

ASSETS	1 December 31, 1994	2 December 31, 1993
1. Bonds (less \$ 0 liability for asset transfers with put options)	128,120,210	126,411,796
2. Stocks:		
2.1 Preferred stocks	809,000	2,589,572
2.2 Common stocks	6,960,106	7,011,510
3. Mortgage loans on real estate		
4. Real estate:		
4.1 Properties occupied by the company (less \$ 0 encumbrances)		
4.2 Other properties (less \$ 0 encumbrances)		
5. Collateral loans		
6.1 Cash on hand and on deposit	1,840,197	541,587
6.2 Short-term investments	11,732,074	11,105,023
7. Other invested assets		
8. Aggregate write-ins for invested assets		
8a. Subtotals, cash and invested assets (Lines 1 to 8)	149,461,587	147,659,488
9. Agents' balances or uncollected premiums:		
9.1 Premiums and agents' balances in course of collection		
9.2 Premiums, agents' balances and installments booked but not deferred and not yet due		(118,030)
9.3 Accrued retrospective premiums		
10. Funds held by or deposited with reinsured companies		
11. Bills receivable, taken for premiums		
12. Reinsurance recoverables on loss and loss adjustment expense payments	4,213,524	4,656,126
13. Federal income tax recoverable		119,214
14. Electronic data processing equipment		
15. Interest, dividends and real estate income due and accrued	2,234,475	1,939,131
16. Receivable from parent, subsidiaries and affiliates		
17. Equities and deposits in pools and associations		
18. Amounts receivable relating to uninsured accident and health plans		
20. Aggregate write-ins for other than invested assets	1,143,744	50,923
21. TOTALS (Lines 8a through 20)	157,053,330	154,306,852

DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)		
2001. Due from brokers	124,990	50,923
2002. Loss reserve prepayments, SEE FOOTNOTE NO. 26	831,584	
2003. Salvage properties	187,170	
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 thru 2003 plus 2098) (Line 20 above)	1,143,744	50,923

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 December 31, 1994	2 December 31, 1993
1. Losses (Part 3A, Line 32, Column 5)	123,416,114	21,282,381
1A. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 1)		
2. Loss adjustment expenses (Part 3A, Column 6, Line 32)	38,127,000	6,994,456
3. Contingent commissions and other similar charges		
4. Other expenses (excluding taxes, licenses and fees)	1,768,081	1,607
5. Taxes, licenses and fees (excluding federal and foreign income taxes)	105,262	265,352
6. Federal and foreign income taxes (excluding deferred taxes)		
7. Borrowed money	1,250,000	
8. Interest, including \$ 0 on borrowed money		
9. Unearned premiums (Part 2A, Line 34, Column 5)(after deducting ceded reinsurance unearned premiums \$ 33,826,290)	79,522,936	86,298,213
10. Dividends declared and unpaid:		
a. Stockholders		
b. Policyholders		
11. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 14)	25,708,352	19,475,306
12. Amounts withheld or retained by company for account of others		
13. Provision for reinsurance (Schedule F, Part 7)	1,371,000	554,048
14. Excess of statutory reserves over statement reserves (Schedule P Interrogatories)		
15. Net adjustments in assets and liabilities due to foreign exchange rates		
16. Drafts outstanding		
17. Payable to parent, subsidiaries and affiliates		
18. Payable for securities	58,957	38,030
19. Liability for amounts held under uninsured accident and health plans		
20. Aggregate write-ins for liabilities	1,969,728	
21. Total liabilities (Lines 1 through 20)	273,297,430	134,909,393
22. Aggregate write-ins for special surplus funds		
23A. Common capital stock	1,000,000	1,500,000
23B. Preferred capital stock		
23C. Aggregate write-ins for other than special surplus funds		
24A. Surplus notes		
24B. Gross paid in and contributed surplus	5,115,405	4,615,405
24C. Unassigned funds (surplus)	(122,359,505)	13,282,054
24D. Less treasury stock, at cost:		
(1) 0 shares common (value included in Line 23A \$ 0)		
(2) 0 shares preferred (value included in Line 23B \$ 0)		
25. Surplus as regards policyholders (Lines 22 to 24C, less 24D) (Page 4, Line 32)	(116,244,100)	19,397,459
26. TOTALS (Page 2, Line 21)	157,053,330	154,306,852

DETAILS OF WRITE-INS		
2001. Loss payments - 60% deferred, SEE FOOTNOTE NO. 26	146,149	
2002. Loss reserve prepayments, SEE FOOTNOTE NO. 26	1,823,579	
2003.		
2098. Summary of remaining write-ins for Line 20 from overflow page		
2099. Totals (Lines 2001 thru 2003 plus 2098) (Line 20 above)	1,969,728	
2201.		
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page		
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)		
23C01.		
23C02.		
23C03.		
23C98. Summary of remaining write-ins for Line 23C from overflow page		
23C99. Totals (Lines 23C01 thru 23C03 plus 23C98) (Line 23C above)		

**UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME**

UNDERWRITING INCOME

	1 1994	2 1993
1. Premiums earned (Part 2, Line 32, Column 4)	17,655,523	18,214,924
DEDUCTIONS		
2. Losses incurred (Part 3, Line 32, Column 7)	109,383,923	23,691,165
3. Loss expenses incurred (Part 4, Line 22, Column 1)	40,147,028	9,660,233
4. Other underwriting expenses incurred (Part 4, Line 22, Column 2)	3,470,073	(929,190)
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	153,001,024	32,422,208
7. Net underwriting gain or (loss) (Line 1 minus Line 6)	(135,345,501)	(14,207,284)

INVESTMENT INCOME

8. Net investment income earned (Part 1, Line 15)	7,409,946	8,540,603
9. Net realized capital gains or (losses) (Part 1A, Line 11)	875,292	3,305,368
9A. Net investment gain or (loss) (Lines 8 + 9)	8,285,238	11,845,971

OTHER INCOME

10. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
11. Finance and service charges not included in premiums (Schedule T, Column 8 total)		
12. Aggregate write-ins for miscellaneous income	2,792	
13. Total other income (Lines 10 through 12)	2,792	
14. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 7 + 9A + 13)	(127,057,471)	(2,361,313)
14A. Dividends to policyholders (Exhibit 3, Line 16, Column 1 plus Page 3, Line 10b, Column 1 minus Column 2)		
14B. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 14 minus Line 14A)	(127,057,471)	(2,361,313)
15. Federal and foreign income taxes incurred		(119,214)
16. Net income (Line 14B minus 15) (to Line 18)	(127,057,471)	(2,242,099)

CAPITAL AND SURPLUS ACCOUNT

17. Surplus as regards policyholders, December 31 previous year (Page 4, Line 32, Column 2)	19,397,459	19,192,547
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GAINS AND (LOSSES) IN SURPLUS

18. Net income (from Line 16)	(127,057,471)	(2,242,099)
19. Net unrealized capital gains or (losses) (Part 1A, Line 12)	(978,165)	816,408
20. Change in non-admitted assets (Exhibit 2, Line 31, Col. 3)	(6,788,972)	1,878,782
21. Change in provision for reinsurance (Page 3, Line 13, Column 2 minus 1)	(816,951)	(248,179)
22. Change in foreign exchange adjustment		
23. Change in excess of statutory reserves over statement reserves (Page 3, Line 14, Column 2 minus Column 1)		
24. Capital changes:		
a. Paid in (Exhibit 3, Line 6, Column 1)		
b. Transferred from surplus (Stock Dividend)		
c. Transferred to surplus	(500,000)	
25. Surplus adjustments:		
a. Paid in (Exhibit 3, Line 7, Column 1)		
b. Transferred from capital (Stock Dividend)		
c. Transferred from capital	500,000	
26. Net remittances from or (to) Home Office (Exhibit 3, Line 4b minus 12b, Column 1)		
27. Dividends to stockholders (cash)		
28. Change in treasury stock (Page 3, Line 24D (1) and (2), Column 2 minus Column 1)		
29. Extraordinary amounts of taxes for prior years		
30. Aggregate write-ins for gains and losses in surplus		
31. Change in surplus as regards policyholders for the year (Lines 18 through 30)	(135,641,559)	204,912
32. Surplus as regards policyholders, December 31 current year (Lines 17 plus 31) (Page 3, Line 25)	(116,244,100)	19,397,459

DETAILS OF WRITE-INS

0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Lines 0501 thru 0503 plus Line 0598) (Line 5 above)		
1201. Miscellaneous income	2,792	
1202.		
1203.		
1298. Summary of remaining write-ins for Line 12 from overflow page		
1299. Totals (Lines 1201 thru 1203 plus Line 1298) (Line 12 above)	2,792	
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Lines 3001 thru 3003 plus Line 3098) (Line 30 above)		

	1	2
	1994	1993
CASH FLOW		
1. Premiums collected net of reinsurance	10,762,217	13,755,287
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	15,822,072	33,935,625
3. Underwriting expenses paid	1,863,689	(916,853)
4. Other underwriting income (expenses)	6,270,879	6,570,188
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(652,665)	(12,693,297)
6. Investment income (net of investment expense)	7,577,933	9,270,770
7. Other income (expenses)		
8. Dividends to policyholders paid		
9. Federal income taxes (paid) recovered	119,214	
10. Net cash from operations (Line 5 plus Line 6 plus Line 7 minus Line 8 plus Line 9)	7,044,482	(3,422,527)
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	43,807,138	81,937,008
11.2 Stocks	6,875,548	4,099,958
11.3 Mortgage loans		
11.4 Real estate		
11.5 Collateral loans		
11.6 Other invested assets		
11.7 Net gains or (losses) on cash and short-term investments	17,189	
11.8 Miscellaneous proceeds		119,370
11.9 Total investment proceeds (Lines 11.1 thru 11.8)	50,699,875	86,156,336
12. Other cash provided:		
12.1 Net transfers from affiliates		1,878,782
12.2 Borrowed funds received		
12.3 Capital paid in		
12.4 Surplus paid in		
12.5 Other sources		200,821
12.6 Total other cash provided (Lines 12.1 thru 12.5)		2,079,603
13. Total (Line 10 plus Line 11.9 plus Line 12.6)	57,744,357	84,813,412
14. Cost of investments acquired (long-term only):		
14.1 Bonds	45,506,738	73,681,054
14.2 Stocks	5,635,778	6,898,131
14.3 Mortgage loans		
14.4 Real estate		
14.5 Collateral loans		
14.6 Other invested assets		
14.7 Miscellaneous applications	53,141	637,129
14.8 Total investments acquired (Lines 14.1 thru 14.7)	51,195,657	81,216,314
15. Other cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates	456,118	
15.3 Borrowed funds repaid		
15.4 Other applications	4,166,921	
15.5 Total other cash applied (Lines 15.1 thru 15.4)	4,623,039	
16. Total (Line 14.8 plus Line 15.5)	55,818,696	81,216,314
17. Net change in cash and short-term investments (Line 13 minus Line 16)	1,925,661	3,597,098
RECONCILIATION		
18. Cash and short-term investments:		
18.1 Beginning of year	11,646,610	8,049,512
18.2 End of year (Line 17 plus Line 18.1)	13,572,271	11,646,610