	5,097,479	5,097,479
33. Unassigned funds (surplus) .....	48,474,876	20,928,034
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ .....)		0
34.2 ..... shares preferred (value included in Line 29 \$ .....)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39) .....	54,572,355	27,025,513
36. Totals (Page 2, Line 26, Col. 3)	130,409,407	129,149,908
<b>DETAILS OF WRITE-INS</b>		
2301. Loss payments - deferred, see footnote no. 6 .....	704,607	704,607
2302. Loss reserve prepayments, See footnote no. 7 .....	1,081,321	1,063,949
2303. Deferred LAE .....	1,288,855	1,288,855
2398. Summary of remaining write-ins for Line 23 from overflow page .....	10,776,156	10,515,804
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	13,850,939	13,573,215
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4) .....	.0	.0
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 34, Column 7) .....	(27,090,965)	(7,477,688)
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....	573,588	(2,107,329)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	.0	(361)
5. Aggregate write-ins for underwriting deductions .....	270,193	246,648
6. Total underwriting deductions (Lines 2 through 5) .....	(26,247,184)	(9,338,730)
7. Net income of protected cells .....		.0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	26,247,184	9,338,730
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	1,212,700	1,273,155
10. Net realized capital gains (losses) less capital gains tax of \$ .....	84,109	(1,353,940)
11. Net investment gain (loss) (Lines 9 + 10) .....	1,296,809	(80,785)
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....		.0
13. Finance and service charges not included in premiums .....		.0
14. Aggregate write-ins for miscellaneous income .....	4,425,290	4,525,490
15. Total other income (Lines 12 through 14) .....	4,425,290	4,525,490
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	31,969,283	13,783,435
17. Dividends to policyholders .....		0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) .....	31,969,283	13,783,435
19. Federal and foreign income taxes incurred .....		0
20. Net income (Line 18 minus Line 19) (to Line 22) .....	31,969,283	13,783,435
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	27,025,514	17,767,914
22. Net income (from Line 20) .....	31,969,283	13,783,435
23. Net transfers (to) from Protected Cell accounts .....		.0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	2,850	(2,225)
25. Change in net unrealized foreign exchange capital gain (loss) .....		.0
26. Change in net deferred income tax .....		.0
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3) .....	(4,425,290)	(4,523,610)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	.0	.0
29. Change in surplus notes .....		.0
30. Surplus (contributed to) withdrawn from protected cells .....		.0
31. Cumulative effect of changes in accounting principles .....		.0
32. Capital changes:		
32.1. Paid in .....		.0
32.2. Transferred from surplus (Stock Dividend) .....		.0
32.3. Transferred to surplus .....		.0
33. Surplus adjustments:		
33.1. Paid in .....		.0
33.2. Transferred to capital (Stock Dividend) .....		.0
33.3. Transferred from capital .....		.0
34. Net remittances from or (to) Home Office .....		.0
35. Dividends to stockholders .....		.0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....	.0	.0
37. Aggregate write-ins for gains and losses in surplus .....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....	27,546,843	9,257,600
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35) .....	54,572,357	27,025,514
<b>DETAILS OF WRITE-INS</b>		
0501. Interest expense on deferred loss payments .....	270,193	246,648
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	270,193	246,648
1401. Miscellaneous income .....	.0	1,880
1402. Increase in estimated net recoverable from funds held under reinsurance treaties .....	4,425,290	4,523,610
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	4,425,290	4,525,490
3701. ....		
3702. ....		
3703. ....		
3798. Summary of remaining write-ins for Line 37 from overflow page .....	.0	.0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**CASH FLOW**

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	0	0
2. Net investment income .....	203,329	1,737,372
3. Miscellaneous income .....	0	1,880
4. Total (Lines 1 through 3) .....	203,329	1,739,252
5. Benefit and loss related payments .....	2,606,035	205,312
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	1,532,539	1,442,858
8. Dividends paid to policyholders .....	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9) .....	4,138,574	1,648,170
11. Net cash from operations (Line 4 minus Line 10) .....	(3,935,245)	91,081
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	28,072,307	88,117,519
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	28,072,307	88,117,519
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	67,179,344	44,671,611
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	67,179,344	44,671,611
14. Net increase (decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(39,107,037)	43,445,908
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	3,542,071	3,740,447
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6) .....	3,542,071	3,740,447
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(39,500,211)	47,277,436
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	48,695,205	1,417,768
19.2 End of year (Line 18 plus Line 19.1) .....	9,194,993	48,695,205

Part 1

**NONE**

Part 1A

**NONE**

Part 1B

**NONE**

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence	2,687,415		81,380	2,606,035	3,848,000	33,545,000	(27,090,965)	.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	2,687,415	0	81,380	2,606,035	3,848,000	33,545,000	(27,090,965)	0.0
<b>DETAILS OF WRITE-INS</b>								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0			(a)	.0	
14. Credit accident and health (group and individual)				.0			(a)	.0	
15. Other accident and health				.0				.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	3,704,000		52,000	3,652,000	1,811,000		1,615,000	3,848,000	3,231,906
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	3,704,000	0	52,000	3,652,000	1,811,000	0	1,615,000	3,848,000	3,231,906
<b>DETAILS OF WRITE-INS</b>									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....	(28,252)			(28,252)
1.2 Reinsurance assumed .....				.0
1.3 Reinsurance ceded .....	23,000			23,000
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	(51,252)	.0	.0	(51,252)
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....				.0
2.2 Reinsurance assumed, excluding contingent .....				.0
2.3 Reinsurance ceded, excluding contingent .....				.0
2.4 Contingent-direct .....				.0
2.5 Contingent-reinsurance assumed .....				.0
2.6 Contingent-reinsurance ceded .....				.0
2.7 Policy and membership fees .....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	.0	.0	.0	.0
3. Allowances to manager and agents .....				.0
4. Advertising .....				.0
5. Boards, bureaus and associations .....				.0
6. Surveys and underwriting reports .....				.0
7. Audit of assureds' records .....				.0
8. Salary and related items:				
8.1 Salaries .....				.0
8.2 Payroll taxes .....				.0
9. Employee relations and welfare .....				.0
10. Insurance .....				.0
11. Directors' fees .....				.0
12. Travel and travel items .....				.0
13. Rent and rent items .....				.0
14. Equipment .....				.0
15. Cost or depreciation of EDP equipment and software .....				.0
16. Printing and stationery .....				.0
17. Postage, telephone and telegraph, exchange and express .....				.0
18. Legal and auditing .....				.0
19. Totals (Lines 3 to 18) .....	.0	.0	.0	.0
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 plans .....				.0
24. Aggregate write-ins for miscellaneous expenses .....	624,840	0	4,399,192	5,024,032
25. Total expenses incurred .....	573,588	.0	4,399,192	(a) 4,972,780
26. Less unpaid expenses - current year .....	3,231,906	72,669		3,304,575
27. Add unpaid expenses - prior year .....	4,203,000	66,257		4,269,257
28. Amounts receivable relating to uninsured plans, prior year .....	.0	.0		.0
29. Amounts receivable relating to uninsured plans, current year .....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,544,682	(6,412)	4,399,192	5,937,462
<b>DETAILS OF WRITE-INS</b>				
2401. Excess ULAE paid .....	624,840			624,840
2402. Investment interest expense .....			4,177,995	4,177,995
2403. Investment management expense .....			221,197	221,197
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0		.0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	624,840	0	4,399,192	5,024,032

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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,927,210	2,501,187
1.1 Bonds exempt from U.S. tax		
1.2 Other bonds (unaffiliated)	(a) 2,064,858	2,187,854
1.3 Bonds of affiliates	(a) 0	
2.1 Preferred stocks (unaffiliated)	(b) 0	
2.11 Preferred stocks of affiliates	(b) 0	
2.2 Common stocks (unaffiliated)	0	
2.21 Common stocks of affiliates	0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 872,911	872,911
7. Derivative instruments	(f)	
8. Other invested assets	49,941	49,941
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	4,914,920	5,611,892
11. Investment expenses		(g) 4,399,192
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		4,399,192
17. Net Investment Income - (Line 10 minus Line 16)		1,212,700
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998 (Line 9, above))	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 507,222 accrual of discount less \$ 199,197 amortization of premium and less \$ 911,568 paid for accrued interest on purchases.  
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ 0 paid for accrued dividends on purchases.  
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ paid for accrued interest on purchases.  
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.  
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.  
 (f) Includes \$ accrual of discount less \$ amortization of premium.  
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.  
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5. Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	91,391		91,391		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	(7,282)		(7,282)	2,850	
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	0	0	0
2.21 Common stocks of affiliates	0	0	0	0	0
3. Mortgage loans			0		
4. Real estate	0		0		0
5. Contract loans			0		
6. Cash, cash equivalents and short-term investments			0		
7. Derivative instruments			0		
8. Other invested assets			0		0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	84,109	0	84,109	2,850	0
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivables for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued .....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit .....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	4,669,106	4,669,106	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets .....	53,671,298	49,246,008	(4,425,290)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	58,340,404	53,915,114	(4,425,290)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	58,340,404	53,915,114	(4,425,290)
<b>DETAILS OF WRITE-INS</b>			
0901. ....	0	0	0
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Loss reserve prepayments.....	0	0	0
2302. Miscellaneous receivables.....	3,550	3,550	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	53,667,748	49,242,458	(4,425,290)
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	53,671,298	49,246,008	(4,425,290)

## 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 National Association of Insurance Commissioners ("NAIC") in September 1995 for "Unearned Premium - Single or Fixed Premium Policies with Coverage Periods in Excess of Thirteen Months."

### 2. Receivership

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

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

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

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

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

On September 22, 2005, in accordance with the "Plan" described in Note 11. D. below, the Deputy Receiver filed a private letter ruling ("PLR") request with the Internal Revenue Service ("IRS") and requested rulings from the IRS as to the federal income tax consequences of the "Plan" for the liquidation of the Company and its parent company, Home Warranty Corporation ("HWC"). Specifically, the Deputy Receiver sought rulings from the IRS to determine the tax status of certain matters related to the "Plan." On January 25, 2006, by PLR Ruling PLR-149808-05, the IRS ruled in favor of the Deputy Receiver's PLR request as follows:

a) No gain or loss will be recognized by HWC upon the receipt of the assets and liabilities of its subsidiary, HOWIC, under Section 332 of the Internal Revenue Code;

b) No gain or loss will be recognized by HOWIC on the distribution of its assets to, or the assumption of liabilities by, HWC in complete liquidation under Section 337 (a) of the Internal Revenue Code;

## NOTES TO FINANCIAL STATEMENTS

c) HWC's basis in each asset received from HOWIC will be the same as the basis of that asset on the books of HOWIC immediately prior to its liquidation under Section 334 (b) (1) of the Internal Revenue Code;

d) HWC's holding period in each asset received from HOWIC, as a result of the liquidation of HOWIC, will include the period during which that asset was held by HOWIC under Section 1223 (2) of the Internal Revenue Code; and

e) HWC will succeed to, and take into account the items of, HOWIC as described in Section 381 (c) of the Internal Revenue Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Internal Revenue Code and regulations thereunder.

### 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 Class 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 Class 5 or lower without the approval of the Deputy Receiver. The Company may not invest in equities.

### 4. Reserves

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

### 5. Debt

The Company has no outstanding debt obligations to third parties.

### 6. Claims Payments

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

## NOTES TO FINANCIAL STATEMENTS

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 approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$6,780,686 as of December 31, 2007. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership. By order of the Deputy Receiver's Sixth Directive, effective on and after October 1, 2005, the Company will pay 6% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in 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, 2007, approximately 1,339 appeals and 216 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 coverage for claims arising in the third through the tenth year after the home's construction; and (b) Builder's Limited Warranty/Builder Default coverage for defect claims arising during the first two years after the home's construction.

In regard to the appeal and petition information and statistics referenced by the preceding paragraph, there have been approximately 1,074 home owner appeals, 190 builder appeals, 37 vendor and local council appeals, 9 attorney fee 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 137 home owner petitions, 52 builder petitions, 10 vendor and local council petitions, 2 attorneys' fees petitions, 6 former employee 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) CDs received were issued in the Company's name; and (c) LOCs named the Company as the beneficiary. Cash prepayments and CDs were \$1,081,321 as of December 31, 2007 and this amount is included in the Company's financials as of that date.

### 8. Related Party Transactions

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

### 9. Leases

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

## NOTES TO FINANCIAL STATEMENTS

### 10. Regulatory Status

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

### 11. Litigation

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

#### A. Fire Retardant Treated ("FRT") Plywood Roof Sheathing Litigation

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

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

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

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

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

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

On April 26, 1990, New Jersey Senator Paterniti introduced S. 2602 (the "Paterniti Amendment"), which was signed into law on July 11, 1991, as L. 1991, C. 202. This bill essentially codified the remedies proposed by



## NOTES TO FINANCIAL STATEMENTS

New Jersey for defects in residential structures built using FRT plywood. The remediation system provides for payments by the new home warranty fund to those who demonstrate either actual sheathing damage or inevitable premature failure within the first ten years of residence. It also provides for the subrogation of claims that residents, builders, and warrantors might have against manufacturers and other responsible parties.

The Paterniti Amendment also asserts a retroactive application based upon the rationale that it was merely a 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 57 such home owners' suits involving more than 50,000 roofs. While the home owners 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 owners' 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. On September 7, 2005, HOW issued a Notice of Claim Determination ("NCD") and denied the DCA's claim on the grounds that the HOW Insurance/Warranty Document did not provide coverage for the damaged FRT plywood roof sheathing. On October 6, 2005, the DCA timely filed a Notice of Appeal. On March 30, 2007, the Deputy Receiver issued his Determination of Appeal affirming the NCD and denying all claims. Following denial of its appeal, the DCA filed a Petition for Review with the Commission on April 30, 2007, challenging the Deputy Receiver's determination that FRT plywood sheathing is not covered under the HOW Insurance/Warranty Document.

A settlement agreement was entered into between the DCA and the Deputy Receiver of the HOW Companies with an effective date of December 10, 2007, for all FRT claims of whatsoever nature against the HOW Companies. In accordance with the settlement agreement, settlement funds of \$3,000,000 were paid to the DCA by HOW Insurance Company on January 3, 2008, to resolve all FRT litigation claims. The settlement also requires the DCA to dismiss with prejudice all pending legal actions against the HOW Companies, including its Petition for Review, currently pending before the SCC. On February 19, 2008, the DCA filed with the SCC a motion to dismiss with prejudice all FRT claims, and the Hearings Examiner for the SCC has entered a report which recommends the SCC's dismissal of the DCA claims. The SCC has yet to confirm the dismissal of the DCA claims, but it is expected that the SCC will enter a dismissal order for the DCA matter. The SCC's dismissal order will conclude all FRT claims and litigation matters in the HOW Companies receivership.

### 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 demanded \$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, and ARDC alleges that the litigation involves 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 \$4 million. ARDC demanded in excess of \$7,108,800 for the indemnity portion of the Hurricane Related Claims. Accordingly, the total Hurricane Related Claims exceeded \$11 million.

## NOTES TO FINANCIAL STATEMENTS

In addition to the Pre-Hurricane Claims and Hurricane Related Claims, ARDC demanded the return of \$37,782.14 drawn under its letter of credit by the HOW Companies for failure to satisfy obligations under the builder agreement. ARDC petitioned the Commission for immediate relief and sought an order finding that all amounts drawn under the letter of credit should be returned to ARDC prioritized as an administrative expense (the "Administrative Claim"). 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 ARDC's Administrative Claim. In February 2005, the Administrative Claim, Pre-Hurricane Claims and Hurricane Related Claims of ARDC were all denied by the Deputy Receiver and ARDC filed an appeal of that denial with the Commission. The claims of ARDC have now been settled by agreement of ARDC and the Deputy Receiver. The settlement terms required that the HOW Companies pay ARDC \$2,500,000.00 in exchange for a complete release of all claims, and the settlement was fully funded by the Deputy Receiver on May 7, 2007. The settlement concludes all ARDC claims and litigation matters in the HOW Companies receivership.

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 some cases, litigation continues against the Company's insureds.

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

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

On December 27, 2004, the Commission entered an order setting a hearing on the Application for May 17, 2005. Following the hearing on the Application, on July 13, 2005, the Commission entered its Order Approving Plans of Liquidation in which it largely approved the Deputy Receiver's Application. The

## NOTES TO FINANCIAL STATEMENTS

Commission ordered that further efforts to rehabilitate the HOW Companies would be useless and that they should be liquidated in accordance with the plan of liquidation proposed in the Application, subject to a modification with respect to the Fixed and Variable Components for the payment of the member builders' equity in HWC. For the member builders' equity in HWC, the Commission ordered that such equity should be allocated as follows: twenty-five percent (25%) of the residual assets to the Fixed Component, with seventy-five percent (75%) of the residual assets allocated to the Variable Component.

Further, pursuant to the Commission's Order, it ordered that the only former members of HWC who are entitled to a refund of capital contributions pursuant to the builder agreements, are those whose capital contributions vested pursuant to the terms of the builder agreements, and who either: (i) after the inception of the receivership, had their builder agreements automatically terminated during 1994 and 1995 upon expiration of their builder agreements' one-year terms; or (ii) voluntarily terminated their builder agreements before the inception of receivership, or prior to the date that such builder agreements would have terminated automatically during 1994 or 1995 upon expiration of their one-year terms, and who at the time of termination had been members in good standing for at least five consecutive years (collectively, "Eligible Builders"); (iii) member builders who were in good standing as of October 14, 1994, but who had not been members in good standing for at least five continuous years as of the date their builder agreements were terminated automatically for non-renewal; and (iv) member builders who were terminated only for filing bankruptcy prior to receivership. Also, as proposed in the Application, the Commission ordered that the parties entitled to residual assets are those parties who were HOWIC insureds as of the date of the receivership order, regardless of whether or not they are Eligible Builders.

The Commission also authorized the Deputy Receiver to establish by directive a period for filing proofs of claims against the HOW Companies and a final bar date. The Commission directed the Deputy Receiver, upon completion of the liquidation and dissolution of the HOW Companies, to file a request with the Commission for approval to terminate and close the receivership proceeding. The Deputy Receiver continues to wind down the HOW Companies, and is in the process of implementing the SCC's Order Approving Plans of Liquidation.

12. The Company has entered into an agreement with Compagnie Euro Paris ("Compagnie"), in Liquidation, in which it has agreed to accept a 25% settlement of its claims. The Company agreed to accept \$26,250, but the amount was not paid and Compagnie still owes the Company approximately \$105,000 under the applicable reinsurance agreement. The Company has filed a proof of debt in the liquidation proceeding of Compagnie for the \$105,000 debt, but it is not known what amount, if any, will be paid by Compagnie on such debt.

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
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**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 .....	60,376,346	47.644	60,376,346	47.644
1.2 U.S. government agency 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 .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....	25,026,624	19.749	25,026,624	19.749
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....	1,129,246	0.891	1,129,246	0.891
1.512 Issued or guaranteed by FNMA and FHLMC .....		0.000		0.000
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000		0.000
1.523 All other .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	30,997,140	24.460	30,997,140	24.460
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Contract loans .....		0.000	0	0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	9,194,993	7.256	9,194,993	7.256
9. Other invested assets .....	0	0.000	0	0.000
10. Total invested assets	126,724,349	100.000	126,724,349	100.000

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

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

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [  ] No [  ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [  ] No [  ]
- 7.2 If yes,
- 7.21 State the percentage of foreign control; .....
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**GENERAL INTERROGATORIES**

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Calhoun, Thomson, + Matza, LLP., 9500 Arboretum Blvd, Suite 120, Austin, Texas 78759
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....  
Oliver Wyman Acturial Consulting, Inc., 1166 Avenue of the Americas, 32nd Floor, New York, New York 10036
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 11.11 Name of real estate holding company .....
- 11.12 Number of parcels involved.....
- 11.13 Total book/adjusted carrying value..... \$.....
- 11.2 If yes, provide explanation
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 [ X ]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and
- a. professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [ X ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

**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. 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 that is in conflict or likely to conflict with the official duties of such person?..... Yes [ X ] No [ ]

## GENERAL INTERROGATORIES

### FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 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 ..... \$ .....
- 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 ..... \$ .....
- 21.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]
- 21.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount: ..... \$ ..... 4,669,106

### INVESTMENT

- 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? ..... Yes [ X ] 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, 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 19.1) ..... Yes [ ] No [ X ]
- 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 On deposit with state or other regulatory body ..... \$ .....
- 23.291 Other ..... \$ .....
- 23.3 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 [ X ]
- 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 [ X ]
- 25.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**GENERAL INTERROGATORIES**

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [  ] No [  ]

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

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank & Trust.....	P.O. Box 351, Boston, Massachusetts 02101.....
Deutsche Bank.....	P.O. Box 3343, Church Street Station, New York, New York 10008-3343.....

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

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

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? ..... Yes [  ] No [  ]

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Investors Bank & Trust Company.....	State Street Bank & Trust.....	..07/02/2007..	Merger.....

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

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

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

27.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 TOTAL		0

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

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



## GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	122,900,844	124,629,891	1,729,047
28.2 Preferred stocks.....	0		0
28.3 Totals	122,900,844	124,629,891	1,729,047

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

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

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

29.2 If no, list the exceptions:

### OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....

30.2 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
.....	

31.1 Amount of payments for legal expenses, if any?.....\$ .....257,586

31.2 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.....	

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

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

1 Name	2 Amount Paid
.....	
.....	

**GENERAL INTERROGATORIES**

(continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U.S. business only. .... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....0
- 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. .... \$ .....0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$ .....0	\$	.....0
2.2	Premium Denominator	\$ .....0	\$	.....0
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$ .....0	\$	.....0
2.5	Reserve Denominator	\$ .....7,079,906	\$	.....37,748,000
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

- 3.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ ] No [ X ]
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies..... \$ .....0
- 3.22 Non-participating policies..... \$ .....0

4. For Mutual reporting entities and Reciprocal Exchanges only:

- 4.1 Does the reporting entity issue assessable policies?..... Yes [ ] No [ ]
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [ ] No [ ]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums..... \$ .....0

5. For Reciprocal Exchanges Only:

- 5.1 Does the exchange appoint local agents?..... Yes [ ] No [ ]
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ ] NA [X]
- 5.22 As a direct expense of the exchange..... Yes [ ] No [ ] NA [X]
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  
.....
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [ ] No [ ]
- 5.5 If yes, give full information  
.....

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

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....  
N/A.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: .....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [ ] No [ X ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.  
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [ X ] No [ ]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [ X ] No [ ]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [ ] No [ X ]
- 8.2 If yes, give full information  
.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [ ] No [ X ]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract..... Yes [ ] No [ X ]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?..... Yes [ ] No [ X ]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or,..... Yes [ ] No [ X ]  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or..... Yes [ ] No [ X ]  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has file attestation supplement..... Yes [ ] No [ X ]
10. 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 [ ] N/A [ X ]

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

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [ ] No [ X ]
- 11.2 If yes, give full information  
.....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses..... \$ .....
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$ .....
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ ] NA [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From..... %
- 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [ X ] No [ ]
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- 12.61 Letters of Credit..... \$ .....
- 12.62 Collateral and other funds..... \$ .....1,081,321
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$ .....0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ....
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [ ] No [ X ]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [ ] No [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [ ] No [ ]
- 14.5 If answer to 14.4 is no, please explain:  
.....
- 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]
- 15.2 If yes, give full information  
.....
- 16.1 Does the reporting entity write any warranty business? ..... Yes [ X ] No [ ]

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....	\$ .....(27,090,965)	\$ .....3,848,000	\$ .....	\$ .....	\$ .....
16.12 Products .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.13 Automobile .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
16.14 Other* .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....

\* Disclose type of coverage:

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

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. .... Yes [  ] No [  ]

Incurred but not reported losses on contracts not in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 ..... \$.....
- 17.12 Unfunded portion of Interrogatory 17.11..... \$.....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 ..... \$.....
- 17.14 Case reserves portion of Interrogatory 17.11..... \$.....
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$.....
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$.....
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$.....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 ..... \$.....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$.....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 ..... \$.....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$.....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$.....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$.....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$.....

**ANNUAL STATEMENT FOR THE YEAR 2007 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 2007	2 2006	3 2005	4 2004	5 2003
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	0	0	0	0	0
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	0	0	0	0	0
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (loss) (Line 8)	26,247,184	9,338,730	(16,791)	6,620,105	(8,159,100)
14. Net investment gain (loss) (Line 11)	1,296,809	(80,785)	1,520,554	1,630,170	2,844,505
15. Total other income (Line 15)	4,425,290	4,525,490	3,548,719	4,450,404	36,903,204
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	0	0	0	0	0
18. Net income (Line 20)	31,969,283	13,783,435	5,052,482	12,700,678	31,588,609
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	130,409,406	129,149,908	127,127,558	125,651,226	124,234,570
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 13.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	75,837,052	102,124,395	109,359,647	109,402,630	116,239,871
22. Losses (Page 3, Line 1)	3,848,000	33,545,000	0	0	0
23. Loss adjustment expenses (Page 3, Line 3)	3,231,906	4,203,000	7,669,000	7,243,870	12,339,196
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	101,000
25. Capital paid up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	54,572,355	27,025,513	17,767,912	16,248,598	7,994,699
<b>Cash Flow</b> (Page 5)					
27. Net cash from operations (Line 11)	(3,935,245)	91,081	(1,063,849)	(124,356)	35,414,087
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	54,572,355	27,025,513	17,767,912	16,248,598	7,994,699
29. Authorized control level risk-based capital	1,083,515	5,266,129	7,133,684	7,422,424	4,030,757
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	92.7	61.6	98.9	94.9	97.9
31. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	7.3	38.4	1.1	5.1	2.1
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
39. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)	0	0	0	0	0
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 7)	0	0	0	0	0
44. Affiliated mortgage loans on real estate	0	0	0	0	0
45. All other affiliated	0	0	0	0	0
46. Total of above Lines 40 to 45	0	0	0	0	0
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
<b>Capital and Surplus Accounts (Page 4)</b>					
48. Net unrealized capital gains (losses) (Line 24) .....	2,850	(2,225)	(625)	0	648,365
49. Dividends to stockholders (Line 35) .....	0	0	0	0	0
50. Change in surplus as regards policyholders for the year (Line 38) .....	27,546,843	9,257,600	1,519,316	8,253,901	(4,652,978)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	2,687,415	322,927	1,293,593	1,981,023	4,543,493
52. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
55. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....	0	0	0	0	0
56. Total (Line 34) .....	2,687,415	322,927	1,293,593	1,981,023	4,543,493
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	2,606,035	205,312	781,524	1,298,071	2,647,513
58. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
61. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....	0	0	0	0	0
62. Total (Line 34) .....	2,606,035	205,312	781,524	1,298,071	2,647,513
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
63. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
64. Losses incurred (Line 2) .....	0.0	0.0	0.0	(3,217.8)	5,222.6
65. Loss expenses incurred (Line 3) .....	0.0	0.0	0.0	(3,586.3)	645.9
66. Other underwriting expenses incurred (Line 4) .....	0.0	0.0	0.0	2.2	0.6
67. Net underwriting gain (loss) (Line 8) .....	0.0	0.0	0.0	6,554.6	(6,043.8)
<b>Other Percentages</b>					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	0.0	0.0	0.0	(6,804.0)	5,868.4
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0) .....	0.0	0.0	0.0	0.0	0.0
<b>One Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11) .....	(20,838)	(5,282)	(1,891)	(2,880)	7,078
72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	(77.1)	(29.7)	(11.6)	(36.0)	56.0
<b>Two Year Loss Development (000 omitted)</b>					
73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	(26,048)	(7,167)	(7,305)	2,104	(10,577)
74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	(146.6)	(44.1)	(91.4)	16.6	113.7



**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)**

NAIC Group Code **0000**

**BUSINESS IN THE STATE OF .....**

**DURING THE YEAR 2007**

NAIC Company Code **41246**

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

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

\$

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

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**NAIC Group Code 0000 BUSINESS IN THE STATE OF Consolidated EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14) DURING THE YEAR 2007 NAIC Company Code 41246**

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

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

\$ .....0

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products .....0 and number of persons insured under indemnity only products .....0

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## SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11.....	0
2.2 Totals, Part 3, Column 8.....	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7, and net of additions and permanent improvements (Column 9).....	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 10.....	0
5. Total profit (loss) on sales, Part 3, Column 15.....	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 9.....	0
7. Amounts received on sales, Part 3, Column 12 and Part 1, Column 13.....	0
8. Book/adjusted carrying value at end of current period.....	0
9. Total valuation allowance.....	0
10. Subtotal (Lines 8 plus 9).....	0
11. Total nonadmitted amounts.....	0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column).....	0

**NONE**

## SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

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

**NONE**

## SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

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

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States .....61,505,592 2. Canada .....0 3. Other Countries .....0 4. Totals .....61,505,592	.....62,781,811 .....0 .....0 .....62,781,811	.....61,253,579 .....0 .....0 .....61,253,579	.....61,520,868 .....0 .....0 .....61,520,868
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 .....25,026,624 14. Canada .....0 15. Other Countries .....0 16. Totals .....25,026,624	.....25,480,849 .....0 .....0 .....25,480,849	.....24,920,896 .....0 .....0 .....24,920,896	.....25,109,000 .....0 .....0 .....25,109,000
Public Utilities (unaffiliated)	17. United States .....2,894,927 18. Canada .....0 19. Other Countries .....0 20. Totals .....2,894,927	.....2,896,432 .....0 .....0 .....2,896,432	.....2,932,780 .....0 .....0 .....2,932,780	.....2,880,000 .....0 .....0 .....2,880,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....28,102,213 22. Canada .....0 23. Other Countries .....0 24. Totals .....28,102,213	.....28,099,312 .....0 .....0 .....28,099,312	.....28,073,051 .....0 .....0 .....28,073,051	.....28,130,000 .....0 .....0 .....28,130,000
Parent, Subsidiaries and Affiliates	25. Totals .....0 26. <b>Total Bonds</b> .....117,529,357	.....0 .....119,258,404	.....0 .....117,180,305	.....0 .....117,639,868
<b>PREFERRED STOCKS</b>				
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. <b>Total Preferred Stocks</b> .....0	.....0 .....0	.....0 .....0	.....0 .....0
<b>COMMON STOCKS</b>				
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. <b>Total Common Stocks</b> .....0	.....0 .....0	.....0 .....0	.....0 .....0
	55. <b>Total Stocks</b> .....0	.....0	.....0	.....0
	56. <b>Total Bonds and Stocks</b> .....117,529,357	.....119,258,404	.....117,180,305	.....117,639,868

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

**Bonds and Stocks**

1. Book/adjusted carrying value of bonds and stocks, prior year.....78,027,336	7. Amortization of premium.....199,197
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....67,179,344	8. Foreign Exchange Adjustment:
3. Accrual of discount.....507,222	8.1 Column 15, Part 1 .....0
4. Increase (decrease) by adjustment:	8.2 Column 19, Part 2, Sec. 1.....0
4.1 Columns 12 - 14, Part 1.....0	8.3 Column 16, Part 2, Sec. 2.....0
4.2 Columns 15 - 17, Part 2, Sec. 1.....0	8.4 Column 15, Part 4 .....0
4.3 Column 15, Part 2, Sec. 2.....0	9. Book/adjusted carrying value at end of current period .....117,529,357
4.4 Columns 11 - 13, Part 4 .....2,850	10. Total valuation allowance .....0
5. Total gain (loss), Column 19, Part 4 .....84,109	11. Subtotal (Lines 9 plus 10) .....117,529,357
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....28,072,307	12. Total nonadmitted amounts .....0
	13. Statement value of bonds and stocks, current period .....117,529,357

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE D - PART 1A - SECTION 1**

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Class 1	7,477,428	53,629,796	310,995	87,374	.0	61,505,593	52.3	27,581,551	34.3	61,505,592	.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	7,477,428	53,629,796	310,995	87,374	0	61,505,593	52.3	27,581,550	34.3	61,505,592	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
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
<b>3. States, Territories and Possessions etc., Guaranteed, Schedules D &amp; DA (Group 3)</b>											
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
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
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
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Class 1	4,847,737	20,178,888	.0	.0	.0	25,026,624	21.3	13,897,767	17.8	25,026,624	.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	4,847,737	20,178,888	0	0	0	25,026,624	21.3	13,897,767	17.8	25,026,624	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

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

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Class 1	500,419	1,237,218	.0	.0	.0	1,737,638	1.5	1,799,922	2.3	1,737,638	.0
6.2 Class 2	1,157,289	.0	.0	.0	.0	1,157,289	1.0	2,551,019	3.3	1,157,289	.0
6.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.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	1,657,709	1,237,218	0	0	0	2,894,927	2.5	4,350,941	5.6	2,894,927	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Class 1	26,249,053	4,701,764	.0	.0	.0	30,950,817	21.8	27,769,899	35.6	30,950,817	.0
7.2 Class 2	2,522,883	.0	.0	.0	.0	2,522,883	2.1	5,037,934	6.5	2,522,883	.0
7.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	247,053	0.3	.0	.0
7.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.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	28,771,936	4,701,764	0	0	0	33,473,700	23.9	33,054,886	42.4	33,473,700	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
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
<b>9. Parent, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
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 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

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

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

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>10. Total Bonds Current Year</b>											
10.1 Class 1	39,074,637	79,747,666	310,995	87,374	.0	119,220,672	96.9	XXX	XXX	119,220,671	.0
10.2 Class 2	3,680,172	.0	.0	.0	.0	3,680,172	3.1	XXX	XXX	3,680,172	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.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	42,754,809	79,747,666	310,995	87,374	.0	122,900,844	100.0	XXX	XXX	122,900,843	.0
10.8 Line 10.7 as a % of Col. 6	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>11. Total Bonds Prior Year</b>											
11.1 Class 1	14,237,572	56,331,464	367,199	112,902	.0	XXX	XXX	71,049,138	90.0	71,049,138	.0
11.2 Class 2	2,865,444	4,723,509	.0	.0	.0	XXX	XXX	7,588,953	9.7	7,588,953	.0
11.3 Class 3	247,053	.0	.0	.0	.0	XXX	XXX	247,053	0.3	247,053	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.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	17,350,069	61,054,974	367,199	112,902	.0	XXX	XXX	78,885,144	100.0	78,885,144	.0
11.8 Line 11.7 as a % of Col. 8	21.0	78.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Class 1	39,074,637	79,747,666	310,995	87,374	.0	119,220,672	96.9	71,049,137	90.0	119,220,672	XXX
12.2 Class 2	3,680,172	.0	.0	.0	.0	3,680,172	3.1	7,588,953	9.7	3,680,172	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	247,053	0.3	.0	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.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	42,754,809	79,747,666	310,995	87,374	.0	122,900,844	100.0	78,885,144	100.0	122,900,844	XXX
12.8 Line 12.7 as a % of Col. 6	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

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

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

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

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE D - PART 1A - SECTION 2**

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Issuer Obligations	7,245,477	53,130,869	0	0	0	60,376,346	51.4	26,252,464	32.5	60,376,346	0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	231,951	498,927	310,995	87,374	0	1,129,246	1.0	1,329,087	1.7	1,129,246	0
1.7 Totals	7,477,428	53,629,796	310,995	87,374	0	61,505,592	52.3	27,581,551	34.3	61,505,592	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories, and Possessions Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Issuer Obligations	4,847,737	20,178,888	0	0	0	25,026,624	21.3	13,897,767	17.8	25,026,624	0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	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	4,847,737	20,178,888	0	0	0	25,026,624	21.3	13,897,767	17.8	25,026,624	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Issuer Obligations	1,657,709	1,237,218	0	0	0	2,894,927	2.5	4,350,941	5.6	2,894,927	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	1,657,709	1,237,218	0	0	0	2,894,927	2.5	4,350,941	5.6	2,894,927	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Issuer Obligations	28,771,936	4,701,764	0	0	0	33,473,700	23.9	33,054,886	42.4	33,473,700	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
7.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
7.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	28,771,936	4,701,764	0	0	0	33,473,700	23.9	33,054,886	42.4	33,473,700	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
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
<b>9. Parents, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0



**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

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

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

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>10. Total Bonds Current Year</b>											
10.1 Issuer Obligations	42,522,859	79,248,739	0	0	0	121,771,598	99.0	XXX	XXX	121,771,597	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	231,951	498,927	310,995	87,374	0	1,129,246	1.0	XXX	XXX	1,129,246	0
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	42,754,810	79,747,666	310,995	87,374	0	122,900,844	100.0	XXX	XXX	122,900,843	0
10.8 Line 10.7 as a % of Col. 6	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
<b>11. Total Bonds Prior Year</b>											
11.1 Issuer Obligations	17,073,153	60,482,904	0	0	0	XXX	XXX	77,556,058	98.3	77,556,058	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	276,916	572,070	367,199	112,902	0	XXX	XXX	1,329,087	1.7	1,329,087	0
11.3 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	17,350,069	61,054,974	367,199	112,902	0	XXX	XXX	78,885,145	100.0	78,885,145	0
11.8 Line 11.7 as a % of Col. 8	21.0	78.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
<b>12. Total Publicly Traded Bonds</b>											
12.1 Issuer Obligations	42,522,858	79,248,739	0	0	0	121,771,597	99.0	77,556,057	98.3	121,771,597	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	231,951	498,927	310,995	87,374	0	1,129,246	1.0	1,329,087	1.7	1,129,246	XXX
12.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.7 Totals	42,754,809	79,747,666	310,995	87,374	0	122,900,843	100.0	78,885,144	100.0	122,900,843	XXX
12.8 Line 12.7 as a % of Col. 6	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	32.0	68.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
<b>13. Total Privately Placed Bonds</b>											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

**SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS**

**Short-Term Investments**

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year .....	857,809	857,809	0	0	0
2. Cost of short-term investments acquired .....	46,729,855	46,729,855			
3. Increase (decrease) by adjustment .....	0				
4. Increase (decrease) by foreign exchange adjustment .....	0				
5. Total profit (loss) on disposal of short-term investments .....	0				
6. Consideration received on disposal of short-term investments .....	42,216,176	42,216,176			
7. Book/adjusted carrying value, current year .....	5,371,487	5,371,487	0	0	0
8. Total valuation allowance .....	0				
9. Subtotal (Lines 7 plus 8) .....	5,371,487	5,371,487	0	0	0
10. Total nonadmitted amounts .....	0				
11. Statement value (Lines 9 minus 10) .....	5,371,487	5,371,487	0	0	0
12. Income collected during year .....	418,660	418,660			
13. Income earned during year	418,660	418,660			

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

Schedule DB - Part A - VBY

**NONE**

Schedule DB - Part B - VBY

**NONE**

Schedule DB - Part C - VBY

**NONE**

Schedule DB - Part D - VBY

**NONE**

Schedule DB - Part E - VBY

**NONE**

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**

Schedule F - Part 1

**NONE**

Schedule F - Part 2

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2007 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																			
13-4924125	10227	American Reinsurance Company	DE					52		1,615	359				0		0		
36-3347420	23876	Chatham Reinsurance Corporation	NJ											2,026		2,026		54,823	
13-3440360	29700	European Reinsurance Corp of America	NH		156	56								212	657	(445)			
13-2930109	22047	North Star Reinsurance Corp/Signet	DE		4	4								8	22	(14)			
23-0580680	24457	Reliance Insurance Company	PA		29	5								34	31	3			
75-1444207	30058	SCOR	NY		286	76								362	1,393	(1,031)			
13-3029255	39322	Sorema North America	NY		42	13								55	175	(120)			
41-0406690	24767	St. Paul Marine & Fire Insurance	MN		76	16								92	228	(136)			
47-0698507	23680	TIG Reinsurance Company	CT		9	3								12	35	(23)			
13-6108722	12904	Tokio Marine & Fire Insurance	NY		0	0								0	7	(7)			
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)																			
0599999 - Authorized - Other U.S. Unaffiliated Insurers																			
AA-1122000		Lloyds Underwriters	GB		602	173	52		1,615	359				2,801	2,557	244	54,823		
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)																			
0899999 - Authorized - Other Non-U.S. Insurers																			
0999999					55	1								56	6	50			
0999999 - Total - Authorized																			
1399999					657	174	52		1,615	359				2,857	2,563	294	54,823		
1399999 - Total - Unauthorized - Affiliates																			
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																			
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																			
AA-1120440		Copenhagen Reinsurancn Company	GB		13	1								14	55	(41)			
AA-1560483		Hannover Stahl Ruckersicherungs Akt	DI											0	27	(27)			
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)																			
1799999 - Unauthorized - Other Non-U.S. Insurers																			
1899999					13	1								14	82	(68)			
1899999 - Total - Unauthorized																			
1999999 - Total - Authorized and Unauthorized																			
1999999					670	175	52		1,615	359		0	2,871	2,645	226	54,823			
2099999 - Total - Protected Cells																			
2099999														0		0			
<b>9999999 Totals</b>																			
						670	175	52		1,615	359			2,871	2,645	226	54,823		

NOTE: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

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

Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

	1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1.	.....			Yes [ ] No [ ]
2.	.....			Yes [ ] No [ ]
3.	.....			Yes [ ] No [ ]
4.	.....			Yes [ ] No [ ]
5.	.....			Yes [ ] No [ ]

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**ANNUAL STATEMENT FOR THE YEAR 2007 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		
13-3440360	29700	European Reinsurance Corp of America	NH					212	212	212	100.0	100.0			
13-2930109	22047	North Star Reins Corp/Signet	DE					8	8	8	100.0	100.0			
23-0580680	24457	Reliance Insurance Company	PA					34	34	34	100.0	100.0			
75-1444207	30058	SCOR Reinsurance Company	NY					362	362	362	100.0	100.0			
13-3029255	39322	Sorema North American Reinsurance	NY					55	55	55	100.0	100.0			
41-0406690	24767	St. Paul Marine & Fire Insurance	MN					92	92	92	100.0	100.0			
47-0698507	23680	TIG Reinsurance Company	CT					12	12	12	100.0	100.0			
0599999 - Authorized - Other U.S. Unaffiliated Insurers												775	775	100.0	100.0
0699999 - Authorized - Pools - Mandatory Pools														0.0	0.0
0799999 - Authorized - Pools - Voluntary Pools														0.0	0.0
AA-1122000		Lloyd Underwriters	GB					56	56	56	100.0	100.0			
0899999 - Authorized - Other Non-U.S. Insurers												56	56	100.0	100.0
0999999 - Total - Authorized												831	831	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		Copenhagen Reinsurance	GB					14	14	14	100.0	100.0			
1799999 - Unauthorized - Other Non-U.S. Insurers												14	14	100.0	100.0
1899999 - Total - Unauthorized												14	14	100.0	100.0
1999999 - Total - Authorized and Unauthorized												845	845	100.0	100.0
2099999 - Total - Protected Cells												0	0	0.0	0.0
9999999 Totals												845	845	100.0	100.0

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE F - PART 5**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 6 thru 10 but not in excess of Col. 5	Subtotal Col. 5 minus Col. 11	Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	20% of Amount in Col. 13	Smaller of Col. 11 or Col. 14	Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	Total Provision for Unauthorized Reinsurance Smaller of Col.5 or Cols. 12 +15 + 16
AA-1120440		Copenhaagen Reinsurance Company	.GB.	14				.55		.14	.0		.0	.0	.0	.0
AA-1560483		Hanover Stahl Ruckerversicherungs Akt.	.D1.					.27		.0	.0		.0	.0	.0	.0
0899999 - Other Non-U.S. Insurers				14				82		14	0					0
0999999 - Total - Affiliates and Others				14				82		14	0					0
1099999 - Total - Protected Cells										0	0		0	0	0	0
9999999 Totals				14				82		14	0					0

1. Amounts in dispute totaling \$ .....are included in Column 5.
2. Amounts in dispute totaling \$ .....are excluded from Column 13.

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE F - PART 6**

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

1	2	3	4	5	6	7	8	9	10	11
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	Amounts Received Prior 90 Days	Col. 4 divided by (Cols. 5 + 6)	Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	20% of Amount in Col. 9	Amount Reported in Col. 8 x 20% + Col. 10
36-3347420	23876	Chatham Reinsurance Corporation	308	308		100.000	0	0	0	0
13-3440360	29700	European Reinsurance Corp of America	211,152	211,152		100.000	0	0	0	0
AA-1122000		Lloyds Underwriters	56,839	56,839		100.000	0	0	0	0
13-2930109	22047	North Star Reinsurance Corp/Signet	7,971	7,971		100.000	0	0	0	0
23-0580680	24457	Reliance Company	34,664	34,664		100.000	0	0	0	0
75-1444207	30058	SCOR Reliance Company	361,689	361,689		100.000	0	0	0	0
13-3029255	39322	Sorema North American Reinsurance Co	54,409	54,409		100.000	0	0	0	0
41-0406690	24767	St. Paul Marine & Fire Insurance Company	92,356	92,356		100.000	0	0	0	0
47-0698507	23680	TIG Reinsurance Company	11,206	11,206		100.000	0	0	0	0
13-6108722	12904	Tokio Marine & Fire Insurance	154	154		100.000	0	0	0	0
<b>9999999 Totals</b>			<b>830,748</b>	<b>830,748</b>		<b>XXX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**ANNUAL STATEMENT FOR THE YEAR 2007 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		Lloyd Underwriters.....	56,839				6,212		6,212	50,627	50,627
23-0580680	24457	Reliance Insurance Corporation.....	34,664				31,293		31,293	3,371	3,371
9999999 Totals			91,503				37,505		37,505	53,998	53,998

1. Total	53,998
2. Line 1 x .2	10,800
3. Schedule F - Part 6 Col. 11	0
4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3)	10,800
5. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 17 x 1000)	0
6. Provision for Reinsurance (sum Lines 4 + 5) [Enter this amount on Page 3, Line 16]	10,800

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SCHEDULE F - PART 8**

**Restatement of Balance Sheet to Identify Net Credit for Reinsurance**

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<u>ASSETS</u> (Page 2, Col. 3)			
1. Cash and invested assets (Line 10) .....	126,724,350		126,724,350
2. Premiums and considerations (Line 13) .....	0		0
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1) .....	845,117	(845,117)	0
4. Funds held by or deposited with reinsured companies (Line 14.2) .....	0		0
5. Other assets .....	2,839,939		2,839,939
6. Net amount recoverable from reinsurers .....		0	0
7. Protected cell assets (Line 25) .....	0	(51,962,421)	(51,962,421)
8. Totals (Line 26) .....	130,409,406	(52,807,538)	77,601,869
<u>LIABILITIES</u> (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3) .....	7,079,906	2,026,000	9,105,906
10. Taxes, expenses, and other obligations (Lines 4 through 8) .....	72,669		72,669
11. Unearned premiums (Line 9) .....	0		0
12. Advance Premiums (Line 10) .....	0		0
13. Dividends declared and unpaid (Line 11.1 and 11.2) .....	0		0
14. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12) .....	0		0
15. Funds held by company under reinsurance treaties (Line 13) .....	54,822,738	(54,822,738)	0
16. Amounts withheld or retained by company for account of others (Line 14) .....	0		0
17. Provision for reinsurance (Line 16) .....	10,800	(10,800)	0
18. Other liabilities .....	13,850,939		13,850,939
19. Total liabilities excluding protected cell business (Line 24) .....	75,837,052	(52,807,538)	23,029,514
20. Protected cell liabilities (Line 25) .....	0		0
21. Surplus as regards policyholders (Line 35) .....	54,572,355	X X X	54,572,355
22. Totals (Line 36) .....	130,409,407	(52,807,538)	77,601,869

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	8,729	1,068	1,459	61	0	0	2,930	9,059	XXX
2. 1998	13,588	2,596	10,992	3,144	635	412	41	2,911	0	825	5,791	XXX
3. 1999	10,946	2,296	8,650	3,689	1,022	406	41	3,420	0	568	6,452	XXX
4. 2000	7,234	2,127	5,107	3,733	1,038	414	48	3,444	0	578	6,505	XXX
5. 2001	1,157	(117)	1,274	3,073	1,304	369	62	4,165	0	427	6,241	XXX
6. 2002	5,204	2,648	2,556	2,957	1,082	227	46	2,319	0	32	4,375	XXX
7. 2003	863	728	135	2,882	24	240	(4)	1,140	0	(57)	4,242	XXX
8. 2004	134	33	101	1,340	393	229	17	346	0	0	1,505	XXX
9. 2005	0	0	0	0	101	0	1	0	0	0	(102)	XXX
10. 2006	0	0	0	0	72	0	0	0	0	0	(72)	XXX
11. 2007	0	0	0	2,500	0	238	0	0	0	0	2,738	XXX
12. Totals	XXX	XXX	XXX	32,047	6,739	3,994	313	17,745	0	5,303	46,734	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.	3,277	0	1,811	1,615	4	0	403	359	3,109	0	0	6,630	XXX
2.	28	0	0	0	0	0	0	0	0	0	0	28	XXX
3.	114	22	0	0	8	0	0	0	0	0	0	100	XXX
4.	76	1	0	0	3	0	0	0	0	0	0	78	XXX
5.	157	5	0	0	6	0	0	0	0	0	0	158	XXX
6.	18	6	0	0	10	0	0	0	0	0	0	22	XXX
7.	4	6	0	0	11	0	0	0	0	0	0	9	XXX
8.	30	11	0	0	37	0	0	0	0	0	0	56	XXX
9.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	3,704	51	1,811	1,615	79	0	403	359	3,109	0	0	7,081	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	3,473	3,157
2.	6,495	676	5,819	47.8	26.0	52.9	0	0	0	28	0
3.	7,637	1,085	6,552	69.8	47.3	75.7	0	0	0	92	8
4.	7,670	1,087	6,583	106.0	51.1	128.9	0	0	0	75	3
5.	7,770	1,371	6,399	671.6	(1,171.8)	502.3	0	0	0	152	6
6.	5,531	1,134	4,397	106.3	42.8	172.0	0	0	0	12	10
7.	4,277	26	4,251	495.6	3.6	3,148.9	0	0	0	(2)	11
8.	1,982	421	1,561	1,479.1	1,275.8	1,545.5	0	0	0	19	37
9.	0	102	(102)	0.0	0.0	0.0	0	0	0	0	0
10.	0	72	(72)	0.0	0.0	0.0	0	0	0	0	0
11.	2,738	0	2,738	0.0	0.0	0.0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	3,849	3,232

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 2007 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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	One Year	Two Year
1. Prior	73,597	62,094	83,986	66,271	48,298	55,216	50,138	45,478	42,576	21,781	(20,795)	(23,697)
2. 1998	3,062	3,120	3,001	3,061	3,062	2,969	3,766	2,964	2,910	2,908	(2)	(56)
3. 1999	XXX	3,154	4,251	3,741	3,758	3,946	3,156	3,923	3,134	3,132	(2)	(791)
4. 2000	XXX	XXX	2,460	2,667	2,873	2,721	2,932	3,084	3,113	3,139	26	55
5. 2001	XXX	XXX	XXX	2,016	2,243	2,327	2,106	2,302	2,283	2,234	(49)	(68)
6. 2002	XXX	XXX	XXX	XXX	1,765	1,898	2,005	1,906	1,936	2,078	142	172
7. 2003	XXX	XXX	XXX	XXX	XXX	1,112	3,206	3,227	3,115	3,111	(4)	(116)
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	222	2,756	1,297	1,215	(82)	(1,541)
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	0	(6)
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	(72)	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	XXX	XXX
12. Totals											(20,838)	(26,048)

**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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
1. Prior	000	1,950	2,691	3,380	3,710	3,729	3,728	3,732	9,201	18,260	XXX	XXX
2. 1998	1,230	2,621	2,794	2,876	2,893	2,883	2,883	2,883	2,880	2,880	XXX	XXX
3. 1999	XXX	1,031	2,263	2,650	2,776	3,050	3,032	3,032	3,032	3,032	XXX	XXX
4. 2000	XXX	XXX	1,094	2,136	2,394	2,551	2,717	3,018	3,047	3,061	XXX	XXX
5. 2001	XXX	XXX	XXX	672	1,698	2,067	2,065	2,095	2,080	2,076	XXX	XXX
6. 2002	XXX	XXX	XXX	XXX	486	1,765	1,891	1,876	1,906	2,056	XXX	XXX
7. 2003	XXX	XXX	XXX	XXX	XXX	733	3,093	3,174	3,102	3,102	XXX	XXX
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	177	2,673	1,159	1,159	XXX	XXX
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	XXX	XXX
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	XXX	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	69,825	57,587	47,275	30,839	12,883	19,824	14,684	10,099	1,764	240
2. 1998	0	0	0	0	0	0	0	0	0	0
3. 1999	XXX	0	0	0	0	0	0	0	0	0
4. 2000	XXX	XXX	0	0	0	0	0	0	0	0
5. 2001	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2002	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2003	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2007	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**

**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	8,729	1,068	1,459	.61	.0	.0	2,930	9,059	XXX
2. 1998	13,588	2,596	10,992	3,144	635	412	.41	2,911	.0	825	5,791	2,007
3. 1999	10,946	2,296	8,650	3,689	1,022	406	.41	3,420	.0	568	6,452	1,895
4. 2000	7,234	2,127	5,107	3,733	1,038	414	.48	3,444	.0	578	6,505	1,113
5. 2001	1,157	(117)	1,274	3,073	1,304	369	.62	4,165	.0	427	6,241	1,113
6. 2002	5,204	2,648	2,556	2,957	1,082	227	.46	2,319	.0	32	4,375	646
7. 2003	863	728	135	2,882	24	240	(.4)	1,140	.0	(57)	4,242	239
8. 2004	134	33	101	1,340	393	229	.17	346	.0	0	1,505	119
9. 2005	0	0	0	0	101	0	.1	0	.0	0	(102)	0
10. 2006	0	0	0	0	72	0	0	0	.0	0	(72)	0
11. 2007	0	0	0	2,500	0	238	0	0	0	0	2,738	0
12. Totals	XXX	XXX	XXX	32,047	6,739	3,994	313	17,745	0	5,303	46,734	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.	3,277	0	1,811	1,615	4	0	403	359	3,109	0	0	6,630	1,066
2.	28	0	0	0	0	0	0	0	0	0	0	28	6
3.	114	22	0	0	8	0	0	0	0	0	0	100	23
4.	76	1	0	0	3	0	0	0	0	0	0	78	22
5.	157	5	0	0	6	0	0	0	0	0	0	158	33
6.	18	6	0	0	10	0	0	0	0	0	0	22	6
7.	4	6	0	0	11	0	0	0	0	0	0	9	4
8.	30	11	0	0	37	0	0	0	0	0	0	56	7
9.	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	0	0	0	0	0	0	0	0	0	0	0	0	0
12.	3,704	51	1,811	1,615	79	0	403	359	3,109	0	0	7,081	1,167

	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	3,473	3,157
2.	6,495	676	5,819	47.8	26.0	52.9	0	0	0.0	28	0
3.	7,637	1,085	6,552	69.8	47.3	75.7	0	0	0.0	92	8
4.	7,670	1,087	6,583	106.0	51.1	128.9	0	0	0.0	75	3
5.	7,770	1,371	6,399	671.6	(1,171.8)	502.3	0	0	0.0	152	6
6.	5,531	1,134	4,397	106.3	42.8	172.0	0	0	0.0	12	10
7.	4,277	26	4,251	495.6	3.6	3,148.9	0	0	0.0	(2)	11
8.	1,982	421	1,561	1,479.1	1,275.8	1,545.5	0	0	0.0	19	37
9.	0	102	(102)	0.0	0.0	0.0	0	0	0.0	0	0
10.	0	72	(72)	0.0	0.0	0.0	0	0	0.0	0	0
11.	2,738	0	2,738	0.0	0.0	0.0	0	0	0.0	0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	3,849	3,232

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 2007 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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	11 One Year	12 Two Year
1. Prior	73,597	62,094	83,986	66,271	48,298	55,216	50,138	45,478	42,576	21,781	(20,795)	(23,697)
2. 1998	3,062	3,120	3,001	3,061	3,062	2,969	3,766	2,964	2,910	2,908	(2)	(56)
3. 1999	XXX	3,154	4,251	3,741	3,758	3,946	3,156	3,923	3,134	3,132	(2)	(791)
4. 2000	XXX	XXX	2,460	2,667	2,873	2,721	2,932	3,084	3,113	3,139	26	55
5. 2001	XXX	XXX	XXX	2,016	2,243	2,327	2,106	2,302	2,283	2,234	(49)	(68)
6. 2002	XXX	XXX	XXX	XXX	1,765	1,898	2,005	1,906	1,936	2,078	142	172
7. 2003	XXX	XXX	XXX	XXX	XXX	1,112	3,206	3,227	3,115	3,111	(4)	(116)
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	222	2,756	1,297	1,215	(82)	(1,541)
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	0	(6)
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	(72)	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	XXX	XXX
<b>12. Totals</b>											(20,838)	(26,048)

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

1. Prior	0	0	0	0	0	0	0	0	0	0	0	0
2. 1998	0	0	0	0	0	0	0	0	0	0	0	0
3. 1999	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 2000	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2001	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2002	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2003	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
<b>12. Totals</b>											0	0

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
<b>4. Totals</b>											0	0

Schedule P - Part 3A

**NONE**

Schedule P - Part 3B

**NONE**

Schedule P - Part 3C

**NONE**

Schedule P - Part 3D

**NONE**

Schedule P - Part 3E

**NONE**

Schedule P - Part 3F - Medical Mal Occur

**NONE**

Schedule P - Part 3F - Medical Mal Claim

**NONE**

Schedule P - Part 3G

**NONE**

Schedule P - Part 3H - Other Liab Occur

**NONE**

Schedule P - Part 3H - Other Liab Claims

**NONE**

Schedule P - Part 3I

**NONE**

Schedule P - Part 3J

**NONE**

Schedule P - Part 3K

**NONE**

Schedule P - Part 3L

**NONE**

Schedule P - Part 3M

**NONE**

Schedule P - Part 3N

**NONE**

Schedule P - Part 3O

**NONE**

Schedule P - Part 3P

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2007 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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
1. Prior	.000	1,950	2,691	3,380	3,710	3,729	3,728	3,732	9,201	18,260	50,967	168,816
2. 1998	1,230	2,621	2,794	2,876	2,893	2,883	2,883	2,883	2,880	2,880	429	1,572
3. 1999	XXX	1,031	2,263	2,650	2,776	3,050	3,032	3,032	3,032	3,032	418	1,454
4. 2000	XXX	XXX	1,094	2,136	2,394	2,551	2,717	3,018	3,047	3,061	342	749
5. 2001	XXX	XXX	XXX	.672	1,698	2,067	2,065	2,095	2,080	2,076	350	730
6. 2002	XXX	XXX	XXX	XXX	.486	1,765	1,891	1,876	1,906	2,056	199	441
7. 2003	XXX	XXX	XXX	XXX	XXX	.733	3,093	3,174	3,102	3,102	.84	151
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	.177	2,673	1,159	1,159	.27	.85
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	.0	.0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	(72)	.0	.0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	0	0

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

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1998	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1999	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2000	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2001	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2002	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2003	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

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 2007 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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007
1. Prior	69,825	57,587	47,275	30,839	12,883	19,824	14,684	10,099	1,764	240
2. 1998	0	0	0	0	0	0	0	0	0	0
3. 1999	XXX	0	0	0	0	0	0	0	0	0
4. 2000	XXX	XXX	0	0	0	0	0	0	0	0
5. 2001	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2002	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2003	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

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

1. Prior	0	0	0	0	0	0	0	0	0	0							
2. 1998	0	0	0	0	0	0	0	0	0	0							
3. 1999	XXX	0	0	<b>NONE</b>							0						
4. 2000	XXX	XXX	0								0	0	0	0	0	0	
5. 2001	XXX	XXX	XXX								0	0	0	0	0	0	
6. 2002	XXX	XXX	XXX								XXX	0	0	0	0	0	
7. 2003	XXX	XXX	XXX								XXX	XXX	0	0	0	0	
8. 2004	XXX	XXX	XXX								XXX	XXX	XXX	0	0	0	
9. 2005	XXX	XXX	XXX								XXX	XXX	XXX	XXX	0	0	
10. 2006	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	0	
11. 2007	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	XXX	0

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0		
2. 2006	XXX	XXX	XXX	<b>NONE</b>							0
3. 2007	XXX	XXX	XXX								XXX



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 2007 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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	595	246	39	74	5	5	25,073	25,832	26,880	0
2. 1998	216	388	409	424	429	429	429	429	429	429
3. 1999	XXX	191	357	406	412	415	419	418	418	418
4. 2000	XXX	XXX	186	308	330	335	337	340	342	342
5. 2001	XXX	XXX	XXX	154	322	343	345	346	350	350
6. 2002	XXX	XXX	XXX	XXX	110	175	193	195	199	199
7. 2003	XXX	XXX	XXX	XXX	XXX	26	62	78	84	84
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	8	17	27	27
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

**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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	665	333	259	428	1,094	1,085	1,077	1,076	1,066	1,066
2. 1998	592	203	142	121	115	81	76	76	6	6
3. 1999	XXX	613	224	100	91	62	47	47	23	23
4. 2000	XXX	XXX	400	143	116	82	27	24	22	22
5. 2001	XXX	XXX	XXX	370	110	53	40	38	33	33
6. 2002	XXX	XXX	XXX	XXX	273	42	11	9	6	6
7. 2003	XXX	XXX	XXX	XXX	XXX	84	26	10	4	4
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	51	28	7	7
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

**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
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Prior	153	1	0	291	(14,086)	0	97,508	101,204	104,428	79,828
2. 1998	2,003	2,007	2,007	2,007	2,007	2,007	2,007	2,007	2,007	2,007
3. 1999	XXX	1,874	1,895	1,895	1,895	1,895	1,895	1,895	1,895	1,895
4. 2000	XXX	XXX	1,110	1,113	1,113	1,113	1,113	1,113	1,113	1,113
5. 2001	XXX	XXX	XXX	1,110	1,113	1,113	1,113	1,113	1,113	1,113
6. 2002	XXX	XXX	XXX	XXX	645	646	646	646	646	646
7. 2003	XXX	XXX	XXX	XXX	XXX	225	239	239	239	239
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	119	119	119	119
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

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**

Schedule P - Part 6R - SN1A

**NONE**

Schedule P - Part 6R - SN2A

**NONE**

Schedule P - Part 6R - SN1B

**NONE**

Schedule P - Part 6R - SN2B

**NONE**

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 2007 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	1998 .....			
1.03	1999 .....			
1.04	2000 .....			
1.05	2001 .....			
1.06	2002 .....			
1.07	2003 .....			
1.08	2004 .....			
1.09	2005 .....			
1.10	2006 .....			
1.11	2007 .....			
1.12	Totals	0	0	0

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

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

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

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

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

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

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

5.1 Fidelity .....

5.2 Surety .....

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2007 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	.0	.0	.0	.0	.0
4. Arkansas	AR	No	.0	.0	.0	.0	.0	.0	.0
5. California	CA	No	.0	.0	.0	(83,567)	5,211	.0	.0
6. Colorado	CO	No	.0	.0	159,615	(24,759)	5,211	.0	.0
7. Connecticut	CT	No	.0	.0	.0	.0	.0	.0	.0
8. Delaware	DE	No	.0	.0	.0	.0	.0	.0	.0
9. District of Columbia	DC	No	.0	.0	.0	.0	.0	.0	.0
10. Florida	FL	No	.0	.0	2,500,000	(17,175,393)	.0	.0	.0
11. Georgia	GA	No	.0	.0	18,593	14,771	.0	.0	.0
12. Hawaii	HI	No	.0	.0	.0	.0	.0	.0	.0
13. Idaho	ID	No	.0	.0	.0	.0	.0	.0	.0
14. Illinois	IL	No	.0	.0	.0	1,032	3,871	.0	.0
15. Indiana	IN	No	.0	.0	.0	2,779	10,423	.0	.0
16. Iowa	IA	No	.0	.0	.0	.0	.0	.0	.0
17. Kansas	KS	No	.0	.0	.0	.0	.0	.0	.0
18. Kentucky	KY	No	.0	.0	.0	.0	.0	.0	.0
19. Louisiana	LA	No	.0	.0	.0	.0	.0	.0	.0
20. Maine	ME	No	.0	.0	.0	.0	.0	.0	.0
21. Maryland	MD	No	.0	.0	.0	22,175	39,919	.0	.0
22. Massachusetts	MA	No	.0	.0	.0	.0	.0	.0	.0
23. Michigan	MI	No	.0	.0	.0	.0	.0	.0	.0
24. Minnesota	MN	No	.0	.0	.0	.0	.0	.0	.0
25. Mississippi	MS	No	.0	.0	.0	.0	.0	.0	.0
26. Missouri	MO	No	.0	.0	.0	.0	.0	.0	.0
27. Montana	MT	No	.0	.0	.0	.0	.0	.0	.0
28. Nebraska	NE	No	.0	.0	.0	.0	.0	.0	.0
29. Nevada	NV	No	.0	.0	.0	(7,644)	.0	.0	.0
30. New Hampshire	NH	No	.0	.0	.0	.0	.0	.0	.0
31. New Jersey	NJ	No	.0	.0	.0	(9,996,935)	4,767,799	.0	.0
32. New Mexico	NM	No	.0	.0	.0	.0	.0	.0	.0
33. New York	NY	No	.0	.0	.0	.0	.0	.0	.0
34. North Carolina	NC	No	.0	.0	.0	(3,822)	.0	.0	.0
35. North Dakota	ND	No	.0	.0	.0	.0	.0	.0	.0
36. Ohio	OH	No	.0	.0	.0	.0	.0	.0	.0
37. Oklahoma	OK	No	.0	.0	.0	1,389	5,211	.0	.0
38. Oregon	OR	No	.0	.0	.0	.0	.0	.0	.0
39. Pennsylvania	PA	No	.0	.0	.0	.0	.0	.0	.0
40. Rhode Island	RI	No	.0	.0	.0	.0	.0	.0	.0
41. South Carolina	SC	No	.0	.0	(4,800)	39,183	98,212	.0	.0
42. South Dakota	SD	No	.0	.0	.0	.0	.0	.0	.0
43. Tennessee	TN	No	.0	.0	.0	.0	.0	.0	.0
44. Texas	TX	No	.0	.0	14,007	198,476	563,194	.0	.0
45. Utah	UT	No	.0	.0	.0	.0	.0	.0	.0
46. Vermont	VT	No	.0	.0	.0	.0	.0	.0	.0
47. Virginia	VA	Yes	.0	.0	.0	4,168	15,634	.0	.0
48. Washington	WA	No	.0	.0	.0	.0	.0	.0	.0
49. West Virginia	WV	No	.0	.0	.0	.0	.0	.0	.0
50. Wisconsin	WI	No	.0	.0	.0	.0	.0	.0	.0
51. Wyoming	WY	No	.0	.0	.0	.0	.0	.0	.0
52. American Samoa	AS	No	.0	.0	.0	.0	.0	.0	.0
53. Guam	GU	No	.0	.0	.0	.0	.0	.0	.0
54. Puerto Rico	PR	No	.0	.0	.0	.0	.0	.0	.0
55. U.S. Virgin Islands	VI	No	.0	.0	.0	.0	.0	.0	.0
56. Northern Mariana Islands	MP		.0	.0	.0	.0	.0	.0	.0
57. Canada	CN		.0	.0	.0	.0	.0	.0	.0
58. Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59. Totals	(a) 1		0	0	2,687,415	(27,008,146)	5,514,688	0	0
<b>DETAILS OF WRITE-INS</b>									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

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

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

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SCHEDULE T – PART 2  
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

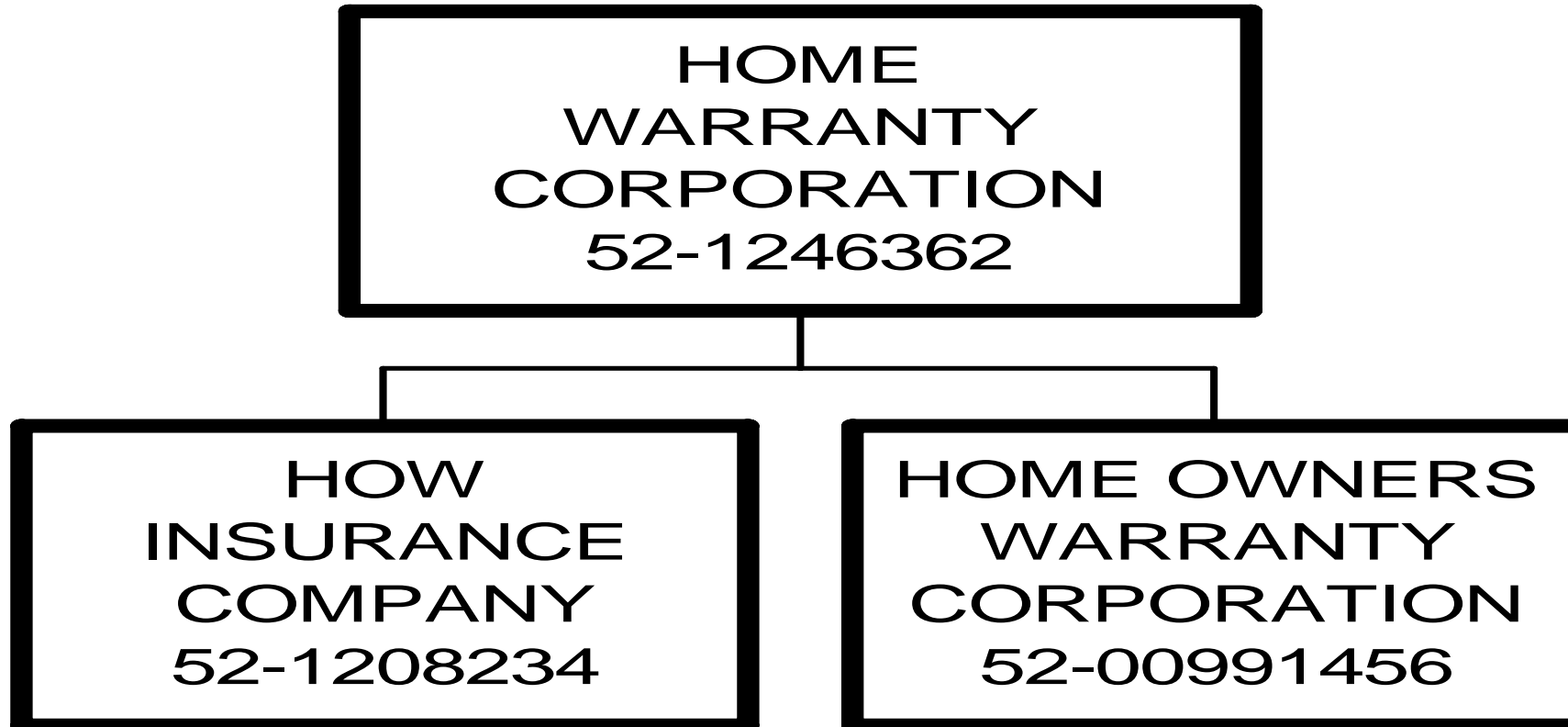
Allocated by States and Territories

States, Etc.		Direct Business Only					Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL						0
2. Alaska	AK						0
3. Arizona	AZ						0
4. Arkansas	AR						0
5. California	CA						0
6. Colorado	CO						0
7. Connecticut	CT						0
8. Delaware	DE						0
9. District of Columbia	DC						0
10. Florida	FL						0
11. Georgia	GA						0
12. Hawaii	HI						0
13. Idaho	ID						0
14. Illinois	IL						0
15. Indiana	IN						0
16. Iowa	IA						0
17. Kansas	KS						0
18. Kentucky	KY						0
19. Louisiana	LA						0
20. Maine	ME						0
21. Maryland	MD						0
22. Massachusetts	MA						0
23. Michigan	MI						0
24. Minnesota	MN						0
25. Mississippi	MS						0
26. Missouri	MO						0
27. Montana	MT						0
28. Nebraska	NE						0
29. Nevada	NV						0
30. New Hampshire	NH						0
31. New Jersey	NJ						0
32. New Mexico	NM						0
33. New York	NY						0
34. North Carolina	NC						0
35. North Dakota	ND						0
36. Ohio	OH						0
37. Oklahoma	OK						0
38. Oregon	OR						0
39. Pennsylvania	PA						0
40. Rhode Island	RI						0
41. South Carolina	SC						0
42. South Dakota	SD						0
43. Tennessee	TN						0
44. Texas	TX						0
45. Utah	UT						0
46. Vermont	VT						0
47. Virginia	VA						0
48. Washington	WA						0
49. West Virginia	WV						0
50. Wisconsin	WI						0
51. Wyoming	WY						0
52. American Samoa	AS						0
53. Guam	GU						0
54. Puerto Rico	PR						0
55. U.S. Virgin Islands	VI						0
56. Northern Mariana Islands	MP						0
57. Canada	CN						0
58. Aggregate Other Alien	OT						0
59. Totals		0	0	0	0	0	0

**NONE**

**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)
<b>NONE</b>												
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

<b>MARCH FILING</b>	<b>RESPONSES</b>
1. Will an actuarial opinion be filed by March 1?	.....YES.....
2. Will the confidential Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	.....WAIVED.....
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?	.....YES.....
4. Will the Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	.....YES.....
<b>APRIL FILING</b>	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	.....WAIVED.....
6. Will Management's Discussion and Analysis be filed by April 1?	.....YES.....
7. Will the Supplemental Investment Risk Interrogatories be filed by April 1?	.....YES.....
<b>MAY FILING</b>	
8. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?	.....WAIVED.....
<b>JUNE FILING</b>	
9. Will an audited financial report be filed by June 1?	.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

<b>MARCH FILING</b>	
10. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....SEE EXPLANATION.....
11. Will the Financial Guaranty Insurance Exhibit be filed March 1?	.....SEE EXPLANATION.....
12. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
13. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?	.....SEE EXPLANATION.....
14. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....YES.....
15. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....SEE EXPLANATION.....
16. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
17. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
18. Will the Actuarial Opinion Summary be filed with the state of domicile, if required by March 15 (or the date otherwise specified)?	.....YES.....
19. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	.....YES.....
20. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	.....SEE EXPLANATION.....
<b>APRIL FILING</b>	
21. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
22. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
23. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	.....SEE EXPLANATION.....

**Explanation:**

- 10. Not Required
- 11. Not Required
- 12. Not Required

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

13. Not Required

15. Not Required

16. Not Required

17. Not Required

20. Not Required

21. Not Required

22. Not Required

23. Not Required

**Bar Code:**



**OVERFLOW PAGE FOR WRITE-INS**

P003 Additional Aggregate Lines for Page 3 Line 23.  
\*LIAB - Liabilities

	1 Current Year	2 Prior Year
2304. Reinsurance liability adjustment.....	1,122,000	1,122,000
2305. Unclaimed property drafts.....	2,554	13,753
2306. Notices of claim determination.....	1,345,909	1,345,909
2307. Ceded reinsurance - Amounts due reinsurers.....	1,523,649	1,523,649
2308. Accrued interest on deferred loss payments.....	6,780,686	6,510,493
2309. Suspense.....	1,358	0
2397. Summary of remaining write-ins for Line 23 from page 3	10,776,156	10,515,804



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 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE D - PART 1**

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	F	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
912828-AT-7	UNITED STATES TREASURY				1	4,964,844	.999690	4,998,450	5,000,000	4,998,558	.0	11,519	.0	.0	3.000	3.263	FA	56,667	150,000	12/23/2004	02/15/2008
912828-EV-8	US TREASURY NOTE				1	30,981,621	.1014840	31,663,008	31,200,000	31,078,115	.0	95,710	.0	.0	4.500	4.921	FA	530,400	1,404,000	02/02/2007	02/15/2009
912828-BG-4	US TREASURY NT/BD				1	2,233,037	.999380	2,248,605	2,248,605	2,246,919	.0	4,809	.0	.0	3.250	3.504	FA	27,625	73,125	01/06/2005	08/15/2008
912828-CC-2	US TREASURY NT/BD				1	3,756,797	.993910	3,975,640	4,000,000	3,891,761	.0	84,947	.0	.0	2.625	5.024	MS	30,917	105,000	05/24/2006	03/15/2009
912828-EX-4	US TREASURY NT/BD				1	18,170,859	.1041720	18,750,960	18,000,000	18,160,994	.0	(9,866)	.0	.0	4.500	4.239	FA	272,250	.0	10/16/2007	02/28/2011
0199999	Total Bonds - U.S. Government - Issuer Obligations					60,107,158	.XXX	61,636,663	60,450,000	60,376,346	.0	187,119	.0	.0	XXX	XXX	XXX	917,858	1,732,125	XXX	XXX
36215N-TV-6	GNMA POOL #140164				1	9,621	.1087930	9,592	8,817	9,445	.0	(28)	.0	.0	10.000	6.326	MON	73	.884	06/23/1995	03/15/2016
36215N-3T-9	GNMA POOL #140410				1	6,907	.1087930	6,886	6,329	6,684	.0	(32)	.0	.0	10.000	8.429	MON	53	.634	06/23/1995	03/15/2016
36215N-3U-6	GNMA POOL #140411				1	7,389	.1083860	7,339	6,771	7,231	.0	(22)	.0	.0	10.000	6.740	MON	56	.678	06/23/1995	04/15/2016
36215U-VT-2	GNMA POOL #145626				1	29,116	.1083860	28,919	26,682	28,482	.0	(66)	.0	.0	10.000	5.995	MON	222	2,672	06/23/1995	02/15/2016
36215W-BR-4	GNMA POOL #146848				1	4,592	.1056990	4,447	4,208	4,421	.0	(24)	.0	.0	10.000	8.849	MON	35	.421	06/23/1995	02/15/2016
362151-AU-6	GNMA POOL #150419				1	9,244	.1091680	9,248	8,471	9,076	.0	(19)	.0	.0	10.000	5.252	MON	71	.847	06/23/1995	02/15/2016
362153-ED-6	GNMA POOL #152332				1	90,142	.1091680	90,178	82,605	86,469	.0	(428)	.0	.0	10.000	8.967	MON	688	8,268	06/23/1995	03/15/2016
362159-P2-5	GNMA POOL #158041				1	17,943	.1091680	17,950	16,442	17,280	.0	(93)	.0	.0	10.000	8.886	MON	137	1,647	06/23/1995	04/15/2016
362164-X6-7	GNMA POOL #183501				1	19,757	.1091680	19,765	18,105	19,083	.0	(101)	.0	.0	10.000	8.881	MON	151	1,812	06/23/1995	10/15/2016
36217C-SU-1	GNMA POOL #189631				1	27,007	.1084490	26,840	24,749	26,104	.0	(118)	.0	.0	10.000	8.898	MON	206	2,478	06/23/1995	08/15/2017
36218V-S9-5	GNMA POOL #233744				1	18,249	.1084490	20,324	18,741	18,429	.0	19	.0	.0	10.000	10.815	MON	156	1,875	04/21/1989	09/15/2017
36218W-MD-0	GNMA POOL #234456				1	85,184	.1096360	85,582	78,060	83,205	.0	(316)	.0	.0	10.000	8.516	MON	651	7,809	06/23/1995	11/15/2018
36219S-Z5-1	GNMA POOL #258264				1	19,893	.1096360	19,986	18,229	19,237	.0	(79)	.0	.0	10.000	9.107	MON	152	1,826	06/23/1995	12/15/2018
36219U-4W-1	GNMA POOL #260137				1	2,903	.1096360	3,301	3,011	2,926	.0	1	.0	.0	10.000	12.008	MON	25	.301	03/30/1989	08/15/2018
36201N-AD-2	GNMA POOL #587804				1	15,544	.993240	14,978	15,080	15,621	.0	13	.0	.0	4.500	3.907	MON	57	.681	05/22/2003	06/15/2018
36200A-6U-8	GNMA POOL #595883				1	148,411	.991050	142,691	143,980	148,539	.0	(7)	.0	.0	4.500	3.981	MON	540	6,486	05/22/2003	05/15/2018
36200A-6Z-7	GNMA POOL #595888				1	119,438	.991050	114,834	115,871	119,288	.0	(33)	.0	.0	4.500	4.023	MON	435	5,217	05/22/2003	06/15/2018
36225A-FR-6	GNMA POOL #780176				1	429,978	.1101360	437,091	396,865	426,334	.0	(410)	.0	.0	10.000	6.282	MON	3,307	39,963	05/26/1995	03/15/2021
36221G-SV-4	GNMA POOL #905932				1	85,102	.1094330	85,196	77,852	81,395	.0	(401)	.0	.0	10.250	9.241	MON	665	7,985	10/07/1996	02/15/2016
0299999	Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities					1,146,420	.XXX	1,145,148	1,070,868	1,129,246	.0	(2,143)	.0	.0	XXX	XXX	XXX	7,680	92,483	XXX	XXX
0399999	Total - U.S. Government Bonds					61,253,579	.XXX	62,781,811	61,520,868	61,505,592	.0	184,976	.0	.0	XXX	XXX	XXX	925,538	1,824,608	XXX	XXX
31359M-F4-0	FANNIE MAE				1	4,484,340	.1025620	4,615,290	4,500,000	4,485,252	.0	912	.0	.0	4.500	4.667	FA	76,500	.0	10/16/2007	02/15/2011
31359M-SQ-7	FANNIE MAE				1	1,414,000	.994200	1,425,683	1,434,000	1,431,227	.0	4,326	.0	.0	3.250	3.598	FA	17,606	46,605	10/15/2003	08/15/2008
31359M-TZ-6	FANNIE MAE				1	2,277,836	.995490	2,364,289	2,375,000	2,328,896	.0	38,921	.0	.0	3.250	5.113	FA	29,160	77,188	10/17/2006	02/15/2009
3133XD-PS-4	FED HOME LOAN BANK				1	2,353,417	.1004710	2,386,186	2,375,000	2,366,108	.0	9,530	.0	.0	4.625	5.125	MN	12,205	109,844	10/17/2006	11/21/2008
31359M-DJ-9	FED NATL MTG ASSN				1	519,174	.1001610	500,805	500,000	500,865	.0	(6,856)	.0	.0	5.750	4.373	FA	10,861	28,750	03/23/2005	02/15/2008
3133XA-N5-2	FEDERAL HOME LOAN BANK				1	1,929,160	.1000100	2,000,200	2,000,000	1,969,878	.0	25,499	.0	.0	3.875	5.300	FA	29,708	77,500	05/17/2006	02/13/2009
3133XE-CU-1	FEDERAL HOME LOAN BANK				1	4,501,818	.1027550	4,623,975	4,500,000	4,501,712	.0	(106)	.0	.0	4.625	4.665	FA	76,891	.0	10/16/2007	02/18/2011
3134A3-EM-4	FEDERAL HOME LOAN MORTGAGE				1	658,989	.1023210	665,087	650,000	654,021	.0	(3,147)	.0	.0	5.750	5.283	MS	11,005	37,375	05/24/2006	03/15/2009
3134A4-VJ-0	FREDDIE MAC				1	4,517,514	.1022950	4,603,275	4,500,000	4,516,465	.0	(1,049)	.0	.0	4.750	4.673	JJ	96,781	.0	10/16/2007	01/18/2011
3134A4-ZU-1	FREDDIE MAC				1	544,341	.1000340	550,187	550,000	549,537	.0	3,206	.0	.0	4.625	5.304	FA	9,186	25,438	05/08/2006	02/21/2008
3137EA-AA-7	FREDDIE MAC				1	1,720,306	.1012100	1,745,873	1,725,000	1,722,663	.0	1,964	.0	.0	4.875	5.062	FA	31,302	84,094	10/17/2006	02/17/2009
2599999	Total Bonds - Special Revenue - Issuer Obligations					24,920,896	.XXX	25,480,849	25,109,000	25,026,624	.0	73,201	.0	.0	XXX	XXX	XXX	401,204	486,793	XXX	XXX
3199999	Total - Special Revenue Bonds					24,920,896	.XXX	25,480,849	25,109,000	25,026,624	.0	73,201	.0	.0	XXX	XXX	XXX	401,204	486,793	XXX	XXX
037735-CF-2	APPALACHIAN POWER CO				1	421,993	.1018060	422,495	415,000	421,895	.0	(98)	.0	.0	5.550	5.052	AO	5,758	.0	12/13/2007	04/01/2011
144141-CX-2	CAROLINA POWER & LIGHT				1	370,760	.1015860	370,789	365,000	370,517	.0	(243)	.0	.0	5.950	4.659	MS	7,239	.0	12/12/2007	03/01/2009
15189T-AF-4	CENTERPOINT ENERGY				2FE	366,947	.1002250	350,788	350,000	352,075	.0	(4,818)	.0	.0	5.000	4.475	JD	1,714	20,563	10/05/2004	06/01/2008
25746U-AL-3	DOMINION RESOURCES INC				2	301,587	.998610	299,583	300,000	300,068	.0	.0	.0	.0	4.125	3.978	FA	4,675	12,375	01/27/2005	02/15/2008
653522-DJ-8	NIAGARA MOHAWK POWER				2FE	525,378	.1020870	510,435	500,000	505,147	.0	(6,622)	.0	.0	7.750	6.455	AO	9,688	38,750	09/29/2004	10/10/2008
694308-GB-7	PACIFIC GAS & ELECTRIC				1	444,398	.988540	444,843	450,000	444,806	.0	409	.0	.0	3.800	4.680	MS	5,400	.0	11/27/2007	03/01/2009
879403-AL-7	TELEFONOS DE MEXICO SA				1FE	501,719	.995000	497,500	500,000	500,419	.0	(456)	.0	.0	4.500	4.451	MN	2,625	22,500	10/19/2004	11/19/2008
3299999	Total Bonds - Public Utilities - Issuer Obligations					2,932,780	.XXX	2,896,432	2,880,000	2,894,927	.0	(12,367)	.0	.0	XXX	XXX	XXX	37,098	94,188	XXX	XXX
3899999	Total - Public Utilities Bonds					2,932,780	.XXX	2,896,432	2,880,000	2,894,927	.0	(12,367)	.0	.0	XXX	XXX	XXX	37,098	94,188	XXX	XXX
060505-BC-7	BANK OF AMERICA				1	724,170	.987740	740,805	750,000	740,934	.0	13,945	.0	.0	3.250	5.315					

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

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

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
14040E-HJ-4	CAPITAL ONE BANK				1	485,285	.98	98,965	500,000	494,447	.0	5,744	.0	.0	4.250	5.584	JD	1,771	21,250	.05/17/2006	.12/01/2008
14912L-2U-4	CATERPILLAR FIN SERV				1	999,300	.99	998,270	1,000,000	999,807	.0	278	.0	.0	4.500	4.581	MS	15,000	45,000	.08/29/2005	.09/01/2008
210518-BW-5	CONSUMERS ENERGY - ITC				1	368,194	.97	254,000	375,000	368,654	.0	460	.0	.0	4.000	4.819	MN	1,917	7,500	.10/25/2007	.05/15/2010
224050-AR-5	COX ENTERPRISES 144A			2FE		498,325	.99	497,465	500,000	499,846	.0	446	.0	.0	4.375	4.518	MN	3,646	21,875	.05/20/2004	.05/01/2008
22541L-BH-5	CREDIT SUISSE FB USA INC				1	622,125	.101	235,000	625,000	622,326	.0	201	.0	.0	4.875	5.115	FA	11,510	.0	.10/15/2007	.08/15/2010
233835-AU-1	DAIMLERCHRYSLER NA			2FE		514,835	.99	981,000	500,000	500,185	.0	(4,614)	.0	.0	4.750	3.835	JJ	10,951	23,750	.09/08/2004	.01/15/2008
25156P-AE-3	DEUTSCHE TELEKOM INT			1FE		372,540	.99	351,000	375,000	374,582	.0	725	.0	.0	3.875	4.120	JJ	6,418	14,531	.01/27/2005	.07/22/2008
292505-AC-8	ENCANA CORP				1	488,878	.99	722,000	488,638	488,912	.0	34	.0	.0	4.600	4.800	FA	8,515	.0	.12/12/2007	.08/15/2009
349631-AF-8	FORTUNE BRANDS INC				1	511,150	.100	321,000	500,000	501,351	.0	(5,203)	.0	.0	6.250	5.221	AO	7,813	31,250	.01/27/2006	.04/01/2008
369550-AL-2	GENERAL DYNAMICS CORP				1	616,856	.100	810,000	625,000	617,425	.0	569	.0	.0	4.500	5.061	FA	10,625	.0	.10/15/2007	.08/15/2010
37033L-FU-5	GENERAL MILLS INC				1	587,581	.102	105,000	575,000	580,134	.0	(6,203)	.0	.0	6.378	5.278	AO	7,742	36,674	.10/05/2006	.10/15/2008
38143U-AA-9	GOLDMAN SACHS GROUP INC			1FE		221,990	.99	224,000	225,000	224,074	.0	853	.0	.0	3.875	4.330	JJ	4,020	8,719	.06/23/2005	.01/15/2009
38143U-BE-0	GOLDMAN SACHS GROUP LP				1	379,414	.100	188,000	385,000	379,831	.0	417	.0	.0	4.500	5.153	JD	770	8,663	.10/15/2007	.06/15/2010
441812-FY-5	HOUSEHOLD FINANCE CORP				1	509,065	.100	561,000	500,000	502,731	.0	(5,701)	.0	.0	6.400	5.254	JD	1,244	32,000	.11/20/2006	.06/17/2008
459200-ET-7	IBM CORP			1FE		999,610	.99	936,000	1,000,000	999,988	.0	135	.0	.0	3.800	3.850	FA	15,833	38,000	.01/27/2005	.02/01/2008
244217-BJ-3	JOHN DEERE CAP CORP			1FE		500,810	.99	978,000	500,000	500,007	.0	(174)	.0	.0	3.900	3.901	JJ	8,992	19,500	.01/08/2003	.01/15/2008
24422E-PV-5	JOHN DEERE CAPITAL CORP				1	494,330	.99	854,000	500,000	497,848	.0	3,167	.0	.0	4.500	5.248	FA	7,875	22,500	.11/20/2006	.08/25/2008
524901-AH-8	LEGG MASON INC				1	766,755	.100	718,000	755,385	755,360	.0	(10,250)	.0	.0	6.750	5.361	JJ	25,172	50,625	.11/20/2006	.07/02/2008
524908-JA-9	LEHMAN BROTHERS HOLDINGS				1	969,460	.98	951,000	1,000,000	989,536	.0	16,698	.0	.0	3.500	5.362	FA	14,000	35,000	.10/16/2006	.08/07/2008
5525V0-AP-1	MARSHALL & ILSLEY BANK			1FE		499,440	.99	898,000	500,000	499,980	.0	191	.0	.0	3.800	3.876	FA	7,547	19,000	.01/14/2005	.02/08/2008
59018Y-RN-3	MERRILL LYNCH & CO				1	968,300	.98	888,000	1,000,000	989,370	.0	18,955	.0	.0	3.125	5.215	JJ	14,410	31,250	.11/20/2006	.07/15/2008
600388-AA-0	MILLER BREWING CO 144A				1	489,575	.99	757,000	500,000	496,336	.0	5,625	.0	.0	4.250	5.536	FA	8,028	21,250	.10/16/2006	.08/15/2008
637432-CY-9	NATIONAL RURAL UTILITIES			1FE		757,823	.99	885,000	750,000	750,298	.0	(2,377)	.0	.0	3.875	3.580	FA	10,979	29,063	.09/15/2004	.02/15/2008
652478-BW-7	NEWS AMERICA HOLDINGS			2FE		558,555	.101	981,000	500,000	512,771	.0	(15,479)	.0	.0	7.375	4.121	AO	7,580	36,875	.12/01/2004	.10/17/2008
666807-AT-9	NORTHROP GRUMMAN				1	697,210	.106	888,000	650,000	696,176	.0	(1,034)	.0	.0	7.125	4.709	FA	17,496	.0	.12/04/2007	.02/15/2011
74005P-AM-6	PRAXAIR INC				1	723,023	.99	009,000	750,000	741,941	.0	17,029	.0	.0	2.750	5.231	JD	917	20,625	.11/20/2006	.06/15/2008
7425A0-AY-6	PRINCIPAL LIFE GLOBAL 144A				1	978,850	.99	642,000	1,000,000	994,993	.0	14,580	.0	.0	3.625	5.232	AO	6,142	36,250	.11/21/2006	.04/30/2008
767201-AB-2	RIO TINTO FIN USA			1FE		951,410	.98	373,000	1,000,000	980,809	.0	24,474	.0	.0	2.625	5.340	MS	7,729	26,250	.10/16/2006	.09/30/2008
786514-BJ-7	SAFEWAY INC				1	391,756	.99	272,000	400,000	397,755	.0	2,575	.0	.0	4.125	4.877	MN	2,750	16,500	.08/04/2005	.11/01/2008
78442F-BL-1	SLM CORP				1	976,390	.97	370,000	1,000,000	991,709	.0	12,744	.0	.0	3.950	5.390	FA	14,922	39,500	.10/16/2006	.08/15/2008
852060-AC-6	SPRINT CAPITAL CORP			2FE		526,930	.100	466,000	500,000	507,343	.0	(8,074)	.0	.0	6.125	4.441	MN	3,913	30,625	.06/29/2005	.11/15/2008
88731E-AK-6	TIME WARNER ENTMT SR DEB				1	534,300	.101	131,000	500,000	508,192	.0	(11,795)	.0	.0	7.250	4.785	MS	12,083	36,250	.09/20/2005	.09/01/2008
892332-AL-1	TOYOTA MOTOR CREDIT CORP				1	720,900	.99	011,000	742,583	740,225	.0	16,069	.0	.0	2.875	5.235	FA	8,984	21,563	.10/16/2006	.08/01/2008
89420G-AG-4	TRAVELERS PROPERTY CASUALTY			1FE		354,084	.99	796,000	355,000	354,959	.0	195	.0	.0	3.750	3.843	MS	3,920	13,313	.03/06/2003	.03/15/2008
913017-BG-3	UNITED TECHNOLOGIES CORP			1FE		653,536	.100	339,000	650,000	653,462	.0	(74)	.0	.0	4.375	4.176	MN	4,740	.0	.12/12/2007	.05/01/2010
91159H-GJ-3	US BANCORP				1	650,923	.100	484,000	650,000	650,905	.0	(18)	.0	.0	4.500	4.492	JJ	12,350	.0	.12/12/2007	.07/29/2010
949746-JB-8	WELLS FARGO & COMPANY				1	978,430	.99	143,000	1,000,000	992,429	.0	11,645	.0	.0	4.000	5.319	FA	15,111	40,000	.10/16/2006	.08/15/2008
895953-AB-3	YUM! BRANDS INC - TRICON				1	526,915	.100	687,000	500,000	504,583	.0	(11,855)	.0	.0	7.650	5.206	MN	4,888	38,250	.01/27/2006	.05/15/2008
3999999	Total Bonds - Industrial Misc - Issuer Obligations					28,073,051	XXX	28,099,312	28,130,000	28,102,213	.0	88,102	.0	.0	XXX	XXX	XXX	394,777	1,055,774	XXX	XXX
4599999	Total - Industrial and Miscellaneous Bonds					28,073,051	XXX	28,099,312	28,130,000	28,102,213	.0	88,102	.0	.0	XXX	XXX	XXX	394,777	1,055,774	XXX	XXX
5499999	Total - Issuer Obligations					116,033,885	XXX	118,113,256	116,569,000	116,400,110	.0	336,055	.0	.0	XXX	XXX	XXX	1,750,937	3,368,880	XXX	XXX
5599999	Total - Single Class Mortgage-Backed/Asset-Backed Securities					1,146,420	XXX	1,145,148	1,070,868	1,129,246	.0	(2,143)	.0	.0	XXX	XXX	XXX	7,680	92,483	XXX	XXX
6099999	Totals					117,180,305	XXX	119,258,404	117,639,868	117,529,357	0	333,912	0	0	XXX	XXX	XXX	1,758,618	3,461,361	XXX	XXX

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Schedule D - Part 2 - Section 1

**NONE**

Schedule D - Part 2 - Section 2

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE D - PART 3**

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

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
.912828-EV-8	US TREASURY NOTE		02/02/2007	Undefined		29,790,527	30,000,000	609,885
.912828-EX-4	US TREASURY NT/BD		10/16/2007	Undefined		18,170,859	18,000,000	104,588
0399999 - Total	- Bonds - U.S. Government					47,961,387	48,000,000	714,472
.31359M-F4-0	FANNIE MAE		10/16/2007	Undefined		4,484,340	4,500,000	34,875
.3133XE-CU-1	FEDERAL HOME LOAN BANK		10/16/2007	Undefined		4,501,818	4,500,000	34,109
.3134A4-VJ-0	FREDDIE MAC		10/16/2007	Undefined		4,517,514	4,500,000	52,844
3199999 - Total	- Bonds - Special Revenue					13,503,672	13,500,000	121,828
.037735-CF-2	APPALACHIAN POWER CO		12/13/2007	Undefined		421,993	415,000	4,926
.144141-CK-2	CAROLINA POWER & LIGHT		12/12/2007	Undefined		370,760	365,000	6,395
.694308-GB-7	PACIFIC GAS & ELECTRIC		11/27/2007	Undefined		444,398	450,000	4,005
3899999 - Total	- Bonds - Public Utilities					1,237,150	1,230,000	15,326
.210518-BW-5	CONSUMERS ENERGY - ITC		10/25/2007	Undefined		368,194	375,000	6,875
.22541L-BH-5	CREDIT SUISSE FB USA INC		10/15/2007	Undefined		622,125	625,000	5,332
.292505-AC-8	ENCANA CORP		12/12/2007	Undefined		488,878	490,000	7,639
.369550-AL-2	GENERAL DYNAMICS CORP		10/15/2007	Undefined		616,856	625,000	4,922
.38143U-BE-0	GOLDMAN SACHS GROUP LP		10/15/2007	Undefined		379,414	385,000	5,919
.666807-AT-9	NORTHROP GRUMMAN		12/04/2007	Undefined		697,210	650,000	14,408
.913017-BG-3	UNITED TECHNOLOGIES CORP		12/12/2007	Undefined		653,536	650,000	3,634
.91159H-GJ-3	US BANCORP		12/12/2007	Undefined		650,923	650,000	11,213
4599999 - Total	- Bonds - Industrial, Misc.					4,477,135	4,450,000	59,941
6099997 - Total	- Bonds - Part 3					67,179,344	67,180,000	911,568
6099998 - Total	- Bonds - Part 5					0	0	0
6099999 - Total	- Bonds					67,179,344	67,180,000	911,568
6599998 - Total	- Preferred Stocks - Part 5					0	XXX	0
6599999 - Total	- Preferred Stocks					0	XXX	0
7299998 - Total	- Common Stocks - Part 5					0	XXX	0
7299999 - Total	- Common Stocks					0	XXX	0
7399999 - Total	- Preferred and Common Stocks					0	XXX	0
7499999 Totals						67,179,344	XXX	911,568

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE D - PART 4**

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

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	
36215N-TV-6	GNMA POOL #140164		12/15/2007	PRINCIPAL RECEIPT		1,729	1,729	1,887	1,858	0	(129)	0	(129)	0	1,729	0	0	0	72	03/15/2016	
36215N-3T-9	GNMA POOL #140410		12/15/2007	PRINCIPAL RECEIPT		3,371	3,371	3,679	3,578	0	(206)	0	(206)	0	3,371	0	0	0	122	03/15/2016	
36215N-3U-6	GNMA POOL #140411		12/15/2007	PRINCIPAL RECEIPT		1,197	1,197	1,306	1,282	0	(85)	0	(85)	0	1,197	0	0	0	64	04/15/2016	
36215U-VT-2	GNMA POOL #145626		12/15/2007	PRINCIPAL RECEIPT		12,727	12,727	13,888	13,617	0	(890)	0	(890)	0	12,727	0	0	0	491	02/15/2016	
36215W-BR-4	GNMA POOL #146848		12/15/2007	PRINCIPAL RECEIPT		855	855	933	903	0	(48)	0	(48)	0	855	0	0	0	47	02/15/2016	
362151-AU-6	GNMA POOL #150419		12/15/2007	PRINCIPAL RECEIPT		634	634	691	680	0	(47)	0	(47)	0	634	0	0	0	35	02/15/2016	
362153-ED-6	GNMA POOL #152332		12/15/2007	PRINCIPAL RECEIPT		6,017	6,017	6,566	6,329	0	(313)	0	(313)	0	6,017	0	0	0	323	03/15/2016	
362159-P2-5	GNMA POOL #158041		12/15/2007	PRINCIPAL RECEIPT		1,229	1,229	1,341	1,298	0	(70)	0	(70)	0	1,229	0	0	0	65	04/15/2016	
362164-X6-7	GNMA POOL #183501		12/15/2007	PRINCIPAL RECEIPT		1,395	1,395	1,522	1,478	0	(83)	0	(83)	0	1,395	0	0	0	75	10/15/2016	
36217C-SU-1	GNMA POOL #189631		12/15/2007	PRINCIPAL RECEIPT		6,532	6,532	7,128	6,921	0	(389)	0	(389)	0	6,532	0	0	0	490	08/15/2017	
36218V-S9-5	GNMA POOL #233744		12/15/2007	PRINCIPAL RECEIPT		1,053	1,053	1,026	1,035	0	19	0	19	0	1,053	0	0	0	57	09/15/2017	
36218W-MD-0	GNMA POOL #234456		12/15/2007	PRINCIPAL RECEIPT		3,798	3,798	4,144	4,064	0	(266)	0	(266)	0	3,798	0	0	0	207	11/15/2018	
36219S-Z5-1	GNMA POOL #258264		12/15/2007	PRINCIPAL RECEIPT		1,454	1,454	1,587	1,541	0	(87)	0	(87)	0	1,454	0	0	0	78	12/15/2018	
36219U-4W-1	GNMA POOL #260137		12/15/2007	PRINCIPAL RECEIPT		600	600	579	583	0	17	0	17	0	600	0	0	0	33	08/15/2018	
36201N-AD-2	GNMA POOL #587804		12/15/2007	PRINCIPAL RECEIPT		3,200	3,200	3,298	3,311	0	(112)	0	(112)	0	3,200	0	0	0	70	06/15/2018	
36200A-6U-8	GNMA POOL #595883		12/15/2007	PRINCIPAL RECEIPT		20,536	20,536	21,168	21,187	0	(651)	0	(651)	0	20,536	0	0	0	405	05/15/2018	
36200A-6Z-7	GNMA POOL #595888		12/15/2007	PRINCIPAL RECEIPT		15,209	15,209	15,677	15,661	0	(453)	0	(453)	0	15,209	0	0	0	495	06/15/2018	
36225A-FR-6	GNMA POOL #780176		12/15/2007	PRINCIPAL RECEIPT		97,564	97,564	105,704	104,909	0	(7,345)	0	(7,345)	0	97,564	0	0	0	4,652	03/15/2021	
362216-SV-4	GNMA POOL #905932		12/15/2007	PRINCIPAL RECEIPT		7,103	7,103	7,765	7,463	0	(360)	0	(360)	0	7,103	0	0	0	396	02/15/2016	
912828-EV-8	US TREASURY NOTE		10/16/2007	Undefined		10,541,016	10,500,000	10,408,031	10,421,192	0	28,433	0	28,433	0	10,449,625	0	91,391	91,391	553,390	02/15/2009	
912828-DN-7	US TREASURY NT/BD		02/28/2007	MATURITY		1,250,000	1,250,000	1,232,813	1,247,227	0	2,773	0	2,773	0	1,250,000	0	0	0	21,094	02/28/2007	
912828-DQ-0	US TREASURY NT/BD		04/02/2007	MATURITY		1,500,000	1,500,000	1,490,566	1,498,396	0	1,604	0	1,604	0	1,500,000	0	0	0	28,125	03/31/2007	
039999	Bonds - U.S. Governments					13,477,217	13,436,201	13,331,298	13,364,513	0	21,313	0	21,313	0	13,385,826	0	91,391	91,391	610,785	XXX	
313310-3M-7	FEDERAL FARM CREDIT BANK		01/16/2007	MATURITY		2,450,000	2,450,000	2,366,259	2,448,015	0	1,985	0	1,985	0	2,450,000	0	0	0	22,969	01/16/2007	
319999	Bonds - Special Revenues					2,450,000	2,450,000	2,366,259	2,448,015	0	1,985	0	1,985	0	2,450,000	0	0	0	0	0	
010392-EN-4	ALABAMA POWER CO		11/15/2007	MATURITY		800,000	800,000	799,741	799,922	0	78	0	78	0	800,000	0	0	0	28,000	11/15/2007	
037735-CA-3	APPALACHIAN POWER CO		06/29/2007	MATURITY		240,000	240,000	240,000	240,000	0	0	0	0	0	240,000	0	0	0	6,900	06/29/2007	
744567-DT-2	PUBLIC SERV ELECT & GAS		01/01/2007	MATURITY		1,000,000	1,000,000	928,420	1,000,000	0	0	0	0	0	1,000,000	0	0	0	31,250	01/01/2007	
816851-AH-2	SEMPRA ENERGY		08/21/2007	Undefined		500,000	500,000	500,000	500,000	0	0	0	0	0	500,000	0	0	0	22,125	05/21/2008	
92931D-AB-8	WPD HOLDINGS UK 144A		12/15/2007	MATURITY		140,000	140,000	143,424	140,875	0	(875)	0	(875)	0	140,000	0	0	0	9,625	12/15/2007	
389999	Bonds - Public Utilities					2,680,000	2,680,000	2,611,585	2,680,797	0	(797)	0	(797)	0	2,680,000	0	0	0	97,900	XXX	
073902-CC-0	BEAR STEARNS CO INC		08/08/2007	Undefined		680,015	700,000	675,311	676,999	0	8,999	0	8,999	0	685,998	0	(5,983)	(5,983)	22,417	07/02/2008	
09700W-DK-6	BOEING CAPITAL CORP		11/15/2007	MATURITY		610,000	610,000	627,086	617,993	0	(7,993)	0	(7,993)	0	610,000	0	0	0	45,191	11/15/2007	
05565U-AA-7	BP CANADA FINANCE BV		10/31/2007	MATURITY		900,000	900,000	898,722	899,761	0	239	0	239	0	900,000	0	0	0	30,375	10/31/2007	
125581-AD-0	CIT GROUP		11/30/2007	MATURITY		250,000	250,000	249,355	249,868	0	132	0	132	0	250,000	0	0	0	13,750	11/30/2007	
20029P-AF-6	COMCAST CABLE		05/01/2007	MATURITY		450,000	450,000	507,096	454,883	0	(4,883)	0	(4,883)	0	450,000	0	0	0	18,844	05/01/2007	
293791-AL-3	ENTERPRISE PRODUCTS OPER		10/15/2007	MATURITY		250,000	250,000	249,680	247,053	2,850	98	0	2,948	0	250,000	0	0	0	10,000	10/15/2007	
4041A0-AP-3	HBOS TREASURY SERVICES 144A		01/12/2007	MATURITY		1,000,000	1,000,000	999,770	999,998	0	2	0	2	0	1,000,000	0	0	0	15,630	01/12/2007	
441812-FW-9	HOUSEHOLD FIN CO		03/01/2007	MATURITY		610,000	610,000	624,219	612,024	0	(2,024)	0	(2,024)	0	610,000	0	0	0	20,969	03/01/2007	
448414-AA-0	HUTCHISON WHAMPO 144A		08/01/2007	MATURITY		250,000	250,000	271,365	254,588	0	(4,588)	0	(4,588)	0	250,000	0	0	0	17,375	08/01/2007	
459745-FJ-9	INTL LEASE FINANCE CORP		08/01/2007	MATURITY		1,000,000	1,000,000	997,980	999,686	0	314	0	314	0	1,000,000	0	0	0	37,500	08/01/2007	
501044-BY-6	KROGER CO		08/15/2007	MATURITY		500,000	500,000	560,305	513,101	0	(13,101)	0	(13,101)	0	500,000	0	0	0	39,000	08/15/2007	
577778-BP-7	MAY DEPARTMENT STORES		10/15/2007	MATURITY		500,000	500,000	522,195	510,452	0	(10,452)	0	(10,452)	0	500,000	0	0	0	39,500	10/15/2007	
698465-BL-4	PANHANDLE EASTERN PIPELINE		03/15/2007	MATURITY		500,000	500,000	499,772	499,984	0	16	0	16	0	500,000	0	0	0	6,875	03/15/2007	
713291-AF-9	PEPCO HOLDINGS, INC		08/15/2007	VARIOUS		500,075	500,000	542,545	508,037	0	(6,663)	0	(6,663)	0	501,374	0	(1,298)	(1,298)	25,239	08/15/2007	
792860-AF-5	ST PAUL COMPANIES INC		03/15/2007	MATURITY		465,000	465,000	463,400	464,924	0	76	0	76	0	465,000	0	0	0	13,369	03/15/2007	
907818-CM-8	UNION PACIFIC CORP		10/15/2007	MATURITY		500,000	500,000	532,685	508,565	0	(8,565)	0	(8,565)	0	500,000	0	0	0	28,750	10/15/2007	
908584-DJ-1	UNION TANK CAR		02/01/2007	MATURITY		500,000	500,000	499,465	499,994	0	6	0	6	0	500,000	0	0	0	17,813	02/01/2007	
459999	Bonds - Industrial and Miscellaneous					9,465,090	9,485,000	9,720,952	9,517,909	2,850	(48,387)	0	(45,537)	0	9,472,372	0	(7,282)	(7,282)	402,595	XXX	
609997	Bonds - Part 4					28,072,307	28,051,201	28,030,094	28,011,235	2,850	(25,886)	0	(23,036)	0	27,988,198	0	84,109	84,109	1,134,249	XXX	
609998	Bonds - Part 5					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
609999	Total - Bonds					28,072,307	28,051,201	28,030,094	28,011,235	2,850	(25,886)	0	(23,036)	0	27,988,198	0	84,109	84,109	1,134,249	XXX	
659998	Preferred Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
659999	Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
729998	Common Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
729999	Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
739999	Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
749999	Totals					28,072,307	XXX	28,030,094	28,011,235	2,850	(25,886)	0	(23,036)	0	27,988,198	0	84,109	84,109	1,134,249	XXX	

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Schedule D - Part 5

**NONE**

Schedule D - Part 6 - Section 1

**NONE**

Schedule D - Part 6 - Section 2

**NONE**

**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership**

**SCHEDULE DA - PART 1**

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

1	Codes		4	5	6	7	Change In Book/Adjusted Carrying Value				12	13	Interest					20		
	2	3					8	9	10	11			14	15	16	17	18		19	
Description	Code	Foreign	Date Acquired	Name of Vendor	Maturity Date	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due And Accrued Dec. 31 of Current Year On Bond Not In Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	How Paid	Gross Amount Received	Paid for Accrued Interest	
Industrial and Miscellaneous Issuer...			..01/01/2007..	Undefined.....	..01/01/2008..	5,371,487					5,371,487	5,371,487		0						
3999999 - Industrial and Miscellaneous - Issuer Obligations						5,371,487					5,371,487	5,371,487				XXX	XXX	XXX		
4599999 - Total - Industrial and Miscellaneous Bonds						5,371,487					5,371,487	5,371,487				XXX	XXX	XXX		
5499999 - Total - Issuer Obligations						5,371,487	0	0	0	0	5,371,487	5,371,487	0	0		XXX	XXX	XXX	0	0
6099999 - Total - Bonds						5,371,487	0	0	0	0	5,371,487	5,371,487	0	0		XXX	XXX	XXX	0	0
8299999 Totals						5,371,487					XXX	5,371,487				XXX	XXX	XXX		

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Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part A - Section 2

**NONE**

Schedule DB - Part A - Section 3

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part B - Section 2

**NONE**

Schedule DB - Part B - Section 3

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part C - Section 2

**NONE**

Schedule DB - Part C - Section 3

**NONE**

Schedule DB - Part D - Section 1

**NONE**

Schedule DB - Part D - Section 2

**NONE**

Schedule DB - Part D - Section 3

**NONE**

Schedule DB - Part E - Section 1

**NONE**



**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SCHEDULE E - PART 2 CASH EQUIVALENTS**

Showing Investments Owned December 31 of Current year

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

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**ANNUAL STATEMENT FOR THE YEAR 2007 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In  
Receivership**

**SCHEDULE E PART 3 - SPECIAL DEPOSITS**

States, Etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits For The Benefit of All Policyholders		All Other Special Deposits		
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value	
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA						
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH						
31. New Jersey	NJ						
32. New Mexico	NM						
33. New York	NY						
34. North Carolina	NC						
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA	B	Quota Share Reinsurance Agreement	64,246,152	65,375,268		
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. US Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CN						
58. Aggregate Other Alien	XXX	XXX		0	0	0	0
59. Total	XXX	XXX		64,246,152	65,375,268	0	0
<b>DETAILS OF WRITE-INS</b>							
5801.							
5802.							
5803.							
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX		0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898)(Line 58 above)	XXX	XXX		0	0	0	0