

ANNUAL STATEMENT

OF THE

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

2009

OF

Richmond

IN THE STATE OF

Virginia

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF

FOR THE YEAR ENDED

DECEMBER 31, 2009

PROPERTY AND CASUALTY

2009



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
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, 512-404-6530

OFFICERS

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

OTHER OFFICERS

DIRECTORS OR TRUSTEES

State of Texas
County of Travis ss

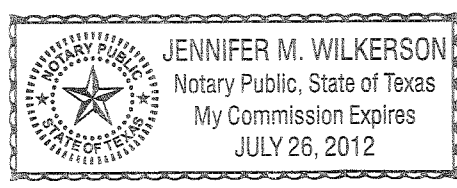
The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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
Authorized Representative

Nicole Wilkins
Authorized Representative

Subscribed and sworn to before me this 26 day of February, 2010
Jennifer M. Wilkerson
Notary Public, State of Texas
July 26, 2012

a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed 02/26/2010
3. Number of pages attached



**ANNUAL STATEMENT FOR THE YEAR 2009 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).....	116,257,505		116,257,505	104,241,366
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 (\$(41,203) , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$7,035,664 , Schedule DA).....	6,994,462		6,994,462	23,209,012
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	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)	123,251,967	0	123,251,967	127,450,378
11. Title plants less \$ charged off (for Title insurers only).....			0	0
12. Investment income due and accrued	1,441,718		1,441,718	1,651,603
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	2,127,996	3,550	2,124,446	1,258,693
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	132,335,904	4,672,656	127,663,248	131,205,791
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	132,335,904	4,672,656	127,663,248	131,205,791
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Loss reserve prepayments.....	1,004,446		1,004,446	1,098,693
2302. Miscellaneous receivables.....	3,550	3,550	0	0
2303. Prepaid Federal Income Tax.....	1,120,000		1,120,000	160,000
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	2,127,996	3,550	2,124,446	1,258,693

**ANNUAL STATEMENT FOR THE YEAR 2009 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 35, Column 8)	1,174,000	1,546,000
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		.0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,770,000	3,339,000
4. Commissions payable, contingent commissions and other similar charges .....		.0
5. Other expenses (excluding taxes, licenses and fees)	34,909	58,927
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)).....		10,175,326
7.2 Net deferred tax liability .....		.0
8. Borrowed money \$ and interest thereon \$ .....		.0
9. Unearned premiums (Part 1A, Line 38, 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) .....		.0
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	14,313,008	14,137,587
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	17,302,717	29,267,639
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	17,302,717	29,267,639
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)	104,263,051	95,840,672
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)	110,360,530	101,938,151
36. Totals (Page 2, Line 26, Col. 3)	127,663,247	131,205,790
DETAILS OF WRITE-INS		
2301. Loss payments - deferred, see footnote no. 6	704,607	704,607
2302. Loss reserve prepayments, See footnote no. 7	1,004,446	1,098,693
2303. Deferred LAE	1,288,855	1,288,855
2398. Summary of remaining write-ins for Line 23 from overflow page	11,315,100	11,045,432
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	14,313,008	14,137,587
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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	0	0
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	(608,187)	802,839
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	362,587	1,585,459
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	0	0
5. Aggregate write-ins for underwriting deductions	270,193	270,934
6. Total underwriting deductions (Lines 2 through 5)	24,593	2,659,232
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(24,593)	(2,659,232)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,021,014	657,127
10. Net realized capital gains (losses) less capital gains tax of \$	1,246,955	201,329
11. Net investment gain (loss) (Lines 9 + 10)	4,267,969	858,456
OTHER INCOME		
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	0	5,674,151
15. Total other income (Lines 12 through 14)	0	5,674,151
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	4,243,376	3,873,375
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)	4,243,376	3,873,375
19. Federal and foreign income taxes incurred	(4,179,004)	10,175,326
20. Net income (Line 18 minus Line 19) (to Line 22)	8,422,380	(6,301,951)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	101,938,154	54,572,357
22. Net income (from Line 20)	8,422,380	(6,301,951)
23. Net transfers (to) from Protected Cell accounts		0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$		0
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)	0	53,667,748
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)	8,422,380	47,365,797
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	110,360,534	101,938,154
DETAILS OF WRITE-INS		
0501. Interest expense on deferred loss payments	270,193	270,934
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	270,934
1401. Cancellation of Debt Income		59,341,899
1402. Increase in net recoverable from funds held under reinsurance treaties		(53,667,748)
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)	0	5,674,151
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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	0	0
2. Net investment income	4,730,013	731,381
3. Miscellaneous income	0	0
4. Total (Lines 1 through 3)	4,730,013	731,381
5. Benefit and loss related payments	0	3,000,000
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,695,400	1,583,205
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	5,996,322	0
10. Total (Lines 5 through 9)	7,691,722	4,583,205
11. Net cash from operations (Line 4 minus Line 10)	(2,961,709)	(3,851,824)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	67,256,713	48,407,208
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	113,702	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	67,370,416	48,407,208
13. Cost of investments acquired (long-term only):		
13.1 Bonds	79,549,028	34,898,868
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	113,705	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	79,662,733	34,898,868
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)	(12,292,317)	13,508,340
Cash from Financing and Miscellaneous Sources		
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)	(960,525)	4,357,503
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(960,525)	4,357,503
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(16,214,551)	14,014,019
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	23,209,013	9,194,993
19.2 End of year (Line 18 plus Line 19.1)	6,994,462	23,209,013

Part 1

NONE

Part 1A

NONE

Part 1B

NONE

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 professional liability - occurrence				.0	.0	.0	.0	.0
11.2 Medical professional liability - 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
17.3 Excess Workers' Compensation				.0	.0	.0	.0	.0
18.1 Products liability - occurrence		(236,187)		(236,187)	1,174,000	1,546,000	(608,187)	.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. Warranty				.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	0	(236,187)	0	(236,187)	1,174,000	1,546,000	(608,187)	0.0
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 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 Net 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 professional liability - occurrence				.0				.0	
11.2 Medical professional liability - 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	
17.3 Excess Workers' Compensation				.0				.0	
18.1 Products liability - occurrence	1,911,000			1,911,000	(737,000)			1,174,000	1,770,000
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Warranty				.0				.0	
31. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
34. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
35. TOTALS	1,911,000	0	0	1,911,000	(737,000)	0	0	1,174,000	1,770,000
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

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

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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	(236,187)			(236,187)
1.2 Reinsurance assumed	236,187			236,187
1.3 Reinsurance ceded	0			0
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	0	0	0	0
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	362,587	0	140,814	503,401
25. Total expenses incurred	362,587	0	140,814	(a) 503,401
26. Less unpaid expenses - current year	1,770,000	34,909		1,804,909
27. Add unpaid expenses - prior year	3,339,000	58,927		3,397,927
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)	1,931,587	24,018	140,814	2,096,419
DETAILS OF WRITE-INS				
2401. Excess ULAE paid	362,587			362,587
2402. Investment interest expense			0	0
2403. Investment management expense			140,814	140,814
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)	362,587	0	140,814	503,401

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

**ANNUAL STATEMENT FOR THE YEAR 2009 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) 1,555,656	1,272,818
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,734,690	1,867,603
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)	(b) 0	
2.21 Common stocks of affiliates	(b) 0	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 52,001	(7,959)
7. Derivative instruments	(f)	
8. Other invested assets	(f) 29,366	29,366
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	3,371,714	3,161,828
11. Investment expenses		(g) 140,814
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 deductions (Lines 11 through 15)		140,814
17. Net investment income (Line 10 minus Line 16)		3,021,014
DETAILS OF WRITE-INS		
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. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		0

- (a) Includes \$ 100,248 accrual of discount less \$ 1,509,677 amortization of premium and less \$ 804,019 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	1,156,694		1,156,694		
1.1 Bonds exempt from U.S. tax			0		
1.2 Other bonds (unaffiliated)	(23,442)		(23,442)		
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	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans					
6. Cash, cash equivalents and short-term investments	113,702	0	113,702	0	0
7. Derivative instruments					
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,246,955	0	1,246,955	0	0
DETAILS OF WRITE-INS					
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 2009 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 premiums.....	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	3,550	3,550	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	4,672,656	4,672,656	0
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	4,672,656	4,672,656	0
DETAILS OF WRITE-INS			
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.....	0	0	0
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)	3,550	3,550	0

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying financial statements of HOW Insurance Company, a Risk Retention Group, in Receivership (the “Company” or “HOWIC”), 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 (“IRS”) 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. The tax exemption, as allowed for HOWIC under Section 501 (c) (15) of the IRC, will not be effective after December 31, 2007, because of changes in the applicable law for this tax exemption.

On September 22, 2005, in accordance with the “Plan” described in Note 11. C. below, the Deputy Receiver filed a private letter ruling (“PLR”) request with the 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, 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 IRC;

NOTES TO FINANCIAL STATEMENTS

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 IRC;

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 IRC;

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 IRC; and

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

NOTES TO FINANCIAL STATEMENTS

builder to recover under the Major Structural Defect Insurance coverage provided by the Company. The Company began paying claims at the 60% rate in January of 1999.

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

The Deputy Receiver 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. 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 total interest accrued on all deferred direct claims is approximately \$7,321,813 as of December 31, 2009. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership.

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

Under the terms of the Receivership Appeal Procedure, claimants are permitted two levels of appeal for denied claims. The first level of appeal is to the Deputy Receiver. The second level of appeal is to the Commission if such claim appeal is denied by the Deputy Receiver. As of December 31, 2009, approximately 1,377 appeals and 218 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 1,112 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 139 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 \$1,004,446 as of December 31, 2009, 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

NOTES TO FINANCIAL STATEMENTS

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

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 paragraphs provide a summary description of certain litigation, claims and/or applications filed by or against the Company:

A. 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.

B. The Company is reviewing approximately 74 claims submitted by Centex Homes, seeking reimbursement of \$2,667,267 allegedly spent by Centex to repair damages covered under the HOW Insurance/Warranty Document. Centex has submitted documentation to support its claims, but it appears that some items may be rejected on one or more of several grounds, including, but not limited to, Centex's failure to provide adequate supporting documentation, damage first occurring during the Builder's Limited Warranty period, application of Centex's loss participation, or a Notice of Claim Determination or Determination of Appeal was issued denying the claim and has now become a final decision on the merits.

As of February 24, 2010, a final settlement agreement was reached between Centex Homes and HOWIC whereby HOWIC will pay to Centex Homes the sum of seven hundred thousand dollars (\$700,000) in return for a full release of any and all claims that Centex ever had, or now has, or may have in the future against HOWIC. Additionally, HOWIC will fully release and covenants not to sue Centex Homes from any and all past or future claims. Furthermore, Centex Homes shall dismiss with prejudice all legal actions or petitions that are pending against HOWIC.

C. 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 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

NOTES TO FINANCIAL STATEMENTS

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. On July 13, 2005, the Commission entered its Order Approving Plans of Liquidation in which it largely approved the Deputy Receiver's Application. The 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, the Commission 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.

To implement the Order Approving Plans of Liquidation, the Deputy Receiver established January 12, 2009, as the deadline (the "Bar Date") by which all claims against the HOW Companies (including contingent or unliquidated claims) must have been filed. Notice of the claims Bar Date was provided by direct mail or publication notice to parties interested in the affairs of the receivership. Claims that have previously been approved, resolved, or paid by the Deputy Receiver were not required to be re-filed with the Companies before the Bar Date.

Late filed claims are barred from sharing in the assets of the HOW Companies until timely approved claims are paid in full. Claims against the assets of the HOW Companies (unless exempted from filing as described below) must have been received by the Deputy Receiver on or before the Bar Date.

Only the following claims were exempt from the final Bar Date and were not to be filed with the Deputy Receiver of the HOW Companies:

1. Claims that were previously approved, resolved, or paid by the Deputy Receiver as described above;

NOTES TO FINANCIAL STATEMENTS

2. Proper administrative expense claims (*i.e.*, claims for payment of services rendered, or goods supplied, to the HOW Companies at the request of the Deputy Receiver after October 14, 1994);
3. Claims by builders for loss reserve deposits or release of letters of credit; and
4. Claims by builders for a share of the residual assets of the HOW Companies.

The HOW Companies were originally organized and owned by member builders who enrolled their newly built homes in the HOW insurance program so that such homes may receive warranty and major structural defect insurance coverage. When member builders originally registered to become member builders in the HOW insurance program, including renewals of such registrations, the member builders paid membership capital contributions to the HOW Companies. The capital contributions were separate from the insurance premiums paid for the enrolled homes. Claims by builders for return of builder capital contributions were required to be filed before the final Bar Date to preserve such claims. However, builders were not required to submit claims for a share of the residual assets of the HOW Companies, since such distributions will be calculated automatically by the Deputy Receiver's representatives. The amount of residual assets that can be distributed to builders is unknown, and this will not be fully known until the end of the liquidation process for the HOW Companies. The manner in which such distributions are calculated is governed by the terms of the Order Approving Plans of Liquidation.

Claims filed after the Bar Date will be barred from sharing in the assets of the HOW Companies until timely approved claims are fully paid, unless the claims are exempted from the claims Bar Date as described above. Claim payments made by the Deputy Receiver that cannot be properly delivered and are not claimed before closure of the receivership, will be governed by applicable state laws governing the disposition of unclaimed property.

The claims filing deadline has passed, and claims are now being reviewed and adjudicated. As of December 31, 2009, 586 proofs of claim have been filed. Of these 586 claims, 232 are home owners, 183 are builders, 82 are general creditors, and 89 are non-eligible builders. Crawford has closed 317 claims through December 31, 2009. It is still too early in the wind down process to determine the full effect and extent of liability exposure for the proofs of claims. Thus, claims reserves and liabilities on this financial statement may be adjusted as filed claims are adjudicated and adjusted by the Deputy Receiver and his representatives during the wind down and liquidation of the HOW Companies.

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.

13. On December 30, 2008, the Special Deputy Receiver issued a termination notice to American Re-Insurance Company, now known as Munich Re ("Am Re"), of the Variable Quota Share Reinsurance Agreement (the "Treaty") that had been in effect between Am Re and HOWIC since October 1, 1991. In addition, the Company and Am Re agreed to terminate the Trust Agreement by and among the Company, Am Re, and Deutsche Bank, which had been entered into as a condition of the reinsurance agreement by and between Am Re and the Company. Specifically, Deutsche Bank was trustee of a fund that held investments posted by the Company as security for its reinsurance obligations with Am Re. The amounts in the trust fund were returned to the Company without charge or reduction, and Deutsche Bank has advised that the trust termination was effective on February 27, 2009. Because the termination of the reinsurance Treaty was effective as of December 30, 2008, the Company made an estimated tax payment using conservative assumptions on March 9, 2009. Subsequently, the Company filed its tax return with the Internal Revenue Service and determined that it is due a refund for taxes previously paid. The tax liability was adjusted in this financial statement to reflect that refund. The refund check in the amount of \$4,481,952 was received and deposited on October 26, 2009. In November, 2009 it was determined that certain bond interest was excluded from taxable income in 2008. A Form 1120X Amended Corporation Income Tax Return was filed in December 2009. This resulted in the HOW Companies owing an additional \$818,274 in taxes for the 2008 tax year, and this tax has now been paid.

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.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] NA []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] NA []
- 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, government, manager or attorney - in - fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....

**ANNUAL STATEMENT FOR THE YEAR 2009 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 locations (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	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	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 Actuarial 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 []
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and 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 [] No [X]
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 is 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 assets reported in the statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the 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, indicate 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? (other than securities lending programs addressed in 22.3)..... Yes [X] No []
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provide)
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [] No [] NA [X]
- 22.5 If answer to 22.4 is YES, report amount of collateral \$
- 22.6 If answer to 22.4 is NO, report amount of collateral..... \$
- 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 and 22.3) Yes [] No [X]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements \$
- 23.22 Subject to reverse repurchase agreements..... \$
- 23.23 Subject to dollar repurchase agreements..... \$
- 23.24 Subject to reverse dollar repurchase agreements... \$
- 23.25 Pledged as collateral..... \$
- 23.26 Placed under option agreements..... \$
- 23.27 Letter stock or securities restricted as to sale..... \$
- 23.28 On deposit with state or other regulatory body..... \$
- 23.29 Other..... \$
- 23.3 For category (23.27) 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 [X]
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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

GENERAL INTERROGATORIES

26. Excluding items in Schedule E-Part 3-Special Deposits, 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, F - 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)	3 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
.....

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	3 Address
105496.....	T. Rowe Price Associates, 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.....	123,293,169	124,497,508	1,204,339
28.2 Preferred stocks.....	0		0
28.3 Totals	123,293,169	124,497,508	1,204,339

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

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

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?..... Yes [X] No []

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?..... Yes [X] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

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

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$0

31.2 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
.....	

32.1 Amount of payments for legal expenses, if any?.....\$236,905

32.2 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 at tached.....	

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

33.2 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? \$

1.3.1 Reason for excluding

.....

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$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	\$2,944,000	\$	.....4,885,000
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 \$
- 3.22 Non-participating policies \$

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..... \$

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:.....
N/A.....
- 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?.....
N/A.....
- 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 unreinsured catastrophic loss.
N/A.....
- 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 [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 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 [] 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 32 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 filed an 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..... \$1,004,446
- 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	\$(608,187)	\$1,174,000	\$	\$	\$
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..... \$.....

18.1 Do you act as a custodian for health savings accounts?..... Yes [] No []

18.2 If yes, please provide the amount of custodial funds held as of the reporting date..... \$.....

18.3 Do you act as an administrator for health savings accounts?..... Yes [] No []

18.4 If yes, please provide the balance of the funds administered as of the reporting date..... \$.....

**ANNUAL STATEMENT FOR THE YEAR 2009 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 2009	2 2008	3 2007	4 2006	5 2005
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 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, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	0	0	0	0	0
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 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, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	0	0	0	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(24,593)	(2,659,232)	26,247,184	9,338,730	(16,791)
14. Net investment gain (loss) (Line 11)	4,267,969	858,456	1,296,809	(80,785)	1,520,554
15. Total other income (Line 15)	0	5,674,151	4,425,290	4,525,490	3,548,719
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	(4,179,004)	10,175,326	0	0	0
18. Net income (Line 20)	8,422,380	(6,301,951)	31,969,283	13,783,435	5,052,482
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	127,663,248	131,205,791	130,409,406	129,149,908	127,127,558
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)	17,302,717	29,267,639	75,837,052	102,124,395	109,359,647
22. Losses (Page 3, Line 1)	1,174,000	1,546,000	3,848,000	33,545,000	0
23. Loss adjustment expenses (Page 3, Line 3)	1,770,000	3,339,000	3,231,906	4,203,000	7,669,000
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
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)	110,360,530	101,938,151	54,572,355	27,025,513	17,767,912
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(2,961,709)	(3,851,824)	(3,935,245)	91,081	(1,063,849)
Risk-Based Capital Analysis					
28. Total adjusted capital	110,360,530	101,938,151	54,572,355	27,025,513	17,767,912
29. Authorized control level risk-based capital	618,390	834,979	1,083,515	5,266,129	7,133,684
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
30. Bonds (Line 1)	94.3	81.8	92.7	61.6	98.9
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)	5.7	18.2	7.3	38.4	1.1
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
Investments in Parent, Subsidiaries and Affiliates					
40. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)	0	0	0	0	0
41. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)	0	0	0	0	0
42. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	0	0	0	0	0
43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2009	2 2008	3 2007	4 2006	5 2005
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	0	0	2,850	(2,225)	(625)
49. Dividends to stockholders (Line 35)	0	0	0	0	0
50. Change in surplus as regards policyholders for the year (Line 38)	8,422,380	47,365,797	27,546,843	9,257,600	1,519,316
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	(236,187)	3,104,839	2,687,415	322,927	1,293,593
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, 30 & 34) ..	0	0	0	0	0
55. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
56. Total (Line 35)	(236,187)	3,104,839	2,687,415	322,927	1,293,593
Net Losses Paid (Page 9, Part 2, Col. 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	(236,187)	3,104,839	2,606,035	205,312	781,524
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, 30 & 34) ..	0	0	0	0	0
61. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
62. Total (Line 35)	(236,187)	3,104,839	2,606,035	205,312	781,524
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
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	0.0	0.0
65. Loss expenses incurred (Line 3)	0.0	0.0	0.0	0.0	0.0
66. Other underwriting expenses incurred (Line 4)	0.0	0.0	0.0	0.0	0.0
67. Net underwriting gain (loss) (Line 8)	0.0	0.0	0.0	0.0	0.0
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 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	0.0	0.0
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
One Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	16,236	12,077	(20,838)	(5,282)	(1,891)
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)	15.9	22.1	(77.1)	(29.7)	(11.6)
Two Year Loss Development (000 omitted)					
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)	28,634	(8,761)	(26,048)	(7,167)	(7,305)
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)	52.5	(32.4)	(146.6)	(44.1)	(91.4)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []
If no, please explain:



ANNUAL STATEMENT FOR THE YEAR 2009 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 2009

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												
17.1 Other liability - occurrence												
17.2 Other liability - claims-made												
17.3 Excess workers' compensation												
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												
30. Warranty												
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	0	0	0
35. TOTALS (a)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
3401.												
3402.												
3403.												
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 35 \$

(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

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 3

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

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
0499999 - Total - Authorized - Affiliates															0	0			
36-3347420	23876	Chatham Reinsurance Corporation	NJ											0	9	(9)			
13-3440360	29700	European Reinsurance Corp of America	NH			156	55							211	657	(446)			
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 Reinsurance Company	NY			286	76							362	1,393	(1,031)			
13-3029255	39322	Sorema North America Reinsurance Company	NY			42	13							55	175	(120)			
41-0406690	24767	St. Paul Marine & Fire Insurance Company	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	7	(7)			
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)															0	0			
0599999 - Authorized - Other U.S. Unaffiliated Insurers															602	172			
AA-1122000		Lloyds Underwriters	GB			55	2							774	2,557	(1,783)			
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)																			
0899999 - Authorized - Other Non-U.S. Insurers															55	2			
0999999 - Total - Authorized															657	174			
1399999 - Total - Unauthorized - Affiliates																			
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																			
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers															0	0			
AA-1120440		Copenhagen Reinsurance	GB			13	1							14	55	(41)			
AA-1560483		Hannover Stahl Ruckversicherungs Akt	DE											0	27	(27)			
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)																			
1799999 - Unauthorized - Other Non-U.S. Insurers															13	1			
1899999 - Total - Unauthorized															13	1			
1999999 - Total - Authorized and Unauthorized															670	175			
2099999 - Total - Protected Cells																			
9999999 Totals															670	175			

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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

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

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							12 Percentage Overdue Col. 10/Col. 11	13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11			
				5 Current	Overdue					11 Total Due Cols. 5 + 10					
					6 1 to 29 Days	7 30 - 90 Days	8 91 - 120 Days	9 Over 120 Days	10 Total Overdue Cols. 6 + 7 + 8 + 9						
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	0.0			
13-3440360	29700	European Reinsurance Corp of America	NH					211	211	211	100.0	100.0			
13-2930109	22047	North Star Reinsurance 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 America Reinsurance	NY					56	56	56	100.0	100.0			
41-0406690	24767	St. Paul Marine & Fire Insurance Company	MN					92	92	92	100.0	100.0			
47-0698507	23680	TIG Reinsurance Company	CT					12	12	12	100.0	100.0			
0599999 - Authorized - Other U.S. Unaffiliated Insurers											775	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	56	100.0	100.0
0999999 - Total - Authorized											831	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			
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	14	100.0	100.0
1899999 - Total - Unauthorized											14	14	14	100.0	100.0
1999999 - Total - Authorized and Unauthorized											845	845	845	100.0	100.0
2099999 - Total - Protected Cells											0	0	0	0.0	0.0
9999999 Totals											845	845	845	100.0	100.0

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ANNUAL STATEMENT FOR THE YEAR 2009 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		Copenhagen Reinsurance Company	GB	14				.56		.14	.0		0	0	0	0
AA-1560483		Hannover Stahl Ruckversicherungs Akt	DE					.27		.0	.0		0	0	0	0
0899999 - Other Non-U.S. Insurers				14				83		14	0					0
0999999 - Total - Affiliates and Others				14				83		14	0					0
1099999 - Total - Protected Cells										0	0		0	0	0	0
9999999 Totals				14				83		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 2009 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 Insurance Company	34,664	34,664		100.000	0	0	0	0
75-1444207	30058	SCOR Reinsurance Company	361,689	361,689		100.000	0	0	0	0
13-3029255	39322	Sorema North America Reinsurance Company	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
9999999 Totals			830,748	830,748		XXX	0	0	0	0

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

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ANNUAL STATEMENT FOR THE YEAR 2009 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 Company.....	34,664				31,293		31,293	3,371	3,371
9999999 Totals			91,503				37,505		37,505	53,998	53,998

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

53,998
10,800
0
10,800
0
10,800

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**ANNUAL STATEMENT FOR THE YEAR 2009 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)	123,251,967		123,251,967
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	3,566,164		3,566,164
6. Net amount recoverable from reinsurers		834,316	834,316
7. Protected cell assets (Line 25)	0	0	0
8. Totals (Line 26)	127,663,248	(10,801)	127,652,447
<u>LIABILITIES</u> (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	2,944,000		2,944,000
10. Taxes, expenses, and other obligations (Lines 4 through 8)	34,909		34,909
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)	0		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	14,313,008		14,313,008
19. Total liabilities excluding protected cell business (Line 24)	17,302,717	(10,800)	17,291,917
20. Protected cell liabilities (Line 25)	0		0
21. Surplus as regards policyholders (Line 35)	110,360,530	X X X	110,360,530
22. Totals (Line 36)	127,663,247	(10,800)	127,652,447

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	18,562	2,725	2,301	143	6,331	0	4,323	24,326	XXX
2. 2000	0	0	0	3,733	1,038	414	48	3,444	0	578	6,505	XXX
3. 2001	0	0	0	3,073	1,304	369	62	4,190	0	427	6,266	XXX
4. 2002	0	0	0	2,957	1,082	227	46	2,319	0	32	4,375	XXX
5. 2003	0	0	0	2,882	24	240	(4)	1,190	0	(57)	4,292	XXX
6. 2004	0	0	0	1,340	393	229	17	472	0	0	1,631	XXX
7. 2005	0	0	0	0	101	0	1	0	0	0	(102)	XXX
8. 2006	0	0	0	0	72	0	0	0	0	0	(72)	XXX
9. 2007	0	0	0	2,500	0	238	0	3,290	0	0	6,028	XXX
10. 2008	0	0	0	0	0	53	0	0	0	0	53	XXX
11. 2009	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	35,047	6,739	4,071	313	21,236	0	5,303	53,302	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.	225	0	(737)	0	11	0	(163)	0	1,855	0	0	1,191	XXX
2.	72	0	0	0	3	0	0	0	0	0	0	75	XXX
3.	150	0	0	0	5	0	0	0	0	0	0	155	XXX
4.	14	0	0	0	10	0	0	0	0	0	0	24	XXX
5.	3	0	0	0	12	0	0	0	0	0	0	15	XXX
6.	30	0	0	0	37	0	0	0	0	0	0	67	XXX
7.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10.	290	0	0	0	0	0	0	0	0	0	0	290	XXX
11.	1,127	0	0	0	0	0	0	0	0	0	0	1,127	XXX
12. Totals	1,911	0	(737)	0	78	0	(163)	0	1,855	0	0	2,944	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	(512)	1,703
2.	7,666	1,086	6,580	0.0	0.0	0.0	0	0		72	3
3.	7,787	1,366	6,421	0.0	0.0	0.0	0	0		150	5
4.	5,527	1,128	4,399	0.0	0.0	0.0	0	0		14	10
5.	4,327	20	4,307	0.0	0.0	0.0	0	0		3	12
6.	2,108	410	1,698	0.0	0.0	0.0	0	0		30	37
7.	0	102	(102)	0.0	0.0	0.0	0	0		0	0
8.	0	72	(72)	0.0	0.0	0.0	0	0		0	0
9.	6,028	0	6,028	0.0	0.0	0.0	0	0		0	0
10.	343	0	343	0.0	0.0	0.0	0	0		290	0
11.	1,127	0	1,127	0.0	0.0	0.0	0	0		1,127	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,174	1,770

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 2009 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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	One Year	Two Year
1. Prior	83,490	65,325	47,370	54,383	49,312	44,617	40,872	20,073	32,136	48,694	16,558	28,621
2. 2000	2,460	2,667	2,873	2,721	2,932	3,084	3,113	3,139	3,136	3,136	0	(3)
3. 2001	XXX	2,016	2,243	2,327	2,106	2,302	2,283	2,234	2,231	2,231	0	(3)
4. 2002	XXX	XXX	1,765	1,898	2,005	1,906	1,936	2,078	2,080	2,080	0	2
5. 2003	XXX	XXX	XXX	1,112	3,206	3,227	3,115	3,111	3,118	3,117	(1)	6
6. 2004	XXX	XXX	XXX	XXX	222	2,756	1,297	1,215	1,226	1,226	0	11
7. 2005	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	(102)	(102)	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	(72)	(72)	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	2,738	2,738	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	664	343	(321)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,127	XXX	XXX
12. Totals											16,236	28,634

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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	000	1,158	1,631	1,914	1,895	1,899	7,365	16,424	31,363	49,358	XXX	XXX
2. 2000	1,094	2,136	2,394	2,551	2,717	3,018	3,047	3,061	3,061	3,061	XXX	XXX
3. 2001	XXX	672	1,698	2,067	2,065	2,095	2,080	2,076	2,076	2,076	XXX	XXX
4. 2002	XXX	XXX	486	1,765	1,891	1,876	1,906	2,056	2,056	2,056	XXX	XXX
5. 2003	XXX	XXX	XXX	733	3,093	3,174	3,102	3,102	3,102	3,102	XXX	XXX
6. 2004	XXX	XXX	XXX	XXX	177	2,673	1,159	1,159	1,159	1,159	XXX	XXX
7. 2005	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	(102)	(102)	XXX	XXX
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	(72)	(72)	XXX	XXX
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	2,738	2,738	XXX	XXX
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	53	53	XXX	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior	47,275	30,839	12,883	19,824	14,684	10,099	1,764	240	538	(900)
2. 2000	0	0	0	0	0	0	0	0	0	0
3. 2001	XXX	0	0	0	0	0	0	0	0	0
4. 2002	XXX	XXX	0	0	0	0	0	0	0	0
5. 2003	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2004	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2009	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 - Prof. Liab. Occur

NONE

Schedule P - Part 1F - Prof. Liab. 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	18,562	2,725	2,301	143	6,331	0	4,323	24,326	XXX
2. 2000	0	0	0	3,733	1,038	414	48	3,444	0	578	6,505	1,113
3. 2001	0	0	0	3,073	1,304	369	62	4,190	0	427	6,266	1,113
4. 2002	0	0	0	2,957	1,082	227	46	2,319	0	32	4,375	646
5. 2003	0	0	0	2,882	24	240	(4)	1,190	0	(57)	4,292	239
6. 2004	0	0	0	1,340	393	229	17	472	0	0	1,631	119
7. 2005	0	0	0	0	101	0	1	0	0	0	(102)	0
8. 2006	0	0	0	0	72	0	0	0	0	0	(72)	0
9. 2007	0	0	0	2,500	0	238	0	3,290	0	0	6,028	2,158
10. 2008	0	0	0	0	0	53	0	0	0	0	53	0
11. 2009	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	35,047	6,739	4,071	313	21,236	0	5,303	53,302	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.	225	0	(737)	0	11	0	(163)	0	1,855	0	0	1,191	43
2.	72	0	0	0	3	0	0	0	0	0	0	75	5
3.	150	0	0	0	5	0	0	0	0	0	0	155	9
4.	14	0	0	0	10	0	0	0	0	0	0	24	2
5.	3	0	0	0	12	0	0	0	0	0	0	15	1
6.	30	0	0	0	37	0	0	0	0	0	0	67	2
7.	0	0	0	0	0	0	0	0	0	0	0	0	0
8.	0	0	0	0	0	0	0	0	0	0	0	0	0
9.	0	0	0	0	0	0	0	0	0	0	0	0	0
10.	290	0	0	0	0	0	0	0	0	0	0	290	0
11.	1,127	0	0	0	0	0	0	0	0	0	0	1,127	0
12.	1,911	0	(737)	0	78	0	(163)	0	1,855	0	0	2,944	62

	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	(512)	1,703
2.	7,666	1,086	6,580	0.0	0.0	0.0	0	0	0.0	72	3
3.	7,787	1,366	6,421	0.0	0.0	0.0	0	0	0.0	150	5
4.	5,527	1,128	4,399	0.0	0.0	0.0	0	0	0.0	14	10
5.	4,327	20	4,307	0.0	0.0	0.0	0	0	0.0	3	12
6.	2,108	410	1,698	0.0	0.0	0.0	0	0	0.0	30	37
7.	0	102	(102)	0.0	0.0	0.0	0	0	0.0	0	0
8.	0	72	(72)	0.0	0.0	0.0	0	0	0.0	0	0
9.	6,028	0	6,028	0.0	0.0	0.0	0	0	0.0	0	0
10.	343	0	343	0.0	0.0	0.0	0	0	0.0	290	0
11.	1,127	0	1,127	0.0	0.0	0.0	0	0	0.0	1,127	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,174	1,770

Schedule P - Part 1R - Prod Liab Claims

NONE

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

NONE

Schedule P - Part 1T - Warranty

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 - Prof. Liab. Occur

NONE

Schedule P - Part 2F - Prof. Liab. 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 2009 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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009	11 One Year	12 Two Year
1. Prior	83,490	65,325	47,370	54,383	49,312	44,617	40,872	20,073	32,136	48,694	16,558	28,621
2. 2000	2,460	2,667	2,873	2,721	2,932	3,084	3,113	3,139	3,136	3,136	0	(3)
3. 2001	XXX	2,016	2,243	2,327	2,106	2,302	2,283	2,234	2,231	2,231	0	(3)
4. 2002	XXX	XXX	1,765	1,898	2,005	1,906	1,936	2,078	2,080	2,080	0	2
5. 2003	XXX	XXX	XXX	1,112	3,206	3,227	3,115	3,111	3,118	3,117	(1)	6
6. 2004	XXX	XXX	XXX	XXX	222	2,756	1,297	1,215	1,226	1,226	0	11
7. 2005	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(102)	(102)	(102)	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	(72)	(72)	(72)	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,738	2,738	2,738	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	664	343	(321)	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,127	XXX	XXX
12. Totals											16,236	28,634

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. 2000	0	0	0	0	0	0	0	0	0	0	0	0
3. 2001	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 2002	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2003	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2004	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											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. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											0	0

SCHEDULE P - PART 2T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
2. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
4. Totals											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 - Prof. Liab. Occur

NONE

Schedule P - Part 3F - Prof. Liab. 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

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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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		
1. Prior	.000	1,158	1,631	1,914	1,895	1,899	7,365	16,424	31,363	49,358	50,950	170,649
2. 2000	1,094	2,136	2,394	2,551	2,717	3,018	3,047	3,061	3,061	3,061	342	766
3. 2001	XXX	.672	1,698	2,067	2,065	2,095	2,080	2,076	2,076	2,076	351	753
4. 2002	XXX	XXX	.486	1,765	1,891	1,876	1,906	2,056	2,056	2,056	199	445
5. 2003	XXX	XXX	XXX	.733	3,093	3,174	3,102	3,102	3,102	3,102	.86	152
6. 2004	XXX	XXX	XXX	XXX	.177	2,673	1,159	1,159	1,159	1,159	.32	.85
7. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.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. 2000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 2001	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 2002	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2003	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2004	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2005	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0

NONE

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

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX

NONE

SCHEDULE P - PART 3T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000	.0	.0	XXX	XXX
2. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	XXX
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	XXX

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Prof. Liab. Occur

NONE

Schedule P - Part 4F - Prof. Liab. 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

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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 2000	2 2001	3 2002	4 2003	5 2004	6 2005	7 2006	8 2007	9 2008	10 2009
1. Prior	47,275	30,839	12,883	19,824	14,684	10,099	1,764	240	538	(900)
2. 2000	0	0	0	0	0	0	0	0	0	0
3. 2001	XXX	0	0	0	0	0	0	0	0	0
4. 2002	XXX	XXX	0	0	0	0	0	0	0	0
5. 2003	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2004	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2009	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. 2000	0	0	0	0	0	0	0	0	0	0							
3. 2001	XXX	0	0	NONE							0						
4. 2002	XXX	XXX	0								0	0	0	0	0	0	
5. 2003	XXX	XXX	XXX								0	0	0	0	0	0	
6. 2004	XXX	XXX	XXX								XXX	0	0	0	0	0	
7. 2005	XXX	XXX	XXX								XXX	XXX	0	0	0	0	
8. 2006	XXX	XXX	XXX								XXX	XXX	XXX	0	0	0	
9. 2007	XXX	XXX	XXX								XXX	XXX	XXX	XXX	0	0	
10. 2008	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	0	
11. 2009	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. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4T - WARRANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
2. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
3. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

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

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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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	226	138	16	8	25,077	25,831	26,880	50,967	51,396	0
2. 2000	186	308	330	335	337	340	342	342	342	342
3. 2001	XXX	154	322	343	345	346	350	350	351	351
4. 2002	XXX	XXX	110	175	193	195	199	199	199	199
5. 2003	XXX	XXX	XXX	26	62	78	84	84	86	86
6. 2004	XXX	XXX	XXX	XXX	8	17	27	27	32	32
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	131	131
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2009	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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	625	649	1,300	1,228	1,200	1,199	1,095	1,095	646	43
2. 2000	400	143	116	82	27	24	22	22	5	5
3. 2001	XXX	370	110	53	40	38	33	33	10	9
4. 2002	XXX	XXX	273	42	11	9	6	6	2	2
5. 2003	XXX	XXX	XXX	84	26	10	4	4	1	1
6. 2004	XXX	XXX	XXX	XXX	51	28	7	7	2	2
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2009	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
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Prior	21	291	(14,086)	0	97,508	101,204	104,428	79,828	2,007	(1,895)
2. 2000	1,110	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113
3. 2001	XXX	1,110	1,113	1,113	1,113	1,113	1,113	1,113	1,113	1,113
4. 2002	XXX	XXX	645	646	646	646	646	646	646	646
5. 2003	XXX	XXX	XXX	225	239	239	239	239	239	239
6. 2004	XXX	XXX	XXX	XXX	119	119	119	119	119	119
7. 2005	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2006	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	2,158	2,158
10. 2008	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2009	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 5T- SN1

NONE

Schedule P - Part 5T- SN2

NONE

Schedule P - Part 5T- SN3

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

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SCHEDULE P INTERROGATORIES

1. The following questions relate to yet-to-be-issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) provisions in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional cost? Yes [] No [X]
If the answer to question 1.1 is "no", leave the following questions blank. If the answer to question 1.1 is "yes", please answer the following questions:
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)?.....
- 1.3 Does the company report any DDR reserve as Unearned Premium Reserve per SSAP #65? Yes [] No [X]
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve? Yes [] No [X]
- 1.5 If the company reports DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part 1A – Recapitulation of all Premiums (Page 7) Column 2, Lines 11.1 plus 11.2? Yes [] No [] N/A [X]
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P:

Years in Which Premiums Were Earned and Losses Were Incurred		DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
		1 Section 1: Occurrence	2 Section 2: Claims-Made
1.601	Prior		
1.602	2000		
1.603	2001		
1.604	2002		
1.605	2003		
1.606	2004		
1.607	2005		
1.608	2006		
1.609	2007		
1.610	2008		
1.611	2009		
1.612	Totals	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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
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SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Active Status	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	N	.0	.0	.0	.0	.0	.0	.0
2. Alaska	AK	N	.0	.0	.0	.0	.0	.0	.0
3. Arizona	AZ	N	.0	.0	.0	.0	.0	.0	.0
4. Arkansas	AR	N	.0	.0	.0	.0	.0	.0	.0
5. California	CA	N	.0	.0	.0	.0	.0	.0	.0
6. Colorado	CO	N	.0	.0	.0	(15,194)	2,150	.0	.0
7. Connecticut	CT	N	.0	.0	.0	.0	.0	.0	.0
8. Delaware	DE	N	.0	.0	.0	2,150	2,150	.0	.0
9. District of Columbia	DC	N	.0	.0	.0	.0	.0	.0	.0
10. Florida	FL	N	.0	.0	.0	(2,747)	2,150	.0	.0
11. Georgia	GA	N	.0	.0	.0	1,843	1,843	.0	.0
12. Hawaii	HI	N	.0	.0	.0	.0	.0	.0	.0
13. Idaho	ID	N	.0	.0	.0	.0	.0	.0	.0
14. Illinois	IL	N	.0	.0	.0	(2,041)	1,597	.0	.0
15. Indiana	IN	N	.0	.0	.0	(123,475)	92,813	.0	.0
16. Iowa	IA	N	.0	.0	.0	.0	.0	.0	.0
17. Kansas	KS	N	.0	.0	.0	(27,984)	.0	.0	.0
18. Kentucky	KY	N	.0	.0	.0	(58,865)	46,075	.0	.0
19. Louisiana	LA	N	.0	.0	.0	675,763	675,763	.0	.0
20. Maine	ME	N	.0	.0	.0	.0	.0	.0	.0
21. Maryland	MD	N	.0	.0	.0	(86,701)	33,364	.0	.0
22. Massachusetts	MA	N	.0	.0	.0	.0	.0	.0	.0
23. Michigan	MI	N	.0	.0	.0	(4,052)	.0	.0	.0
24. Minnesota	MN	N	.0	.0	.0	(44,688)	2,150	.0	.0
25. Mississippi	MS	N	.0	.0	.0	.0	.0	.0	.0
26. Missouri	MO	N	.0	.0	.0	(61,717)	.0	.0	.0
27. Montana	MT	N	.0	.0	.0	.0	.0	.0	.0
28. Nebraska	NE	N	.0	.0	.0	.0	.0	.0	.0
29. Nevada	NV	N	.0	.0	.0	.0	.0	.0	.0
30. New Hampshire	NH	N	.0	.0	.0	.0	.0	.0	.0
31. New Jersey	NJ	N	.0	.0	.0	(69,540)	.0	.0	.0
32. New Mexico	NM	N	.0	.0	.0	.0	.0	.0	.0
33. New York	NY	N	.0	.0	.0	.0	.0	.0	.0
34. North Carolina	NC	N	.0	.0	.0	(29,943)	.0	.0	.0
35. North Dakota	ND	N	.0	.0	.0	(7,836)	.0	.0	.0
36. Ohio	OH	N	.0	.0	.0	(6,684)	.0	.0	.0
37. Oklahoma	OK	N	.0	.0	.0	(14,692)	.0	.0	.0
38. Oregon	OR	N	.0	.0	.0	.0	.0	.0	.0
39. Pennsylvania	PA	N	.0	.0	.0	(15,855)	12,410	.0	.0
40. Rhode Island	RI	N	.0	.0	.0	.0	.0	.0	.0
41. South Carolina	SC	N	.0	.0	.0	(51,770)	40,521	.0	.0
42. South Dakota	SD	N	.0	.0	.0	.0	.0	.0	.0
43. Tennessee	TN	N	.0	.0	.0	(6,996)	.0	.0	.0
44. Texas	TX	N	.0	.0	.0	(367,048)	254,522	.0	.0
45. Utah	UT	N	.0	.0	.0	(4,897)	.0	.0	.0
46. Vermont	VT	N	.0	.0	.0	.0	.0	.0	.0
47. Virginia	VA	R	.0	.0	.0	(48,791)	6,450	.0	.0
48. Washington	WA	N	.0	.0	.0	.0	.0	.0	.0
49. West Virginia	WV	N	.0	.0	.0	.0	.0	.0	.0
50. Wisconsin	WI	N	.0	.0	.0	.0	.0	.0	.0
51. Wyoming	WY	N	.0	.0	.0	.0	.0	.0	.0
52. American Samoa	AS	N	.0	.0	.0	.0	.0	.0	.0
53. Guam	GU	N	.0	.0	.0	.0	.0	.0	.0
54. Puerto Rico	PR	N	.0	.0	.0	.0	.0	.0	.0
55. U.S. Virgin Islands	VI	N	.0	.0	.0	.0	.0	.0	.0
56. Northern Mariana Islands	MP	N	.0	.0	.0	.0	.0	.0	.0
57. Canada	CN	N	.0	.0	.0	.0	.0	.0	.0
58. Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59. Totals	(a)	0	0	0	0	(371,759)	1,173,959	0	0
DETAILS OF WRITE-INS									
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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
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**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 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred Under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
NONE												
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

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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.

MARCH FILING	RESPONSES
1. Will an actuarial opinion be filed by March 1?	.....YES.....
2. Will the 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 confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	.....YES.....

APRIL FILING	
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.....

MAY FILING	
8. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?	.....WAIVED.....

JUNE FILING	
9. Will an audited financial report be filed by June 1?	.....YES.....
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC 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.

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

Explanation:

- 11. Not Required
- 12. Not Required

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

13. Not Required

14. Not Required

16. Not Required

17. Not Required

18. Not Required

21. Not Required

22. Not Required

23. Not Required

24. Not Required

25. 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.....	1,729	2,254
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.....	7,321,813	7,051,620
2309. Suspense.....	0	0
2397. Summary of remaining write-ins for Line 23 from page 3	11,315,100	11,045,432

**ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	55,390,265	44.941	55,390,265	44.941
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	21,046,734	17.076	21,046,734	17.076
1.3 Non-U.S. 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	13,501,020	10.954	13,501,020	10.954
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	650,670	0.528	650,670	0.528
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	1,528,506	1.240	1,528,506	1.240
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 and hybrid securities)	24,140,311	19.586	24,140,311	19.586
2.2 Unaffiliated non-U.S. securities (including Canada)		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	6,994,462	5.675	6,994,462	5.675
9. Other invested assets		0.000		0.000
10. Total invested assets	123,251,967	100.000	123,251,967	100.000

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 6).....	0
2.2 Additional investment made after acquisition (Part 2, Column 7).....	0
3. Current year change in encumbrances:	
3.1 Totals, Part 1, Column 13.....	0
3.2 Totals, Part 3, Column 11.....	0
4. Total gain (loss) on disposals, Part 3, Column 18.....	0
5. Deduct amounts received on disposals, Part 3, Column 15.....	0
6. Total foreign exchange change in book/adjusted carrying value:	
6.1 Totals, Part 1, Column 15.....	0
6.2 Totals, Part 3, Column 13.....	0
7. Deduct current year's other than temporary impairment recognized:	
7.1 Totals, Part 1, Column 12.....	0
7.2 Totals, Part 3, Column 10.....	0
8. Deduct current year's depreciation:	
8.1 Totals, Part 1, Column 11.....	0
8.2 Totals, Part 3, Column 9.....	0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8).....	0
10. Deduct total nonadmitted amounts.....	0
11. Statement value at end of current period (Line 9 minus Line 10).....	0

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 7).....	0
2.2 Additional investment made after acquisition (Part 2, Column 8).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 12.....	0
3.2 Totals, Part 3, Column 11.....	0
4. Accrual of discount.....	0
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 9.....	0
5.2 Totals, Part 3, Column 8.....	0
6. Total gain (loss) on disposals, Part 3, Column 18.....	0
7. Deduct amounts received on disposals, Part 3, Column 15.....	0
8. Deduct amortization of premium and mortgage interest points and commitment fees.....	0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest:	
9.1 Totals, Part 1, Column 13.....	0
9.2 Totals, Part 3, Column 13.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 11.....	0
10.2 Totals, Part 3, Column 10.....	0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Total valuation allowance.....	0
13. Subtotal (Line 11 plus Line 12).....	0
14. Deduct total nonadmitted amounts.....	0
15. Statement value of mortgages owned at end of current period (Line 13 minus Line 14).....	0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1. Book/adjusted carrying value, December 31 of prior year.....	0
2. Cost of acquired:	
2.1 Actual cost at time of acquisition (Part 2, Column 8).....	0
2.2 Additional investment made after acquisition (Part 2, Column 9).....	0
3. Capitalized deferred interest and other:	
3.1 Totals, Part 1, Column 16.....	0
3.2 Totals, Part 3, Column 12.....	0
4. Accrual of discount.....	
5. Unrealized valuation increase (decrease):	
5.1 Totals, Part 1, Column 13.....	0
5.2 Totals, Part 3, Column 9.....	0
6. Total gain (loss) on disposals, Part 3, Column 19.....	0
7. Deduct amounts received on disposals, Part 3, Column 16.....	0
8. Deduct amortization of premium and depreciation.....	
9. Total foreign exchange change in book/adjusted carrying value:	
9.1 Totals, Part 1, Column 17.....	0
9.2 Totals, Part 3, Column 14.....	0
10. Deduct current year's other than temporary impairment recognized:	
10.1 Totals, Part 1, Column 15.....	0
10.2 Totals, Part 3, Column 11.....	0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0
12. Deduct total nonadmitted amounts.....	
13. Statement value at end of current period (Line 11 minus Line 12).....	0

NONE

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book /adjusted carrying value, December 31 of prior year.....	104,241,366
2. Cost of bonds and stocks acquired, Part 3, Column 7.....	79,549,028
3. Accrual of discount.....	100,248
4. Unrealized valuation increase (decrease):	
4.1 Part 1, Column 12.....	0
4.2 Part 2, Section 1, Column 15.....	0
4.3 Part 2, Section 2, Column 13.....	0
4.4 Part 4, Column 11.....	0
5. Total gain (loss) on disposals, Part 4, Column 19.....	1,133,253
6. Deduction consideration for bonds and stocks disposed of, Part 4, Column 7.....	67,256,713
7. Deduct amortization of premium.....	1,509,677
8. Total foreign exchange change in book/adjusted carrying value:	
8.1 Part 1, Column 15.....	0
8.2 Part 2, Section 1, Column 19.....	0
8.3 Part 2, Section 2, Column 16.....	0
8.4 Part 4, Column 15.....	0
9. Deduct current year's other than temporary impairment recognized:	
9.1 Part 1, Column 14.....	0
9.2 Part 2, Section 1, Column 17.....	0
9.3 Part 2, Section 2, Column 14.....	0
9.4 Part 4, Column 13.....	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	116,257,505
11. Deduct total nonadmitted amounts.....	
12. Statement value at end of current period (Line 10 minus Line 11).....	116,257,505

**ANNUAL STATEMENT FOR THE YEAR 2009 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
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	56,040,934	56,223,187	56,990,101	54,216,295
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	56,040,934	56,223,187	56,990,101	54,216,295
U. S. States, Territories and Possessions (Direct and guaranteed)	5. Totals	0	0	0	0
U.S. Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals	0	0	0	0
U.S. Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals	34,547,754	35,204,075	34,706,762	33,500,000
Industrial and Miscellaneous and Credit Tenant Loans and Hybrid Securities (unaffiliated)	8. United States	25,668,817	26,034,582	26,062,504	25,173,846
	9. Canada	0	0	0	0
	10. Other Countries	0	0	0	0
	11. Totals	25,668,817	26,034,582	26,062,504	25,173,846
Parent, Subsidiaries and Affiliates	12. Totals	0	0	0	0
	13. Total Bonds	116,257,505	117,461,844	117,759,367	112,890,141
PREFERRED STOCKS					
Industrial and Miscellaneous (unaffiliated)	14. United States	0	0	0	0
	15. Canada	0	0	0	0
	16. Other Countries	0	0	0	0
	17. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	18. Totals	0	0	0	0
	19. Total Preferred Stocks	0	0	0	0
COMMON STOCKS					
Industrial and Miscellaneous (unaffiliated)	20. United States	0	0	0	0
	21. Canada	0	0	0	0
	22. Other Countries	0	0	0	0
	23. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	24. Totals	0	0	0	0
	25. Total Common Stocks	0	0	0	0
	26. Total Stocks	0	0	0	0
	27. Total Bonds and Stocks	116,257,505	117,461,844	117,759,367	

ANNUAL STATEMENT FOR THE YEAR 2009 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)
1. U.S. Governments											
1.1 Class 1	159,256	55,710,360	130,049	41,268	.0	56,040,934	45.5	54,501,830	48.5	56,040,934	.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	159,256	55,710,360	130,049	41,268	0	56,040,934	45.5	54,501,830	48.5	56,040,934	0
2. All Other Governments											
2.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. U.S. States, Territories and Possessions etc., Guaranteed											
3.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
4.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Class 1	4,642,478	34,547,754	.0	.0	.0	39,190,232	31.8	29,898,146	26.6	39,190,232	.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	4,642,478	34,547,754	0	0	0	39,190,232	31.8	29,898,146	26.6	39,190,232	0

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ANNUAL STATEMENT FOR THE YEAR 2009 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)
6. Industrial and Miscellaneous (unaffiliated)											
6.1 Class 1	19,467,603	7,945,601	.0	.0	.0	27,413,204	22.2	26,589,504	23.7	27,413,204	.0
6.2 Class 2	648,800	.0	.0	.0	.0	648,800	0.5	1,289,296	1.1	648,800	.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	20,116,403	7,945,601	0	0	0	28,062,004	22.7	27,878,799	24.8	28,062,004	0
7. Credit Tenant Loans											
7.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.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	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates											
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

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ANNUAL STATEMENT FOR THE YEAR 2009 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)
10. Total Bonds Current Year											
10.1 Class 1	(d) 24,269,336	98,203,715	130,049	41,268	.0	122,644,369	99.5	XXX	XXX	122,644,369	.0
10.2 Class 2	(d) 648,800	.0	.0	.0	.0	648,800	0.5	XXX	XXX	648,800	.0
10.3 Class 3	(d) .0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Class 4	(d) .0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	(d) .0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	(d) .0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	24,918,136	98,203,715	130,049	41,268	.0	123,293,169	100.0	XXX	XXX	123,293,169	.0
10.8 Line 10.7 as a % of Col. 6	20.2	79.7	0.1	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	48,035,427	62,682,380	215,294	56,380	.0	XXX	XXX	110,989,481	98.9	110,989,481	.0
11.2 Class 2	646,680	642,615	.0	.0	.0	XXX	XXX	1,289,296	1.1	1,289,296	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.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	48,682,107	63,324,995	215,294	56,380	.0	XXX	XXX	112,278,776	100.0	112,278,776	.0
11.8 Line 11.7 as a % of Col. 8	43.4	56.4	0.2	0.1	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	24,269,337	98,203,715	130,049	41,268	.0	122,644,369	99.5	110,989,481	98.8	122,644,369	XXX
12.2 Class 2	648,800	.0	.0	.0	.0	648,800	0.5	1,289,296	1.2	648,800	XXX
12.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.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	24,918,137	98,203,715	130,049	41,268	.0	123,293,169	100.0	112,278,776	100.0	123,293,169	XXX
12.8 Line 12.7 as a % of Col. 6	20.2	79.7	0.1	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	20.2	79.7	0.1	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

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

(b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 current year, .0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by 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.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.0; NAIC 2 \$.0; NAIC 3 \$.0; NAIC 4 \$.0; NAIC 5 \$.0; NAIC 6 \$.0.

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ANNUAL STATEMENT FOR THE YEAR 2009 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
1. U.S. Governments											
1.1 Issuer Obligations	.0	55,390,265	.0	.0	.0	55,390,265	44.9	53,632,829	47.8	55,390,265	.0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	159,256	320,095	130,049	41,268	0	650,670	0.5	869,001	0.8	650,670	0
1.7 Totals	159,256	55,710,360	130,049	41,268	0	56,040,934	45.5	54,501,830	48.5	56,040,934	0
2. All Other Governments											
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
3. U.S. States, Territories, and Possessions Guaranteed											
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
4. U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed											
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
5. U.S. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed											
5.1 Issuer Obligations	4,642,478	34,547,754	.0	.0	.0	39,190,232	31.8	29,898,146	26.6	39,190,232	.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	4,642,478	34,547,754	0	0	0	39,190,232	31.8	29,898,146	26.6	39,190,232	0

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ANNUAL STATEMENT FOR THE YEAR 2009 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
6. Industrial and Miscellaneous											
6.1 Issuer Obligations	20,116,403	7,945,601	0	0	0	28,062,004	22.8	27,878,800	24.8	28,062,004	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	20,116,403	7,945,601	0	0	0	28,062,004	22.8	27,878,800	24.8	28,062,004	0
7. Credit Tenant Loans											
7.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
8. Hybrid Securities											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.2 Single Class Mortgage-Backed/Asset-Based Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
8.3 Defined						0	0.0				
8.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
8.5 Defined						0	0.0				
8.6 Other						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates											
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

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ANNUAL STATEMENT FOR THE YEAR 2009 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
10. Total Bonds Current Year											
10.1 Issuer Obligations	24,758,880	97,883,620	0	0	0	122,642,500	99.5	XXX	XXX	122,642,501	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	159,256	320,095	130,049	41,268	0	650,670	0.5	XXX	XXX	650,670	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	24,918,136	98,203,715	130,049	41,268	0	123,293,170	100.0	XXX	XXX	123,293,171	0
10.8 Line 10.7 as a % of Col. 6	20.2	79.7	0.1	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	48,489,818	62,919,956	0	0	0	XXX	XXX	111,409,774	99.2	111,409,774	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	192,289	405,038	215,294	56,380	0	XXX	XXX	869,001	0.8	869,001	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	48,682,107	63,324,995	215,294	56,380	0	XXX	XXX	112,278,775	100.0	112,278,775	0
11.8 Line 11.7 as a % of Col. 8	43.4	56.4	0.2	0.1	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	24,758,880	97,883,620	0	0	0	122,642,500	99.5	111,409,774	99.2	122,642,500	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	159,256	320,095	130,049	41,268	0	650,670	0.5	869,001	0.8	650,670	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	24,918,136	98,203,715	130,049	41,268	0	123,293,170	100.0	112,278,775	100.0	123,293,170	XXX
12.8 Line 12.7 as a % of Col. 6	20.2	79.7	0.1	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	20.2	79.7	0.1	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed 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

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SCHEDULE DA - 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, December 31 of prior year.....	8,037,410	8,037,410	0	0	0
2. Cost of short-term investments acquired	145,807,429	145,807,429			
3. Accrual of discount.....	3,489	3,489			
4. Unrealized valuation increase (decrease).....	0				
5. Total gain (loss) on disposals.....	69,346	69,346			
6. Deduct consideration received on disposals.....	146,882,010	146,882,010			
7. Deduct amortization of premium.....	0				
8. Total foreign exchange change in book/adjusted carrying value.....	0				
9. Deduct current year's other than temporary impairment recognized.....	0				
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	7,035,664	7,035,664	0	0	0
11. Deduct total nonadmitted amounts.....	0				
12. Statement value at end of current period (Line 10 minus Line 11)	7,035,664	7,035,664	0	0	0

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

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Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year.....	14,924,094	14,924,094	0
2. Cost of cash equivalents acquired.....	52,280,005	52,280,005	
3. Accrual of discount.....	45,215	45,215	
4. Unrealized valuation increase (decrease).....	0		
5. Total gain (loss) on disposals.....	44,356	44,356	
6. Deduct consideration received on disposals.....	67,293,671	67,293,671	
7. Deduct amortization of premium.....	0		
8. Total foreign exchange change in book/adjusted carrying value.....	0		
9. Deduct current year's other than temporary impairment recognized.....	0		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0	0
11. Deduct total nonadmitted amounts.....	0		
12. Statement value at end of current period (Line 10 minus Line 11)	0	0	0

(a) Indicate the category of such investments, for example, joint ventures, transportation equipment: Special Revenue & Special Assessment Obligation

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 B - Part 3

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 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	Code	For eig n	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	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity
912828-LH-1	US TREASURY N/B				1	12,970,547	100.6560	12,984,624	12,900,000	12,962,019	0	(8,528)	0	0	1.750	1.568	FA	85,283	0	08/18/2009	08/15/2012
912828-EX-4	US TREASURY NT/BD				1	28,902,422	104.3750	28,181,250	27,000,000	28,055,652	0	(819,400)	0	0	4.500	1.117	FA	408,375	1,178,315	02/04/2009	02/28/2011
912828-HK-9	US TREASURY NT/BD				1	14,455,641	105.0310	14,389,247	13,700,000	14,372,593	0	(83,407)	0	0	3.375	1.650	MN	39,816	231,188	08/18/2009	11/30/2012
0199999	Total Bonds - U.S. Government - Issuer Obligations					56,328,609	XXX	55,555,121	53,600,000	55,390,265	0	(910,975)	0	0	XXX	XXX	XXX	533,474	1,409,503	XXX	XXX
36215N-TV-6	GNMA POOL #140164				1	7,626	108.8530	7,607	6,988	7,428	0	(32)	0	0	10.000	6.327	MON	58	700	06/23/1995	03/15/2016
36215N-3T-9	GNMA POOL #140410				1	3,700	108.8530	3,690	3,390	3,542	0	(20)	0	0	10.000	8.429	MON	28	339	06/23/1995	03/15/2016
36215N-3U-6	GNMA POOL #140411				1	5,023	108.3770	4,989	4,603	4,877	0	(21)	0	0	10.000	6.740	MON	38	460	06/23/1995	04/15/2016
36215U-VT-2	GNMA POOL #145626				1	20,518	108.3770	20,377	18,802	19,942	0	(71)	0	0	10.000	5.995	MON	157	1,883	06/23/1995	02/15/2016
36215W-BR-4	GNMA POOL #146848				1	517	104.4010	495	474	492	0	(3)	0	0	10.000	8.849	MON	4	49	06/23/1995	02/15/2016
362151-AU-6	GNMA POOL #150419				1	7,361	108.8530	7,343	6,745	7,185	0	(24)	0	0	10.000	5.252	MON	56	675	06/23/1995	02/15/2016
362153-ED-6	GNMA POOL #152332				1	42,333	109.3300	42,412	38,793	40,183	0	(216)	0	0	10.000	8.967	MON	323	3,879	06/23/1995	03/15/2016
362159-P2-5	GNMA POOL #158041				1	8,438	108.8530	8,417	7,732	8,034	0	(47)	0	0	10.000	8.886	MON	64	773	06/23/1995	04/15/2016
36217C-SU-1	GNMA POOL #189631				1	7,977	109.8060	8,027	7,310	7,636	0	(38)	0	0	10.000	8.898	MON	61	732	06/23/1995	08/15/2017
36218W-MD-0	GNMA POOL #234456				1	75,495	110.2830	76,296	69,182	73,115	0	(324)	0	0	10.000	8.516	MON	577	6,922	06/23/1995	11/15/2018
36219S-Z5-1	GNMA POOL #258264				1	6,667	109.3300	6,680	6,110	6,391	0	(29)	0	0	10.000	9.107	MON	51	611	06/23/1995	12/15/2016
36219U-4W-1	GNMA POOL #260137				1	1,281	108.3770	1,441	1,329	1,293	0	1	0	0	10.000	12.008	MON	11	133	03/30/1989	08/15/2018
36201N-AD-2	GNMA POOL #587804				1	9,948	104.2310	10,059	9,651	10,016	0	10	0	0	4.500	3.872	MON	36	435	05/22/2003	06/15/2018
36200A-6U-8	GNMA POOL #595883				1	79,468	104.2310	80,357	77,095	79,859	0	78	0	0	4.500	3.907	MON	289	3,472	05/22/2003	05/15/2018
36200A-6Z-7	GNMA POOL #595888				1	59,800	104.2310	60,469	58,014	59,985	0	161	0	0	4.500	3.945	MON	218	2,613	05/22/2003	06/15/2018
36225A-FR-6	GNMA POOL #780176				1	299,736	109.8060	303,782	276,653	296,457	0	(401)	0	0	10.000	6.282	MON	2,305	27,687	05/26/1995	03/15/2021
36221G-SV-4	GNMA POOL #905932				1	25,604	109.4080	25,626	23,423	24,233	0	(130)	0	0	10.250	9.241	MON	200	2,401	10/07/1996	02/15/2016
0299999	Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities					661,492	XXX	668,066	616,295	650,670	0	(1,104)	0	0	XXX	XXX	XXX	4,477	53,763	XXX	XXX
0399999	Total - U.S. Government Bonds					56,990,101	XXX	56,223,187	54,216,295	56,040,934	0	(912,079)	0	0	XXX	XXX	XXX	537,951	1,463,265	XXX	XXX
31359M-F4-0	FANNIE MAE				1	4,484,340	104.0900	4,684,050	4,500,000	4,494,452	0	4,705	0	0	4.500	4.667	FA	76,500	202,500	10/16/2007	02/15/2011
31359M-PF-4	FANNIE MAE				1	5,909,965	106.8940	5,879,170	5,500,000	5,862,298	0	(47,667)	0	0	4.375	1.876	MS	70,851	120,313	08/19/2009	09/15/2012
3133XE-CU-1	FEDERAL HOME LOAN BANK				1	4,501,818	104.4100	4,698,450	4,500,000	4,500,647	0	(545)	0	0	4.625	4.665	FA	76,891	208,125	10/16/2007	02/18/2011
3133XT-S4-9	FEDERAL HOME LOAN BANK				1	6,512,025	100.8940	6,558,110	6,500,000	6,510,503	0	(1,522)	0	0	1.875	1.816	JD	3,724	60,938	08/19/2009	06/20/2012
3134AA-JT-2	FREDDIE MAC				1	4,401,860	108.9660	4,358,640	4,000,000	4,341,508	0	(60,352)	0	0	5.750	1.489	JJ	106,056	0	08/19/2009	01/15/2012
3134AA-OD-9	FREDDIE MAC				1	4,379,240	108.6650	4,346,600	4,000,000	4,332,425	0	(46,815)	0	0	5.125	1.771	JJ	94,528	0	08/19/2009	07/15/2012
3134AA-VJ-0	FREDDIE MAC				1	4,517,514	103.9790	4,679,055	4,500,000	4,505,921	0	(5,393)	0	0	4.750	4.673	JJ	96,781	213,750	10/16/2007	01/18/2011
2599999	Total Bonds - U.S. Special Revenue - Issuer Obligations					34,706,762	XXX	35,204,075	33,500,000	34,547,754	0	(157,588)	0	0	XXX	XXX	XXX	525,330	805,625	XXX	XXX
3199999	Total - U.S. Special Revenue Bonds					34,706,762	XXX	35,204,075	33,500,000	34,547,754	0	(157,588)	0	0	XXX	XXX	XXX	525,330	805,625	XXX	XXX
037735-CF-2	APPALACHIAN POWER CO				1	421,993	104.0880	431,965	415,000	417,786	0	(2,105)	0	0	5.550	5.052	AO	5,758	23,033	12/13/2007	04/01/2011
060505-BU-7	BANK OF AMERICA CORP				1	504,840	102.1000	510,500	500,000	501,296	0	(2,150)	0	0	4.500	4.087	FA	9,375	22,500	04/30/2008	08/01/2010
06849T-AA-6	BARRICK GOLD FINANCE CO				1	557,725	109.9790	549,895	500,000	556,288	0	(1,437)	0	0	6.125	2.921	MS	9,017	0	11/25/2009	08/15/2013
055451-AA-6	BHP FINANCE USA LTD				1	134,899	106.1040	132,630	125,000	134,679	0	(220)	0	0	4.800	2.354	AO	1,267	0	12/03/2009	04/15/2013
097014-AC-8	BOEING CAP CORP				1	452,579	104.7650	440,013	420,000	431,720	0	(15,364)	0	0	7.375	3.553	MS	8,088	30,975	08/19/2008	09/27/2010
111021-AD-3	BRITISH TELECOM PLC				1	486,914	107.1020	481,959	450,000	465,690	0	(15,654)	0	0	9.125	5.407	JD	1,825	39,938	08/19/2008	12/15/2010
172967-DH-1	CITIGROUP INC				1	745,973	103.1200	773,400	750,000	748,351	0	1,392	0	0	5.125	5.401	FA	14,628	38,348	04/04/2008	02/14/2011
191098-AE-2	COCA COLA BOTTLE CO				1	536,830	106.3920	531,960	500,000	536,356	0	(474)	0	0	5.000	2.381	MN	3,194	0	12/17/2009	11/15/2012
20030N-AA-9	COMCAST CORP				1	512,320	100.1330	500,665	500,000	500,293	0	(7,303)	0	0	5.850	4.386	JJ	13,488	29,250	04/30/2008	01/15/2010
20825U-AB-0	CONOCO FUNDING COMPANY				1	109,751	109.2030	109,203	100,000	109,335	0	(416)	0	0	6.350	1.071	AO	1,341	0	12/02/2009	10/15/2011
22541L-BH-5	CREDIT SUISSE FB USA INC				1	622,125	102.6590	641,619	625,000	624,332	0	1,028	0	0	4.875	5.115	FA	11,510	30,469	10/15/2007	08/15/2010
233888-AD-8	DCAT 2008-A A3A				1	526,339	101.3190	533,346	526,403	526,063	0	(257)	0	0	3.700	3.670	MON	50	19,601	02/13/2008	06/08/2012
25156P-AB-9	DEUTSCHE TELEKOM FINANCE GROUP				1	685,029	103.3870	666,846	645,000	655,286	0	(21,772)	0	0	8.500	4.982	JD	2,437	54,825	08/15/2008	06/15/2010
26138E-AL-3	DR. PEPPER SNAPPLE GROUP				1	139,948	100.2230	140,312	140,000	139,949	0	0	0	0	2.350	2.377	JD	91	0	12/14/2009	12/21/2012
26442E-AB-6	DUKE ENERGY OHIO INC				1	194,967	98.8300	192,719	195,000	194,967	0	0	0	0	2.100	2.116	JD	159	0	12/14/2009	06/15/2013
293791-AU-3	ENTERPRISE PRODUCTS OPER				1	498,720	101.6080	508,040	500,000	499,713	0	662	0	0	4.950	5.155	JD	2,063	24,750	06/24/2008	06/01/2010
302182-AC-4	EXPRESS SCRIPTS INC				1	492,968	106.4200	489,532	460,000	491,714	0	(1,254)	0	0	5.250	2.358	JD	1,073	12,478	11/25/2009	06/15/2012
368710-AE-9	GENENTECH INC USA				JFE																

ANNUAL STATEMENT FOR THE YEAR 2009 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	Code	For e i g n	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	When Paid	Admitted Amount Due & Accrued	Amount Rec. During Year	Acquired	Maturity
406216-AR-2	HALL IBURTON COMPANY				1	518,290		103,8870	519,435	500,000	506,069		(7,419)		5.500	3.963	AO	5,806	27,500	04/30/2008	10/15/2010
438516-AK-2	HONEYWELL INTERNATIONAL				1	345,371		101,1160	328,627	325,000	327,276		(13,325)		7.500	3.303	MS	8,125	24,375	08/19/2008	03/01/2010
708130-AA-7	JC PENNY CORP INC.				1	335,615		100,6020	326,957	325,000	326,212		(6,970)		8.000	5.824	MS	8,667	26,000	08/20/2008	03/01/2010
585055-AG-1	MEDTRONIC INC.				1	660,602		102,5310	666,452	650,000	653,465		(4,757)		4.375	3.637	MS	8,373	28,438	06/26/2008	09/15/2010
585510-CG-3	MELLON FUNDING CORP.				1	518,725		100,6570	503,285	500,000	501,588		(12,632)		6.375	3.801	FA	12,042	31,875	08/19/2008	02/15/2010
590189-VV-0	MERRILL LYNCH & CO.				1	635,765		102,0050	663,033	650,000	645,517		7,215		4.790	6.081	FA	12,713	31,135	08/19/2008	08/04/2010
61746S-BC-2	MORGAN STANLEY				1	501,495		100,0890	500,445	500,000	500,033		(816)		4.000	3.869	JJ	9,222	20,000	03/06/2008	01/15/2010
654740-AA-7	NISSAN MOTOR ACCEPTANCE 144A				2FE	639,535		100,3510	652,282	650,000	648,800		6,185		4.625	5.706	MS	9,436	30,063	06/24/2008	03/08/2010
666807-AT-9	NORTHROP GRUMMAN				1	697,210		106,1010	689,657	650,000	667,376		(14,731)		7.125	4.709	FA	17,496	46,313	12/04/2007	02/15/2011
64032L-AA-9	NSLT 2008-3 A1				1	308,620		100,1520	309,089	308,620	308,620				1.062	0.760	FMAN	546	5,994	04/18/2008	11/25/2014
718507-BQ-8	PHILLIPS PETROLEUM COMPANY				1	550,605		103,2870	516,435	500,000	510,093		(24,561)		8.750	3.663	MN	4,375	43,750	04/30/2008	05/25/2010
72650R-AV-4	PLAINS ALL AMER PIPELINE				1	521,010		103,4910	517,455	500,000	520,277		(733)		4.250	2.683	MS	9,326		11/25/2009	09/01/2012
69352J-AC-1	PPL ENERGY				1	298,719		107,7690	296,365	275,000	297,804		(915)		6.400	1.792	MN	2,933		12/04/2009	11/01/2011
69362B-AM-4	PSEG POWER				1	399,211		109,2670	393,361	360,000	397,704		(1,507)		6.950	2.475	JD	2,085		11/25/2009	06/01/2012
783876-AS-2	SBC COMMUNICATIONS				1	520,110		104,1760	520,880	500,000	507,115		(7,880)		5.300	3.662	MN	3,386	26,500	04/30/2008	11/15/2010
816851-AB-5	SEMPRA ENERGY				1	341,621		101,1020	328,582	325,000	326,816		(10,532)		7.950	4.625	MS	8,613	25,838	07/30/2008	03/01/2010
78445A-AA-4	SLMA 2008-4 A1				1	693,823		99,9960	693,795	693,823	693,823				0.962	0.535	JAJO	1,669	15,802	04/11/2008	07/25/2013
855030-AK-8	STAPLES INC				1	432,000		107,4310	429,724	400,000	430,209		(1,791)		7.750	1.631	AO	7,750		12/04/2009	04/01/2011
87612E-AB-2	TARGET CORP.				1	484,686		104,0940	468,423	450,000	459,950		(15,479)		7.500	3.912	FA	12,750	33,750	05/19/2008	08/15/2010
907818-CR-7	UNION PACIFIC CORP.				1	319,930		101,1990	328,897	325,000	323,810		2,763		3.625	4.572	JD	982	11,781	07/31/2008	06/01/2010
913017-BD-0	UNITED TECHNOLOGIES CORP.				1	748,223		106,0920	742,644	700,000	720,636		(16,975)		6.350	3.781	MS	14,817	44,450	05/09/2008	03/01/2011
91159H-GJ-3	US BANCORP.				1	650,923		102,2840	664,846	650,000	650,212		(354)		4.500	4.492	JJ	12,350	29,250	12/12/2007	07/29/2010
923446-AL-0	VERIZON GLOBAL FUNDING				1	891,743		105,7930	872,792	825,000	849,916		(26,183)		7.250	3.905	JD	4,984	59,813	05/19/2008	12/01/2010
931142-CA-9	WAL-MART STORES				1	464,742		102,7780	462,501	450,000	454,207		(6,580)		4.750	3.248	FA	8,075	21,375	05/19/2008	08/15/2010
94973V-AJ-6	WELLPOINT INC.				1	675,422		103,7140	674,141	650,000	672,925		(2,496)		5.000	1.571	JJ	14,986		11/20/2009	01/15/2011
03674B-AC-8	WELLPOINT INC. / ANTHEM				1	442,196		110,3410	441,364	400,000	440,673		(1,523)		6.800	2.718	FA	11,333		11/25/2009	08/01/2012
949746-JJ-1	WELLS FARGO COMPANY				1	655,733		100,0960	650,624	650,000	650,164		(4,100)		4.200	3.583	JJ	12,588	27,300	08/19/2008	01/15/2010
980236-AC-7	WOODSIDE FINANCE LTD 144A				1	214,106		106,0550	212,110	200,000	213,282		(824)		6.700	2.416	FA	5,583		11/25/2009	08/01/2011
984121-BL-6	XEROX CORP.				1	523,305		102,7260	513,630	500,000	505,198		(11,013)		7.125	4.850	JD	1,583	35,625	04/30/2008	06/15/2010
98385X-AR-7	XTO ENERGY INC.				1	654,732		102,6040	666,926	650,000	651,461		(2,413)		5.000	4.658	FA	13,542	31,958	08/19/2008	08/01/2010
3299999	- Total Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations					26,062,504	XXX	26,034,582	25,173,846	25,668,817		(258,540)			XXX	XXX	XXX	371,733	1,145,400	XXX	XXX
3899999	- Total - Industrial and Miscellaneous Bonds (Unaffiliated)					26,062,504	XXX	26,034,582	25,173,846	25,668,817		(258,540)			XXX	XXX	XXX	371,733	1,145,400	XXX	XXX
7799999	- Total - Issuer Obligations					117,097,875	XXX	116,793,778	112,273,846	115,606,836		(1,327,103)			XXX	XXX	XXX	1,430,536	3,360,528	XXX	XXX
7899999	- Total - Single Class Mortgage-Backed/Asset-Backed Securities					661,492	XXX	668,066	616,295	650,670		(1,104)			XXX	XXX	XXX	4,477	53,763	XXX	XXX
8399999	Totals					117,759,367	XXX	117,461,844	112,890,141	116,257,505	0	(1,328,208)	0		XXX	XXX	XXX	1,435,014	3,414,290	XXX	XXX

E10.1

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 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-LH-1	US TREASURY N/B		08/18/2009	Undefined		12,970,547	12,900,000	2,454
.912828-EX-4	US TREASURY NT/BD		02/04/2009	Undefined		25,770,000	24,000,000	471,381
.912828-HK-9	US TREASURY NT/BD		08/18/2009	Undefined		14,455,641	13,700,000	101,066
0399999 - Total	Bonds - U.S. Government					53,196,188	50,600,000	574,901
.31359M-PF-4	FANNIE MAE		08/19/2009	Undefined		5,909,965	5,500,000	103,602
.3133XT-S4-9	FEDERAL HOME LOAN BANK		08/19/2009	Undefined		6,512,025	6,500,000	20,313
.3134A4-JT-2	FREDDIE MAC		08/19/2009	Undefined		4,401,860	4,000,000	22,361
.3134A4-QD-9	FREDDIE MAC		08/19/2009	Undefined		4,379,240	4,000,000	19,931
3199999 - Total	Bonds - U.S. Special Revenue					21,203,090	20,000,000	166,207
.06849T-AA-6	BARRICK GOLD FINANCE CO		11/25/2009	Undefined		557,725	500,000	6,465
.055451-AA-6	BHP FINANCE USA LTD		12/03/2009	Undefined		134,899	125,000	883
.191098-AE-2	COCA COLA BOTTLE CO		12/17/2009	Undefined		536,830	500,000	2,569
.20825U-AB-0	CONOCO FUNDING COMPANY		12/02/2009	Undefined		109,751	100,000	917
.26138E-AL-3	DR. PEPPER SNAPPLE GROUP		12/14/2009	Undefined		139,948	140,000	.0
.26442E-AB-6	DUKE ENERGY OHIO INC		12/14/2009	Undefined		194,967	195,000	.0
.302182-AC-4	EXPRESS SCRIPTS INC		11/25/2009	Undefined		492,968	460,000	11,538
.72650R-AV-4	PLAINS ALL AMER PIPELINE		11/25/2009	Undefined		521,010	500,000	7,556
.69352J-AC-1	PPL ENERGY		12/04/2009	Undefined		298,719	275,000	1,858
.69362B-AM-4	PSEG POWER		11/25/2009	Undefined		399,211	360,000	.0
.855030-AK-8	STAPLES INC		12/04/2009	Undefined		432,000	400,000	5,856
.94973V-AJ-6	WELLPOINT INC		11/20/2009	Undefined		675,422	650,000	11,736
.03674B-AC-8	WELLPOINT INC / ANTHEM		11/25/2009	Undefined		442,196	400,000	9,067
.980236-AC-7	WOODSIDE FINANCE LTD 144A		11/25/2009	Undefined		214,106	200,000	4,467
3899999 - Total	Bonds - Industrial and Miscellaneous (Unaffiliated)					5,149,751	4,805,000	62,912
8399997 - Total	Bonds - Part 3					79,549,028	75,405,000	804,019
8399998 - Total	Bonds - Part 5					.0	.0	.0
8399999 - Total	Bonds					79,549,028	75,405,000	804,019
8999998 - Total	Preferred Stocks - Part 5					.0	XXX	.0
8999999 - Total	Preferred Stocks					.0	XXX	.0
9799998 - Total	Common Stocks - Part 5					.0	XXX	.0
9799999 - Total	Common Stocks					.0	XXX	.0
9899999 - Total	Preferred and Common Stocks					.0	XXX	.0
9999999 Totals						79,549,028	XXX	804,019

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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 2009 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE DA - PART 1

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

1 CUSIP Identification	2 Description	3 Codes		5 Date Acquired	6 Name of Vendor	7 Maturity Date	8 Book/ Adjusted Carrying Value	Change In Book/Adjusted Carrying Value				13 Par Value	14 Actual Cost	Interest					21 Paid for Accrued Interest			
		3 Code	4 Foreign					9 Unrealized Valuation Increase/ (Decrease)	10 Current Year's (Amortization) / Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Total Foreign Exchange Change in B./A.C.V.			15 Amount Due And Accrued Dec. 31 of Current Year On Bond Not In Default	16 Non-Admitted Due and Accrued	17 Rate of	18 Effective Rate of	19 When Paid		20 Amount Received During Year		
	Federal National Mortgage Assoc.			04/21/2009		01/19/2010	996,208					1,000,000	996,208	3,528		0.500	0.500	MAT				
	Federal National Mortgage Assoc.			07/28/2009		01/19/2010	649,052					650,000	649,052	845		0.300	0.300	MAT				
	Federal National Mortgage Assoc.			08/18/2009		01/19/2010	499,487					500,000	499,487	450		0.240	0.240	MAT				
	Federal Home Loan Mtg.			08/27/2009		01/26/2010	2,497,731					2,500,000	2,497,731	1,881		0.215	0.215	MAT				
2599999	U.S. Special Revenue - Issuer Obligations							4,642,478					4,650,000	4,642,478	6,704		XXX	XXX	XXX			
3199999	Total - U.S. Special Revenue Bonds							4,642,478					4,650,000	4,642,478	6,704		XXX	XXX	XXX			
	Industrial and Miscellaneous			01/01/2009	Undefined	01/01/2010	2,393,187					2,393,187	2,393,187					MAT		1,973		
3299999	Industrial and Miscellaneous - Issuer Obligations							2,393,187					2,393,187	2,393,187			XXX	XXX	XXX		1,973	
3899999	Total - Industrial and Miscellaneous Bonds							2,393,187					2,393,187	2,393,187			XXX	XXX	XXX		1,973	
7799999	Total - Issuer Obligations							7,035,664					7,043,187	7,035,664	6,704		XXX	XXX	XXX		1,973	
8399999	Total - Bonds							7,035,664	0	0	0	0	7,043,187	7,035,664	6,704	0	XXX	XXX	XXX		1,973	
9199999	Totals							7,035,664	0	0	0	0	XXX	7,035,664	6,704	0	XXX	XXX	XXX		1,973	0

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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

Schedule E - Part 2 - Cash Equivalents

NONE

Schedule E - Part 3

NONE