

ASSETS

	Current Year				Prior Year
	1 Ledger Assets	2 Non-Ledger Assets	3 Assets Not Admitted	4 Net Admitted Assets (Cols. 1 + 2 - 3)	5 Net Admitted Assets
1. Bonds (less \$0 liability for asset transfers with put options, Schedule D, Part 1)	125,394,626		71,862	125,322,764	141,356,361
2. Stocks:					
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0			0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	0			0	0
3. Mortgage loans on real estate (Schedule B):					
3.1 First liens				0	0
3.2 Other than first liens				0	0
4. Real estate (Schedule A):					
4.1 Properties occupied by the company (less \$0 encumbrances)				0	0
4.2 Other properties (less \$0 encumbrances)				0	0
5. Collateral loans (Schedule C)	0			0	0
6. Cash (\$986,526 Schedule E) and short-term investments (\$8,189,782 Schedule DA, Part 1)	9,176,308			9,176,308	2,748,200
7. Other invested assets (Schedule BA)	0			0	0
8. Aggregate write-ins for invested assets	336,000	0	0	336,000	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	134,906,934	0	71,862	134,835,072	144,104,561
10. Agents' balances or uncollected premiums (net as to commissions and dividends):					
10.1 Premiums and agents' balances in course of collection (after deducting ceded reinsurance balances payable of \$0)				0	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (after deducting ceded reinsurance balances payable of \$0) (Including \$0 earned but unbilled premiums)				0	0
10.3 Accrued retrospective premiums (after deducting ceded reinsurance balances payable of \$0)				0	0
11. Funds held by or deposited with reinsured companies				0	0
12. Bills receivable, taken for premiums				0	0
13. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 2 and 3)	5,017,019			5,017,019	5,920,745
14. Federal income tax recoverable	596,900			596,900	0
15. Electronic data processing equipment				0	296,570
16. Interest, dividends and real estate income due and accrued		1,737,227		1,737,227	2,054,329
17. Receivable from parent, subsidiaries and affiliates	4,228,037		4,228,037	0	0
18. Equities and deposits in pools and associations				0	0
19. Amounts receivable relating to uninsured accident and health plans				0	0
20. Other assets nonadmitted (Exhibit 1)				0	0
21. Aggregate write-ins for other than invested assets	923,823	0	4,044	919,779	1,242,175
22. TOTALS (Lines 9 through 21)	145,672,713	1,737,227	4,303,943	143,105,997	153,618,380
DETAILS OF WRITE-INS					
0801. Due from Brokers	336,000			336,000	
0802.					
0803.					
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0
0899. TOTALS (Lines 0801 thru 0803 plus 0898) (Line 8 above)	336,000	0	0	336,000	0
2101. Loss Reserve Prepayments	919,779			919,779	877,751
2102. Salvage Properties					364,424
2103. Miscellaneous Receivables	4,044		4,044		
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0	0
2199. TOTALS (Lines 2101 thru 2103 plus 2198) (Line 21 above)	923,823	0	4,044	919,779	1,242,175

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 3A, Line 32, Column 5)	63,359,590	58,696,088
1A. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 2)		0
2. Loss adjustment expenses (Part 3A, Column 6, Line 32)	41,821,751	47,291,431
3. Contingent commissions and other similar charges		0
4. Other expenses (excluding taxes, licenses and fees)	1,489,837	3,047,179
5. Taxes, licenses and fees (excluding federal and foreign income taxes)		222,889
6. Federal and foreign income taxes (excluding deferred taxes)		0
7. Borrowed money		250,000
8. Interest, including \$0 on borrowed money		2,836
9. Unearned premiums (Part 2A, Line 34, Column 5) (after deducting ceded reinsurance unearned premiums of \$14,285,000)	42,840,000	57,929,000
10. Dividends declared and unpaid:		
a. Stockholders		0
b. Policyholders		0
11. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 14)	28,896,776	27,164,466
12. Amounts withheld or retained by company for account of others		0
13. Provision for reinsurance (Schedule F, Part 7)	1,551,605	1,752,800
14. Excess of statutory reserves over statement reserves (Schedule P Interrogatories)	0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates		0
16. Drafts outstanding		0
17. Payable to parent, subsidiaries and affiliates		0
18. Payable for securities		0
19. Liability for amounts held under uninsured accident and health plans		0
20. Aggregate write-ins for liabilities	16,151,596	10,733,847
21. Total liabilities (Lines 1 through 20)	196,111,155	207,090,536
22. Aggregate write-ins for special surplus funds	0	0
23A. Common capital stock	1,000,000	1,000,000
23B. Preferred capital stock		0
23C. Aggregate write-ins for other than special surplus funds	0	0
24A. Surplus Notes		0
24B. Gross paid in and contributed surplus	5,115,405	5,115,405
24C. Unassigned funds (surplus)	(59,120,563)	(59,587,561)
24D. Less treasury stock, at cost:		
(1) 0 shares common (value included in Line 23A) \$0		0
(2) 0 shares preferred (value included in Line 23B) \$0		0
25. Surplus as regards policyholders (Lines 22 to 24C, less 24D) (Page 4, Line 32)	(53,005,158)	(53,472,156)
26. TOTALS (Page 2, Line 22, Col. 4)	143,105,997	153,618,380
DETAILS OF WRITE-INS		
2001. Loss payments - deferred, SEE FOOTNOTE NO. 26	7,380,241	4,675,645
2002. Indirect losses - 100% SEE FOOTNOTE 26	1,865,394	1,731,534
2003. Loss Reserve Prepayments, SEE FOOTNOTE NO. 26	1,893,226	1,858,314
2098. Summary of remaining write-ins for Line 20 from overflow page	5,012,735	2,468,354
2099. TOTALS (Lines 2001 thru 2003 plus 2098) (Line 20 above)	16,151,596	10,733,847
2201.		
2202.		
2203.		
2298. Summary of remaining write-ins for Line 22 from overflow page	0	0
2299. TOTALS (Lines 2201 thru 2203 plus 2298) (Line 22 above)	0	0
23C01.		
23C02.		
23C03.		
23C98. Summary of remaining write-ins for Line 23C from overflow page	0	0
23C99. TOTALS (Lines 23C01 thru 23C03 plus 23C98) (Line 23C above)	0	0

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 2, Line 32, Column 4)	15,089,000	20,435,084
DEDUCTIONS		
2. Losses incurred (Part 3, Line 32, Column 7)	12,276,225	(54,997,428)
3. Loss expenses incurred (Part 4, Line 22, Column 1)	6,366,515	16,708,063
4. Other underwriting expenses incurred (Part 4, Line 22, Column 2)	2,673,620	5,781,938
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	21,316,360	(32,507,427)
7. Net underwriting gain or (loss) (Line 1 minus 6)	(6,227,360)	52,942,511
INVESTMENT INCOME		
8. Net investment income earned (Part 1, Line 15)	7,436,532	7,376,451
9. Net realized capital gains or (losses) (Part 1A, Line 11)	(393,777)	(1,163,189)
9A. Net investment gain or (loss) (Lines 8 + 9)	7,042,755	6,213,262
OTHER INCOME		
10. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
11. Finance and service charges not included in premiums (Schedule T, Column 8 total)	0	0
12. Aggregate write-ins for miscellaneous income	483,934	5,941
13. Total other income (Lines 10 through 12)	483,934	5,941
14. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 7 + 9A + 13)	1,299,329	59,161,714
14A. Dividends to policyholders (Exhibit 2, Line 16, Column 1 plus Page 3, Line 10b, Column 1 minus 2)	0	0
14B. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 14 minus 14A)	1,299,329	59,161,714
15. Federal and foreign income taxes incurred	50,000	0
16. Net income (Line 14B minus 15) (to Line 18)	1,249,329	59,161,714
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards policyholders, December 31 prior year (Page 4, Line 32, Column 2)	(53,472,156)	(116,244,100)
GAINS AND (LOSSES) IN SURPLUS		
18. Net income (from Line 16)	1,249,329	59,161,714
19. Net unrealized capital gains or (losses) (Part 1A, Line 12)	(71,862)	(77,444)
20. Change in non-admitted assets (Exhibit 1, Line 6, Col. 3)	105,734	4,069,474
21. Change in provision for reinsurance (Page 3, Line 13, Column 2 minus Column 1)	201,195	(381,800)
22. Change in foreign exchange adjustment		0
23. Change in excess of statutory reserves over statement reserves (Page 3, Line 14, Column 2 minus Column 1)	0	0
24. Capital changes:		
a. Paid in (Exhibit 2, Line 6, Column 1)	0	0
b. Transferred from surplus (Stock Dividend)		0
c. Transferred to surplus		0
25. Surplus adjustments:		
a. Paid in (Exhibit 2, Line 7, Column 1)	0	0
b. Transferred to capital (Stock Dividend)		0
c. Transferred from capital		0
26. Net remittances from or (to) Home Office (Exhibit 2, Line 4b minus Line 12b, Column 1)	0	0
27. Dividends to stockholders (cash)		0
28. Change in treasury stock (Page 3, Line 24D (1) and (2), Column 2 minus Column 1)	0	0
29. Extraordinary amounts of taxes for prior years	(1,017,397)	0
30. Aggregate write-ins for gains and losses in surplus	0	0
31. Change in surplus as regards policyholders for the year (Lines 18 through 30)	467,000	62,771,944
32. Surplus as regards policyholders, December 31 current year (Lines 17 plus 31) (Page 3, Line 25)	(53,005,156)	(53,472,156)
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1201. Miscellaneous income	483,934	5,941
1202.		
1203.		
1298. Summary of remaining write-ins for Line 12 from overflow page	0	0
1299. TOTALS (Lines 1201 thru 1203 plus 1298) (Line 12 above)	483,934	5,941
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. TOTALS (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	0	52,289
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	18,545,191	13,975,728
3. Underwriting expenses paid	1,224,318	4,385,213
4. Other underwriting income (expenses)	0	1,456,114
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(19,769,509)	(16,852,538)
6. Net investment income	8,141,012	8,045,533
7. Other income (expenses):		
7.1 Agents' balances charged off	0	
7.2 Net funds held under reinsurance treaties	1,732,310	
7.3 Net amount withheld or retained for account of others	0	
7.4 Aggregate write-ins for miscellaneous items	483,934	8,777
7.5 Total other income (Lines 7.1 to 7.4)	2,216,244	8,777
8. Dividends to policyholders on direct business, less \$0 dividends on reinsurance assumed or ceded (net)	0	
9. Federal and foreign income taxes (paid) recovered	(1,664,297)	0
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(11,076,550)	(8,798,228)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	41,030,576	35,473,962
11.2 Stocks	0	8,258,548
11.3 Mortgage loans	0	
11.4 Real estate	0	
11.5 Collateral loans	0	
11.6 Other invested assets	0	
11.7 Net gains or (losses) on cash and short-term investments	0	0
11.8 Miscellaneous proceeds	0	
11.9 Total investment proceeds (Lines 11.1 to 11.8)	41,030,576	43,732,510
12. Cost of investments acquired (long-term only):		
12.1 Bonds	25,809,464	50,821,714
12.2 Stocks	0	107,410
12.3 Mortgage loans	0	
12.4 Real estate	0	
12.5 Collateral loans	0	
12.6 Other invested assets	0	
12.7 Miscellaneous applications	0	0
12.8 Total investments acquired (Lines 12.1 to 12.7)	25,809,464	50,929,124
13. Net Cash from investments (Line 11.9 minus Line 12.8)	15,221,112	(7,196,614)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Net transfers from affiliates	0	
14.3 Borrowed funds received	0	
14.4 Other cash provided	5,228,802	6,695,273
14.5 Total (Lines 14.1 to 14.4)	5,228,802	6,695,273
15. Cash applied:		
15.1 Dividends to stockholders paid	0	
15.2 Net transfers to affiliates	0	162,391
15.3 Borrowed funds repaid	250,000	1,000,000
15.4 Other applications	2,695,256	362,111
15.5 Total (Lines 15.1 to 15.4)	2,945,256	1,524,502
16. Net cash from financing and miscellaneous sources (Line 14.5 minus Line 15.5)	2,283,547	5,170,771
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	6,428,109	(10,824,071)
18. Cash and short-term investments:		
18.1 Beginning of year	2,748,200	13,572,271
18.2 End of year (Line 17 plus Line 18.1)	9,176,309	2,748,200
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income	483,934	8,777
07.402		
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 TOTALS (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	483,934	8,777