Indiana Patients Compensation Fund

Market Conduct Exam of Midwest Insurance Group

Midwest Insurance Group - Data as of 12/31/2005

Nursing Home Professional and General Liability

Claim #	Accident Date	Report Date	Claim Type	Open/ Closed	Incurred Loss	Incurred ALAE	Total Incurred
508	12/24/04	09/21/05	PL	O	5,000	10,000	15,000
509	10/24/03	09/26/05	PL	C	0	0	0
510	06/16/04	09/23/05	PL	O	5,000	10,000	15,000
511	03/19/99	09/23/05	PL	O	5,000	10,000	15,000
515	09/30/05	10/05/05	GL	C	0	0	0
518	09/01/04	10/10/05	PL	C	0	246	246
520	09/06/05	10/17/05	GL	C	0	0	0
525	10/16/03	10/17/05	PL	C	0	0	0
526	10/05/04	10/14/05	PL	O	5,000	10,000	15,000
529	10/29/05	11/01/05	GL	C	0	0	0
530	08/31/05	11/01/05	PL	O	5,000	10,000	15,000
531	05/23/04	10/25/05	PL	O	5,000	10,000	15,000
532	11/06/04	10/24/05	PL	C	0	0	0
536	08/18/04	11/03/05	PL	O	1,000	3,000	4,000
537	12/05/04	11/06/05	PL	C	0	0	0
538	06/26/03	11/10/05	PL	C	0	0	0
539	10/03/05	11/10/05	PL	C	0	0	0
540	11/01/05	11/10/05	PL	C	0	0	0
541	01/01/04	11/10/05	PL	O	60,000	35,000	95,000
545	10/15/05	11/22/05	PL	C	0	0	0
546	05/23/04	11/29/05	PL	O	5,000	10,000	15,000
547	09/12/05	11/28/05	PL	C	0	0	0
548	12/12/04	11/28/05	PL	C	0	0	0
			GL		99,500	15,869	115,369
			PL		1,761,006	770,544	2,531,550
			Total		1,860,506	786,413	2,646,919

Professional Liability Incurred Loss & ALAE, as a Percentage of Total: 95.6%

RILEY BENNETT & EGLOFF, LLP

ATTORNEYS AT LAW

Answers, Advice and Advocacy

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February 19, 2009

HAND DELIVERED

Debra M. Webb, Esq.
Market Regulation
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Re: Midwest Insurance Group, Inc., RRG's
Market Conduct Exam

Dear Debra:

This letter is to provide a written rebuttal to the Indiana Department of Insurance ("Department") Verified Report of the Market Conduct Examination relative to the Patient Compensation Fund ("PCF") surcharges submitted by my client, Midwest Insurance Group, Inc., RRG ("Midwest"). The Verified Report of the Department adopts the 15-page report (and attachments) completed by Chad C. Karls and Susan J. Forray, Milliman, Inc. ("Milliman"), Brookfield, Wisconsin.

There are fundamental flaws in Milliman's approach which are the beginning bases of our disagreement with the Department's adoption of Milliman's conclusion.

Enclosed you will find a review by Bartlett Actuarial Group, Ltd. ("Bartlett") of the policies written and claims experienced during the time period of Milliman's review, September 1, 2004 through September 30, 2006. As the Bartlett report emphasizes, the lack of substantial foundation leading to Milliman's conclusion of a 90% professional liability application to the combined general liability/professional liability premium is problematic. While there are other points mentioned by Milliman which in aggregate have an effect of less than $50,000.00, this is the essence of the request by the Department for Midwest to remit an additional $10,000,000.00. Exhibit 4 to the Milliman report shows there were very limited bases for Milliman's conclusion that 90% is an appropriate ratio for the professional liability portion of the total premium. It was based upon such things as an unstated "conversation with nursing home professional liability underwriters" and a "Texas St. Paul nursing home rate filing effective 03-28-2000." [In earlier discussions with the Department, we were advised that the Department was considering engaging a separate actuarial review by the Merlino actuarial firm, with whom the Department had worked previously on

EXHIBIT
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similar matters. Please advise whether the Merlino firm (or any other actuarial firm) was actually engaged by the Department to review Milliman's work or conduct a separate actuarial review.]

Of the 101 designated "professional liability" claims on the policies in question, (a) the losses and allocated lost adjustment expenses associated with those losses ("ALAE") paid out by the PCF, combined with (b) Bartlett's projected losses and ALAE for the remaining open claims to be paid out by the PCF is less than the aggregate amount submitted for the period in question. On this basis, there was no loss to the PCF during the time period examined.

It is our understanding from earlier discussions and with representatives of the other entities being reviewed, that of the four (4) Milliman reports which have been prepared, there were no loss payouts by the Fund on the policies in question for the time period examined for either Healthcap, Cincinnati, or Arch and, in fact, the Department has written a check back to Cincinnati for excess funds contributed to the Fund. Therefore, including Midwest, for the first four (4) of the five (5) entities in question (which we understand to be the five (5) largest writers of nursing home coverage in the State), the aggregate amount remitted to the Fund materially exceeded the amount of the losses paid out by the Fund on the policies which have been reviewed by Milliman. If these facts are in error, please advise. (We understand that for the fifth entity, National Union, a separate actuarial firm was engaged, as Milliman had a conflict.)

Debra, as you know, in order to comply with the requirements of I.C. § 34-18-5-2(d)(1) and (2) in determining the amount of surcharge to be submitted to the PCF to adequately reflect the risk presented to the PCF by nursing home insureds, the law in effect at the time required a provider such as Midwest to take action to set the remitted PCF surcharge based upon actuarial principles, but not at a level which would exceed the actuarial risk posed to the PCF under I.C. § 34-18. As we have memorialized in prior correspondence to the Department, our client authorized its actuary, Perr & Knight, to complete two annual rate studies to determine its insureds' PCF exposure, assisting Midwest to identify the appropriate professional liability rate. These reports were completed on April 5, 2005 and April 28, 2006, and were timely and transparently communicated to the Department. (This was during the middle of the time period under review.) It is unclear from the statute whose "actuarial principles" are to be relied upon, or, how and when actuarial risk posed to the PCF is to be determined. However, Midwest's action in engaging Perr & Knight for this purpose and sharing the resulting actuarial analysis with the Department was compliant with the statute. As Midwest's submitted surcharges were timely submitted

to the Department (based upon its actuary's principles and studies), for the Department to only now challenge the surcharge payments (especially in light of the lack of any loss by the PCF) and request an additional $10,000,000.00 from Midwest is factually inappropriate and highly ironic, given the high level of communication and cooperation by Midwest with the Department over the past years. (As had been urged by my client during this time period, as you know the statute directing how the surcharge is to be determined has been subsequently changed to now be based upon an objective per-bed rate, depending upon the level of care rendered.)

As I indicated to you earlier this week, I will shortly be sending you a limited and targeted discovery request focused upon: (a) the working papers and other specific bases which Milliman relies upon in producing its report; (b) the Milliman reports produced by the Department for the other four entities being reviewed, as well as the Merlino firm's report for National Union; and (c) the overall financial condition of the PCF in general and, specifically, how it has been affected by the participation of these five and other nursing home providers during the time periods in question.

Respectfully submitted,

RILEY BENNETT & EGLOFF, LLP

J. Mark McKinzie

Enclosure

JMM/JMMCL:5300.130/1586-70/rlw

MIDWEST INSURANCE GROUP, INC.

Prepared by:

Bartlett Actuarial Group, Ltd

June 2008

South Carolina Office
145 King Street, Suite 203
Charleston, SC 29401

Arizona Office
P.O. Box 15127
Phoenix, AZ 85060

Introduction

Bartlett Actuarial Group, Ltd. has prepared this report at the request of Mr. J. Mark McKinzie. Mr. McKinzie is an Attorney-at-Law with Riley Bennett & Egloff, LLP of Indianapolis, IN and is representing Midwest Insurance Group, Inc. ("Midwest") in conjunction with the Indiana Department of Insurance and a particular market conduct exam of Midwest. Bartlett Actuarial Group, Ltd. is an independent actuarial consulting firm with offices located in Charleston, SC and Phoenix, AZ.

This study has been prepared to assist Mr. McKinzie with two specific objectives:

Section I: To review the loss and ALAE experience of Midwest for policies written between September 1, 2004 and September 30, 2006 and to project an ultimate settlement figure for such claims.

Section II: To review the draft Market Conduct Report prepared by Milliman, Inc. on April 9, 2008 and to provide feedback with respect to the assumptions and conclusions contained therein. This draft report was prepared by Milliman at the request of the Indiana Department of Insurance relating to a market conduct examination of Midwest with regard to nursing home professional liability and general liability coverage. The purpose of the Milliman analysis was to evaluate the amount due the Indiana Patient's Compensation Fund ("PCF") for policies written by Midwest between September 1, 2004 and September 30, 2006.

Care has been taken to assure an objective analysis.

This report is an analysis of data, conditions and practices communicated to Bartlett Actuarial Group, Ltd. by Mr. McKinzie and Mr. Chris Murray, Chief Financial Officer of Caitlin-Morgan Insurance Services ("Caitlin") of Indianapolis, IN. While Bartlett Actuarial Group, Ltd. believes these communications to be reliable, it has not attempted to audit the information and cannot guarantee the accuracy of any information supplied. We assume no responsibility for any loss or damage that might arise from the use of, or reliance upon, this report other than for the purposes set forth herein.

This report is intended for the use of Mr. McKinzie, Mr. Murray, and Bartlett Actuarial Group Ltd., serving as their representative. If released to any third party it should be released only in its entirety. Please advise the authors at Bartlett Actuarial Group, Ltd. of the release of this report to any other parties. Bartlett Actuarial Group, Ltd. reserves the right to supplement this report with additional explanations and qualifications as it deems to be appropriate for the particular user.

Qualifying Statements

The accuracy and reliability of the forecasted amounts presented in this report depend upon assumptions described in this report.

It is possible that loss development will be significant enough to alter to some degree the estimates presented in this report. Therefore, it is important that this analysis and the projections presented be understood as estimates at one point in time, subject to future change.

Historical industry loss experience and development data has been used in evaluating expected losses for the period. Changes in any portion of the information or assumptions upon which Bartlett Actuarial Group, Ltd. estimates are based will require a reevaluation of the results of this report and possibly a revision of these projections.

It is recommended that this report be released only in its entirety. At the explicit request of Mr. McKinzie we will be available for consultation should any individual reviewing this report have questions or require further analysis.

Section I: Review of Loss and ALAE Experience

Loss projections are the product of historical experience, actuarial assumptions, and professional judgment. They are objective estimates of the ultimate settlement value of losses incurred on policies written during the period.

Forecasted losses are based upon expected or average values. Ultimate losses have been projected in such a fashion as to include amounts for deficiencies in carried case reserves plus provisions for unreported claims and closed claims that may re-open. We note that the use of industry development factors implicitly assumes that an insurer's case reserving and loss settlement practices are comparable to those of the industry.

There were 101 professional liability claims incurred on policies written by Midwest between September 1, 2004 and September 30, 2006. These policies were written on a claims-made basis, and it is therefore not anticipated that additional claims will be incurred. 45 of the 101 incurred claims were closed as of December 31, 2007, of which 28 were closed with no indemnity payment.

Exhibit I attached displays a listing of the 101 claims incurred during the period. Historical industry reported loss and ALAE development factors for Medical Professional Claims-Made coverage (Appendix A) have been applied to these claims. The projected amounts for Indemnity only are displayed in Exhibits II and III, while the projected amounts for Indemnity and loss adjustment expense combined are displayed in Exhibits IV and V.

According to the Milliman study (see Section II of this report), the surcharge submitted by Midwest to the PCF for the coverage it provided was $1,852,852. Caitlin has advised that this amount is consistent with the amount determined by an actuarial review performed by Perr & Knight, an independent actuarial consulting firm.

Based upon this review it is anticipated that three of the claims incurred on Midwest policies during the specified period have or will exceed the $187,000 indemnity threshold for PCF coverage to attach. One of the three claims was closed as of December 31, 2007 with a total loss and loss adjustment expense of $222,872. The two claims remaining open as of December 31, 2007 were the Cambridge Manor claim incurred on October 6, 2003 and the Premier Providers claim incurred on February 15, 2007. These claims are projected to settle with total loss and loss adjustments expenses of approximately $232 thousand and $377 thousand respectively.

Section II: Review of Milliman Draft Report

The following is a summary of our review of the draft Market Conduct Report of Midwest prepared by Milliman, Inc. on April 9, 2008. The report was prepared by Milliman at the request of the Indiana Department of Insurance relating to a market conduct examination of Midwest with regard to nursing home professional liability and general liability coverage. The purpose of the Milliman analysis was to evaluate the sufficiency of the amount remitted to the Indiana Patient's Compensation Fund ("PCF") for policies in question written by Midwest between September 1, 2004 and September 30, 2006.

We site below excerpts from Indiana Code 34-18-5-2 pertaining to the PCF surcharge for reference, noting that extraneous references to other sections of the code have been removed to promote clarity. However, we note that a legal interpretation of the intent of the Code is beyond the scope of this study.

IC 34-18-5-2

(b) Beginning July 1, 1999, the amount of the annual surcharge shall be one hundred percent (100%) of the cost to each health care provider for maintenance of financial responsibility.

(c) The amount of the surcharge shall be determined based upon actuarial principals and actuarial studies and must be adequate for the payment of claims and expenses from the patient's compensation fund.

(d) The surcharge for qualified providers other than:

(1) physicians; and

(2) hospitals;

may not exceed the actuarial risk posed to the patient's compensation fund by qualified providers other than physicians and hospitals.

For policies written on and after April 17, 2005, 760 IAC 1-21-8(a) states:

The annual surcharge for an ancillary provider shall be one hundred ten percent (110%) of the cost to the ancillary provider for maintenance of financial responsibility.

Further, 760 IAC 1-21-2 states:

"Ancillary provider" means all health care providers, except:
(A) physicians;
(B) nursing homes; and
(C) hospitals.

We reiterate that a legal interpretation of the intent of the Code is beyond the scope of this study. However, we concur with Milliman that there is ambiguity in the practical application of the surcharge.

The Milliman report indicates that it is a draft for discussion purposes only. To that end, setting aside the ambiguity of the Code, we raise the following issues for discussion with regard to the approach taken in assessing the sufficiency of the amount of the surcharge submitted to the PCF for policies written by Midwest during the referenced period.

1) "Calculation of Total Premium" Exhibit: Membership/Buying Group Fees and Installment Fees have been excluded from the calculation of "Total Premium" based upon SSAP 53. It is our belief that Excess and Surplus Taxes should also have been excluded from the calculation since they are paid to the state in which the business is written rather than to the insurance carrier.

   Further, we raise the question as to whether the PCF surcharge should be calculated on total premium or pure premium (average loss per unit of exposure). Total premium is calculated as the sum of the pure premium, expenses (other than loss adjustment expenses "LAE"), and profit load. Expenses reimburse insurers for acquisition costs and for the services that they perform, such as underwriting and loss control. It does not seem equitable to base the PCF surcharge upon acquisition costs that it does not incur or expenses (other than LAE) for services that it does not perform.

   According to the Code, the surcharge is to be calculated based upon "the cost for maintenance of financial responsibility". To the extent that the pure premium is the fundamental cost of coverage, it would follow then that the PCF surcharge should be calculated as a percentage of the pure premium, with a load to cover PCF expenses (other than LAE).

2) "Professional Liability Portion of Nursing Home Liability Rate" Exhibit: The Midwest nursing home coverage for professional liability and general liability is written as a package policy with a single premium. There is little credible information upon which to determine how best to allocate the premium between the two coverages. The following is a summary of our comments/suggestions with regard to the allocation sources referenced in the Milliman study:

   A) We reviewed the Texas Closed Claim Database as of 12/31/2004. There are 80 nursing home claims in the database (Field Q7C = 23). These claims are coded under the following coverages:

Line of Business (Field Q7A)	Count
Monoline General Liability	2
Commercial Auto	11
Medical Professional Liability	33
Other Professional Liability	29
Texas Commercial Multiperil	5
All Lines Combined	80

There are 5 multiperil claims listed, but we find no information as to which coverages were provided, or how the premium might have been allocated between those coverages.

We would not recommend comparing the dollar value of the Monoline General Liability (MGL) claims to the dollar value of the Medical Professional Liability (MPL) claims to determine a split between the coverages since there is no corresponding premium or exposure information available. For example, 2 claims on 50 MGL policies and 33 claims on 50 MPL policies might lead to quite a different conclusion than 2 claims on 5 MGL policies and 33 claims on 500 MPL policies.

B) We are clearly unable to corroborate the conversation with a nursing home professional liability underwriter referenced in the Milliman study.

C) The Midwest Insurance Group incurred distribution as of 12/31/2005 referenced in the Milliman study contained just over one hundred claims. This information has limited credibility and therefore we recommend that it be credibility weighted with the experience of the two larger carriers referenced in the study (e.g. the Texas St. Paul Nursing Home Rate filing effective 3/28/2000 and the Indiana CNA Nursing Home Rate filing effective 8/31/2001).

Respectfully,

Julie A. Ekdom, ACAS, MAAA, ASLI, ARM
Consulting Actuary

William N. Bartlett, FCAS, MAAA, FCA
Principal and Consulting Actuary

Midwest Insurance Group, Inc.
Exhibit I
Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Insured	Accident Date	Description	Type	Status	Paid Loss	Paid ALAE	Loss Reserve	ALAE Reserve	Total
H & H Corp Marion Cnty	12/25/2002	Fall with laceration. Death.	PL	CWIP	5,000	13,500	0	0	18,500
H & H Corp Marion Cnty	1/2/2003	Decubitus ulcer. Scarring.	PL	Open	0	31,385	125,000	16,844	173,229
H & H Corp Marion Cnty	1/30/2003	Pressure ulcers, fall, and fracture.	PL	CWIP	12,500	24,325	0	0	36,825
H & H Corp Marion Cnty	2/1/2003	Pressure ulcer.	PL	Open	0	62,968	50,000	20,832	133,800
CarDon & Associates	5/1/2003	Death.	PL	Open	0	20,465	75,000	14,535	110,000
Business Support Service, Inc.	7/3/2003	Transfer injury. Rib fracture.	PL	CWIP	35,000	15,831	0	0	50,831
H & H Corp Marion Cnty	7/31/2003	Pressure ulcers, amputation and sepsis. Death.	PL	CWIP	60,000	27,078	0	0	87,078
Trilogy Health Services, LLC	9/8/2003	Fall with facial fractures.	PL	CWIP	45,000	18,220	0	0	63,220
H & H Corp Marion Cnty	9/26/2003	Pressure ulcers, contractures, dehydration.	PL	CWIP	115,000	45,094	0	0	160,094
Cambridge Manor, LLC	**10/6/2003**	**Alleged overdose. Death.**	**PL**	**Open**	**0**	**31,524**	**187,001**	**9,451**	**227,976**
Sebo's N&RC	10/24/2003	Below knee amputations.	PL	CWIP	5,000	7,836	0	0	12,836
Integracare, LLC	11/20/2003	Pneumonia. Death.	PL	Open	0	28,567	100,000	5,320	133,887
CarDon & Associates	11/22/2003	Dehydration, infection, pressure sores, pneumonia and death.	PL	Open	0	24,596	75,000	20,881	120,477
H & H Corp Marion Cnty	11/26/2003	Pressure ulcer. Heel amputation.	PL	CWIP	115,000	50,858	0	0	165,858
Business Support Service, Inc.	12/4/2003	Transfer resulting in fracture.	PL	Open	0	23,349	120,000	7,657	151,006
Harrison HC Corp	12/20/2003	Sexual assault.	PL	Open	0	21,218	50,000	11,072	82,290
Mulberry Health & Retirement Community	1/1/2004	Neglect. Death.	PL	Open	0	28,404	60,000	19,341	107,745
H & H Corp Marion Cnty	1/16/2004	Pressure sores. Sepsis. Death.	PL	CWIP	5,000	34,058	0	0	39,058
Business Support Service, Inc.	1/31/2004	Sepsis.	PL	CWIP	25,000	22,891	0	0	47,891
H & H Corp Marion Cnty	2/1/2004	Wrongful death.	PL	Open	0	30,702	40,000	20,000	90,702
Greystone Healthcare Mgmt. Corp	2/28/2004	Decubitus ulcers. Death.	PL	Open	0	40,256	40,000	9,744	90,000
Harrison HC Corp	3/11/2004	breach of contract/fiduciary duty. Stage IV ulcer and amputation.	PL	Open	0	30,029	90,000	12,729	132,758
H & H Corp Marion Cnty	3/21/2004	Post care left hip surgery.	PL	Open	0	32,344	30,000	19,918	82,262
H & H Corp Marion Cnty	3/28/2004	E-coli and death.	PL	Open	0	37,618	75,000	20,000	132,618
H & H Corp Marion Cnty	4/24/2004	Fall with hip fracture. Death.	PL	Open	0	25,335	50,000	10,318	85,653
North Lake Nursing	4/27/2004	Pressure ulcer.	PL	Open	0	32,915	50,000	20,000	102,915
CarDon & Associates	4/29/2004	Medical intervention. UTI.	PL	Open	0	14,534	40,000	35,350	89,884
H & H Corp Marion Cnty	5/12/2004	Duodenal ulcer.	PL	Open	0	67,430	15,000	6,097	88,526
H & H Corp Marion Cnty	5/23/2004	Septic shock. Death.	PL	Open	0	22,239	10,000	8,618	40,857
American Senior Communities, LLC	5/23/2004	Fall. Fractured jaw.	PL	Open	0	26,923	60,000	14,966	101,889
Business Support Service, Inc.	6/16/2004	Falls. Pressure ulcers. UTI.	PL	Open	0	45,364	50,000	1,189	96,553
Trilogy Health Services, LLC	6/19/2004	Gentamicin toxcity.	PL	Open	0	27,381	125,000	14,721	167,102
Sebo's N&RC	7/1/2004	Negligence.	PL	Open	0	28,077	0	0	28,077
Clark N&RC, LLC	7/16/2004	Aspiration, pneumonitis, septic shock. Death.	PL	Open	12,500	57,304	0	5,385	75,188
H & H Corp Marion Cnty	8/12/2004		PL	Open	0	26,853	10,000	19,781	56,634
Riverview TCU	8/18/2004	Fall. Death.	PL	Open	0	37,193	10,000	22,978	70,171
Trilogy Health Services, LLC	9/1/2004	Fall. Broken hip.	PL	Open	0	22,307	10,000	8,204	40,511
Greystone Healthcare Mgmt. Corp	9/1/2004	Seizures.	PL	Open	0	26,311	10,000	19,394	55,705
H & H Corp Marion Cnty	9/24/2004	Resident to resident altercation. Fracture.	PL	Open	0	47,386	115,000	28,551	190,937
H & H Corp Marion Cnty	**9/24/2004**	**Fall with hip injury. Pressure ulcers. Death.**	**PL**	**CWIP**	**187,001**	**35,871**	**0**	**0**	**222,872**
Wellington Manor	10/3/2004	Negligence. Death.	PL	Open	0	17,265	10,000	19,618	46,883
H & H Corp Marion Cnty	10/27/2004	Negligence.	PL	Open	0	40,897	150,000	21,863	212,759

Midwest Insurance Group, Inc.
Exhibit I
Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Insured	Accident Date	Description	Type	Status	Paid Loss	Paid ALAE	Loss Reserve	ALAE Reserve	Total
Trilogy Health Services, LLC	10/28/2004	Wrongful death.	PL	Open	0	36,510	40,000	20,000	96,510
Business Support Service, Inc.	12/29/2004	Improper med monitoring. Hemorrhagic shock. Heart attack.	PL	Open	90,000	23,432	0	5,000	118,432
Robert E Lee	12/29/2004	Positional asphyxia. Death.	PL	CWIP	60,000	7,204	0	0	67,204
Clark N&RC, LLC	1/7/2005		PL	CWIP	18,500	240	0	0	18,740
Trilogy Health Services, LLC	2/17/2005	Fall with hip fracture. Death.	PL	Open	0	29,907	10,000	13,146	53,053
Springfield Health Care Center, Inc.	3/9/2005	Fall. Fractured ankle.	PL	Open	0	24,841	25,000	8,789	58,630
H & H Corp Marion Cnty	3/16/2005	Fall with laceration and cervical fracture. Death.	PL	Open	0	30,867	25,000	18,844	74,711
Carmel Healthcare Management, Inc.	5/15/2005	Resident pulled sink off wall. Hip pain.	PL	CWIP	1,000	0	0	0	1,000
H & H Corp Marion Cnty	5/20/2005	Stage III decubitus ulcer.	PL	Open	0	26,894	60,000	18,878	105,772
Harrison HC Corp	6/30/2005	Stage III decubitus ulcer.	PL	Open	0	30,376	15,000	20,000	65,376
H & H Corp Marion Cnty	7/9/2005	Ulcers, sepsis, and death.	PL	Open	0	34,446	75,000	16,212	125,658
Cambridge Manor, LLC	9/1/2005	Pressure ulcers.	PL	Open	0	15,134	10,000	4,867	30,000
Trilogy Health Services, LLC	9/1/2005	Wrongful death. Suit filed 5/6/07.	PL	Open	0	18,152	10,000	19,848	48,000
Heritage House Group, LLC	9/7/2005	Fall. Leg fracture.	PL	Open	0	18,098	10,000	19,902	48,000
H & H Corp Marion Cnty	10/1/2005	Decubitus ulcer on buttocks.	PL	Open	0	20,915	10,000	19,983	50,897
North Lake Nursing	10/7/2005	Multiple decubiti. Death.	PL	Open	0	24,004	10,000	20,000	54,004
CarDon & Associates	11/28/2005	Negligence. Death.	PL	Open	0	11,442	10,000	8,598	30,040
Trilogy Health Services, LLC	12/16/2005	Medication error. Wrongful death.	PL	Open	0	18,900	20,000	1,872	40,772
Robert E Lee	12/17/2005	Fall. T12 fracture.	PL	Open	0	25,568	10,000	26,399	61,967
Trilogy Health Services, LLC	1/21/2006	Death.	PL	Open	0	34,683	10,000	3,327	48,010
Dyer N&RC, LLC	1/21/2006	Pneumonia. Hospitalization.	PL	Open	0	0	5,000	5,000	10,000
Trilogy Health Services, LLC	1/23/2006	Fall with unknown injury. Attorney letter.	PL	Open	0	18,000	10,000	2,000	30,000
Southwind Healthcare, Inc.	3/3/2006	Fall with fractured hip. Death.	PL	Open	0	31,121	75,000	14,762	120,883
Core & Associates	3/13/2006	Fall. Fractured hip.	PL	CWIP	10,377	0	0	0	10,377
Trilogy Health Services, LLC	3/27/2006	Fall. Broken tooth.	PL	CWIP	1,735	0	0	0	1,735
Odd Fellows Home 7-1-05	6/6/2006	Fall. No injury noted.	PL	Open	0	500	5,000	4,500	10,000
East Lake N&RC, LLC	6/15/2006	Fall with fracture. Wrongful death.	PL	CWIP	95,000	18,000	0	0	113,000
McCarroll Management Corp., Inc.	7/1/2006	Negligent treatment. Excessively prescribed medication.	PL	Open	0	18,000	10,000	5,000	33,000
Trilogy Health Services, LLC	8/24/2006	Fall with ankle fracture.	PL	Open	5,000	1,350	0	0	6,350
Meadowlake of Mooresville	9/20/2006	Counter claim - collection action. Failure to provide an appropriate	PL	Open	0	5,980	8,090	14,020	28,090
Premier Providers, Inc.	**2/16/2007**	**Unexpected death.**	**PL**	**Open**	**187,001**	**19,002**	**0**	**1,663**	**207,666**
H & H Corp Marion Cnty	3/19/1999	Neglect, hypovolemic shock and death. Prior carrier assumed defe	PL	CNIP	0	531	0	0	531
H & H Corp Marion Cnty	10/1/2002	Death.	PL	CNIP	0	4,673	0	0	4,673
H & H Corp Marion Cnty	1/1/2003	Pressure ulcers. Breach of contract.	PL	CNIP	0	1,793	0	0	1,793
Dyer N&RC, LLC	3/21/2003	Negligent wound care. Death.	PL	CNIP	0	286	0	0	286
H & H Corp Marion Cnty	6/15/2003	Fecal impaction. Death.	PL	CNIP	0	53	0	0	53
Lake County N&RC, LLC	7/4/2003	Fall. Hip fracture.	PL	CNIP	0		0		0
Wellington Manor	10/16/2003	Alleged rape.	PL	CNIP	0		0		0
H & H Corp Marion Cnty	12/15/2003	Alleged improper transfer with fracture.	PL	CNIP	0		0		0
H & H Corp Marion Cnty	3/17/2004	Coverage denial.	PL	CNIP	0	162	0	0	162
H & H Corp Marion Cnty	5/22/2004	Alleged negligence. Death.	PL	CNIP	0	2,869	0	0	2,869
Southwind Healthcare, Inc.	5/31/2004		PL	CNIP	0		0		0

Midwest Insurance Group, Inc.
Exhibit I
Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Insured	Accident Date	Description	Type	Status	Paid Loss	Paid ALAE	Loss Reserve	ALAE Reserve	Total
Greystone Healthcare Mgmt. Corp	8/18/2004	Fall. Fractured hip.	PL	CNIP	0	425	0	0	425
American Senior Communities, LLC	9/25/2004	Stepped on nail. Foot surgery.	PL	CNIP	0		0		0
Integracare, LLC	10/5/2004	Cardiac arrhythmia. Bowel obstruction. Death.	PL	CNIP	0	638	0	0	638
New Age Healthcare, LLC	12/7/2004	Death.	PL	CNIP	0	133	0	0	133
Trilogy Health Services, LLC	12/12/2004	Death of a 84 year-old male.	PL	CNIP	0	1,365	0	0	1,365
H & H Corp Marion Cnty	12/24/2004	Weight loss. UTI. Pneumonia.	PL	CNIP	0	1,360	0	0	1,360
Carmel Healthcare Management, Inc.	12/25/2004	Fall injuring wrist. Defense verdict in Small Claims Court.	PL	CNIP	0	3,542	0	0	3,542
Dyer N&RC, LLC	3/12/2005	Fall with hip fracture. Dismissal.	PL	CNIP	0	4,290	0	0	4,290
H & H Corp Marion Cnty	4/19/2005	Wrongful death.	PL	CNIP	0	15,006	0	0	15,006
Trilogy Health Services, LLC	4/28/2005	Records request. Defense counsel retained.	PL	CNIP	0	183	0	0	183
H & H Corp Marion Cnty	8/28/2005	Fall. Bruise to eye.	PL	CNIP	0	4,833	0	0	4,833
H & H Corp Marion Cnty	8/31/2005	Pressure ulcers. Death.	PL	CNIP	0	7,615	0	0	7,615
Trilogy Health Services, LLC	9/12/2005	Death of a 70 year-old male.	PL	CNIP	0	1,589	0	0	1,589
A.M. Health (Evansville), Inc.	11/8/2005	Found on floor. Death.	PL	CNIP	0	1,387	0	0	1,387
A.M. Health (Evansville), Inc.	1/6/2006	Hip fracture.	PL	CNIP	0	920	0	0	920
Indianapolis Jewish Home	1/21/2006	Resident to resident altercation.	PL	CNIP	0		0		0
Tri-City	9/23/2006	Resident set self on fire.	PL	CNIP	0	1,687	0	0	1,687

* CWIP denotes claims Closed With Indemnity Payment; CNIP denotes claims Closed with No Indemnity Payment

Midwest Insurance Group, Inc.
Exhibit II
Projected Ultimate Value of Claims Incurred on
Policies Written Between September 1, 2004 and September 30, 2006

Reported Indemnity as of 12/31/2007 Excluding Claims Closed with No Indemnity Payment*

Insured	AY	Age in Months					
		12	24	36	48	60	72
H & H Corp Marion Cnty	2002						5,000
H & H Corp Marion Cnty	2003					125,000	
H & H Corp Marion Cnty	2003					12,500	
H & H Corp Marion Cnty	2003					50,000	
CarDon & Associates	2003					75,000	
Business Support Service, Inc.	2003					35,000	
H & H Corp Marion Cnty	2003					60,000	
Trilogy Health Services, LLC	2003					45,000	
H & H Corp Marion Cnty	2003					115,000	
Cambridge Manor, LLC	**2003**					**187,001**	
Sebo's N&RC	2003					5,000	
Integracare, LLC	2003					100,000	
CarDon & Associates	2003					75,000	
H & H Corp Marion Cnty	2003					115,000	
Business Support Service, Inc.	2003					120,000	
Harrison HC Corp	2003					50,000	
Mulberry Health & Retirement Community	2004				60,000		
H & H Corp Marion Cnty	2004				5,000		
Business Support Service, Inc.	2004				25,000		
H & H Corp Marion Cnty	2004				40,000		
Greystone Healthcare Mgmt. Corp	2004				40,000		
Harrison HC Corp	2004				90,000		
H & H Corp Marion Cnty	2004				30,000		
H & H Corp Marion Cnty	2004				75,000		
H & H Corp Marion Cnty	2004				50,000		
North Lake Nursing	2004				50,000		
CarDon & Associates	2004				40,000		
H & H Corp Marion Cnty	2004				15,000		
H & H Corp Marion Cnty	2004				10,000		
American Senior Communities, LLC	2004				60,000		
Business Support Service, Inc.	2004				50,000		
Trilogy Health Services, LLC	2004				125,000		
Sebo's N&RC	2004				0		
Clark N&RC, LLC	2004				12,500		
H & H Corp Marion Cnty	2004				10,000		
Riverview TCU	2004				10,000		
Trilogy Health Services, LLC	2004				10,000		
Greystone Healthcare Mgmt. Corp	2004				10,000		
H & H Corp Marion Cnty	2004				115,000		
H & H Corp Marion Cnty	**2004**				**187,001**		
Wellington Manor	2004				10,000		
H & H Corp Marion Cnty	2004				150,000		
Trilogy Health Services, LLC	2004				40,000		
Business Support Service, Inc.	2004				90,000		
Robert E Lee	2004				60,000		
Clark N&RC, LLC	2005			18,500			
Trilogy Health Services, LLC	2005			10,000			
Springfield Health Care Center, Inc.	2005			25,000			
H & H Corp Marion Cnty	2005			25,000			
Carmel Healthcare Management, Inc.	2005			1,000			
H & H Corp Marion Cnty	2005			60,000			
Harrison HC Corp	2005			15,000			
H & H Corp Marion Cnty	2005			75,000			
Cambridge Manor, LLC	2005			10,000			
Trilogy Health Services, LLC	2005			10,000			
Heritage House Group, LLC	2005			10,000			
H & H Corp Marion Cnty	2005			10,000			
North Lake Nursing	2005			10,000			
CarDon & Associates	2005			10,000			
Trilogy Health Services, LLC	2005			20,000			
Robert E Lee	2005			10,000			
Trilogy Health Services, LLC	2006		10,000				
Dyer N&RC, LLC	2006		5,000				
Trilogy Health Services, LLC	2006		10,000				
Southwind Healthcare, Inc.	2006		75,000				
Core & Associates	2006		10,377				
Trilogy Health Services, LLC	2006		1,735				
Odd Fellows Home 7-1-05	2006		5,000				
East Lake N&RC, LLC	2006		95,000				
McCarroll Management Corp., Inc.	2006		10,000				
Trilogy Health Services, LLC	2006		5,000				
Meadowlake of Mooresville	2006		8,090				
Premier Providers, Inc.	**2007**	**187,001**					

* Claims closed with indemnity payment have been included in this analysis to reflectr the fact that liability has been established and there is a chance that they may be reopened.

Midwest Insurance Group, Inc.
Exhibit III
Projected Ultimate Value of Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Cumulative Reported Indemnity Based Upon Industry Development Pattern

Insured	AY	Age in Months 24	36	48	60	72	84	96	108	Ultimate	> $187,000
H & H Corp Marion Cnty	2002						5,020	5,030	5,035	5,037	No
H & H Corp Marion Cnty	2003					126,000	126,503	126,755	126,882	126,945	No
H & H Corp Marion Cnty	2003					12,600	12,650	12,676	12,688	12,694	No
H & H Corp Marion Cnty	2003					50,400	50,601	50,702	50,753	50,778	No
CarDon & Associates	2003					75,600	75,902	76,053	76,129	76,167	No
Business Support Service, Inc.	2003					35,280	35,421	35,491	35,527	35,545	No
H & H Corp Marion Cnty	2003					60,480	60,721	60,843	60,903	60,933	No
Trilogy Health Services, LLC	2003					45,360	45,541	45,632	45,677	45,700	No
H & H Corp Marion Cnty	2003					115,920	116,383	116,615	116,731	116,789	No
Cambridge Manor, LLC	**2003**					**188,497**	**189,249**	**189,627**	**189,816**	**189,910**	**Yes**
Sebo's N&RC	2003					5,040	5,060	5,070	5,075	5,078	No
Integracare, LLC	2003					100,800	101,202	101,404	101,505	101,556	No
CarDon & Associates	2003					75,600	75,902	76,053	76,129	76,167	No
H & H Corp Marion Cnty	2003					115,920	116,383	116,615	116,731	116,789	No
Business Support Service, Inc.	2003					120,960	121,443	121,685	121,806	121,867	No
Harrison HC Corp	2003					50,400	50,601	50,702	50,753	50,778	No
Mulberry Health & Retirement Community	2004				60,540	61,024	61,268	61,390	61,451	61,482	No
H & H Corp Marion Cnty	2004				5,045	5,085	5,106	5,116	5,121	5,123	No
Business Support Service, Inc.	2004				25,225	25,427	25,528	25,579	25,605	25,617	No
H & H Corp Marion Cnty	2004				40,360	40,683	40,845	40,927	40,968	40,988	No
Greystone Healthcare Mgmt. Corp	2004				40,360	40,683	40,845	40,927	40,968	40,988	No
Harrison HC Corp	2004				90,810	91,536	91,902	92,085	92,177	92,223	No
H & H Corp Marion Cnty	2004				30,270	30,512	30,634	30,695	30,726	30,741	No
H & H Corp Marion Cnty	2004				75,675	76,280	76,585	76,738	76,814	76,852	No
H & H Corp Marion Cnty	2004				50,450	50,854	51,057	51,158	51,209	51,235	No
North Lake Nursing	2004				50,450	50,854	51,057	51,158	51,209	51,235	No
CarDon & Associates	2004				40,360	40,683	40,845	40,927	40,968	40,988	No
H & H Corp Marion Cnty	2004				15,135	15,256	15,317	15,348	15,363	15,370	No
H & H Corp Marion Cnty	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
American Senior Communities, LLC	2004				60,540	61,024	61,268	61,390	61,451	61,482	No
Business Support Service, Inc.	2004				50,450	50,854	51,057	51,158	51,209	51,235	No
Trilogy Health Services, LLC	2004				126,125	127,134	127,642	127,896	128,023	128,087	No
Sebo's N&RC	2004				0	0	0	0	0	0	No
Clark N&RC, LLC	2004				12,613	12,713	12,764	12,790	12,802	12,809	No
H & H Corp Marion Cnty	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
Riverview TCU	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
Trilogy Health Services, LLC	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
Greystone Healthcare Mgmt. Corp	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
H & H Corp Marion Cnty	2004				116,035	116,963	117,430	117,664	117,782	117,840	No
H & H Corp Marion Cnty	**2004**				**188,684**	**190,193**	**190,953**	**191,334**	**191,524**	**191,620**	**Yes**
Wellington Manor	2004				10,090	10,171	10,211	10,232	10,242	10,247	No
H & H Corp Marion Cnty	2004				151,350	152,561	153,170	153,475	153,628	153,705	No
Trilogy Health Services, LLC	2004				40,360	40,683	40,845	40,927	40,968	40,988	No
Business Support Service, Inc.	2004				90,810	91,536	91,902	92,085	92,177	92,223	No
Robert E Lee	2004				60,540	61,024	61,268	61,390	61,451	61,482	No
Clark N&RC, LLC	2005			19,259	19,432	19,587	19,665	19,705	19,724	19,734	No
Trilogy Health Services, LLC	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
Springfield Health Care Center, Inc.	2005			26,025	26,259	26,469	26,575	26,628	26,654	26,668	No
H & H Corp Marion Cnty	2005			26,025	26,259	26,469	26,575	26,628	26,654	26,668	No
Carmel Healthcare Management, Inc.	2005			1,041	1,050	1,059	1,063	1,065	1,066	1,067	No
H & H Corp Marion Cnty	2005			62,460	63,022	63,526	63,780	63,907	63,971	64,003	No
Harrison HC Corp	2005			15,615	15,756	15,882	15,945	15,977	15,993	16,001	No
H & H Corp Marion Cnty	2005			78,075	78,778	79,408	79,725	79,884	79,963	80,003	No
Cambridge Manor, LLC	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
Trilogy Health Services, LLC	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
Heritage House Group, LLC	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
H & H Corp Marion Cnty	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
North Lake Nursing	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
CarDon & Associates	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
Trilogy Health Services, LLC	2005			20,820	21,007	21,175	21,260	21,302	21,324	21,334	No
Robert E Lee	2005			10,410	10,504	10,588	10,630	10,651	10,662	10,667	No
Trilogy Health Services, LLC	2006		11,380	11,847	11,953	12,049	12,097	12,121	12,133	12,139	No
Dyer N&RC, LLC	2006		5,690	5,923	5,977	6,024	6,048	6,061	6,067	6,070	No
Trilogy Health Services, LLC	2006		11,380	11,847	11,953	12,049	12,097	12,121	12,133	12,139	No
Southwind Healthcare, Inc.	2006		85,350	88,849	89,649	90,366	90,727	90,908	90,998	91,044	No
Core & Associates	2006		11,809	12,293	12,404	12,503	12,553	12,578	12,591	12,597	No
Trilogy Health Services, LLC	2006		1,974	2,055	2,074	2,090	2,099	2,103	2,105	2,106	No
Odd Fellows Home 7-1-05	2006		5,690	5,923	5,977	6,024	6,048	6,061	6,067	6,070	No
East Lake N&RC, LLC	2006		108,110	112,543	113,555	114,464	114,921	115,150	115,265	115,322	No
McCarroll Management Corp., Inc.	2006		11,380	11,847	11,953	12,049	12,097	12,121	12,133	12,139	No
Trilogy Health Services, LLC	2006		5,690	5,923	5,977	6,024	6,048	6,061	6,067	6,070	No
Meadowlake of Mooresville	2006		9,206	9,584	9,670	9,747	9,786	9,806	9,816	9,821	No
Premier Providers, Inc.	**2007**	**279,379**	**317,934**	**330,969**	**333,948**	**336,619**	**337,963**	**338,637**	**338,975**	**339,143**	**Yes**

Midwest Insurance Group, Inc.
Exhibit IV
Projected Ultimate Value of Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Reported Indemnity & ALAE as of 12/31/2007 Excluding Claims Closed with No Indemnity Payment*

Insured	AY	Age in Months 12	24	36	48	60	72
H & H Corp Marion Cnty	2002						16,500
H & H Corp Marion Cnty	2003					173,229	
H & H Corp Marion Cnty	2003					36,825	
H & H Corp Marion Cnty	2003					133,800	
CarDon & Associates	2003					110,000	
Business Support Service, Inc.	2003					50,831	
H & H Corp Marion Cnty	2003					87,078	
Trilogy Health Services, LLC	2003					63,220	
H & H Corp Marion Cnty	2003					160,094	
Cambridge Manor, LLC	**2003**					**227,976**	
Sebo's N&RC	2003					12,836	
Integracare, LLC	2003					133,887	
CarDon & Associates	2003					120,477	
H & H Corp Marion Cnty	2003					165,858	
Business Support Service, Inc.	2003					151,006	
Harrison HC Corp	2003					82,290	
Mulberry Health & Retirement Community	2004				107,745		
H & H Corp Marion Cnty	2004				39,058		
Business Support Service, Inc.	2004				47,891		
H & H Corp Marion Cnty	2004				90,702		
Greystone Healthcare Mgmt. Corp	2004				90,000		
Harrison HC Corp	2004				132,758		
H & H Corp Marion Cnty	2004				82,262		
H & H Corp Marion Cnty	2004				132,618		
H & H Corp Marion Cnty	2004				85,653		
North Lake Nursing	2004				102,915		
CarDon & Associates	2004				89,884		
H & H Corp Marion Cnty	2004				86,526		
H & H Corp Marion Cnty	2004				40,857		
American Senior Communities, LLC	2004				101,869		
Business Support Service, Inc.	2004				96,553		
Trilogy Health Services, LLC	2004				167,102		
Sebo's N&RC	2004				26,077		
Clark N&RC, LLC	2004				75,188		
H & H Corp Marion Cnty	2004				56,634		
Riverview TCU	2004				70,171		
Trilogy Health Services, LLC	2004				40,511		
Greystone Healthcare Mgmt. Corp	2004				55,705		
H & H Corp Marion Cnty	2004				190,937		
H & H Corp Marion Cnty	**2004**				**222,872**		
Wellington Manor	2004				46,883		
H & H Corp Marion Cnty	2004				212,759		
Trilogy Health Services, LLC	2004				96,510		
Business Support Service, Inc.	2004				118,432		
Robert E Lee	2004				67,204		
Clark N&RC, LLC	2005			18,740			
Trilogy Health Services, LLC	2005			53,053			
Springfield Health Care Center, Inc.	2005			58,630			
H & H Corp Marion Cnty	2005			74,711			
Carmel Healthcare Management, Inc.	2005			1,000			
H & H Corp Marion Cnty	2005			105,772			
Harrison HC Corp	2005			65,376			
H & H Corp Marion Cnty	2005			125,658			
Cambridge Manor, LLC	2005			30,000			
Trilogy Health Services, LLC	2005			48,000			
Heritage House Group, LLC	2005			48,000			
H & H Corp Marion Cnty	2005			50,897			
North Lake Nursing	2005			54,004			
CarDon & Associates	2005			30,040			
Trilogy Health Services, LLC	2005			40,772			
Robert E Lee	2005			61,967			
Trilogy Health Services, LLC	2006		48,010				
Dyer N&RC, LLC	2006		10,000				
Trilogy Health Services, LLC	2006		30,000				
Southwind Healthcare, Inc.	2006		120,883				
Core & Associates	2006		10,377				
Trilogy Health Services, LLC	2006		1,735				
Odd Fellows Home 7-1-05	2006		10,000				
East Lake N&RC, LLC	2006		113,000				
McCarroll Management Corp., Inc.	2006		33,000				
Trilogy Health Services, LLC	2006		6,350				
Meadowlake of Mooresville	2006		28,090				
Premier Providers, Inc.	**2007**	**207,666**					

* Claims closed with indemnity payment have been included in this analysis to reflectr the fact that liability has been established and there is a chance that they may be reopened.

Midwest Insurance Group, Inc.
Exhibit V
Projected Ultimate Value of Claims Incurred on Policies Written Between September 1, 2004 and September 30, 2006

Cumulative Reported Indemnity & ALAE Based Upon Industry Development Pattern

Insured	AY	Age in Months								
		24	36	48	60	72	84	96	108	Ultimate
H & H Corp Marion Cnty	2002						18,573	18,610	18,629	18,638
H & H Corp Marion Cnty	2003					174,615	175,312	175,661	175,837	175,924
H & H Corp Marion Cnty	2003					37,120	37,268	37,342	37,379	37,398
H & H Corp Marion Cnty	2003					134,870	135,409	135,679	135,814	135,882
CarDon & Associates	2003					110,880	111,323	111,545	111,656	111,711
Business Support Service, Inc.	2003					51,238	51,442	51,545	51,596	51,622
H & H Corp Marion Cnty	2003					87,775	88,125	88,301	88,389	88,433
Trilogy Health Services, LLC	2003					63,726	63,980	64,108	64,172	64,204
H & H Corp Marion Cnty	2003					161,375	162,019	162,342	162,504	162,585
Cambridge Manor, LLC	**2003**					**229,800**	**230,717**	**231,177**	**231,408**	**231,523**
Sebo's N&RC	2003					12,939	12,991	13,016	13,029	13,036
Integracare, LLC	2003					134,956	135,497	135,767	135,902	135,970
CarDon & Associates	2003					121,441	121,926	122,169	122,290	122,351
H & H Corp Marion Cnty	2003					167,185	167,852	168,187	168,355	168,438
Business Support Service, Inc.	2003					152,214	152,822	153,126	153,279	153,355
Harrison HC Corp.	2003					82,948	83,279	83,446	83,529	83,570
Mulberry Health & Retirement Community	2004				108,715	109,584	110,022	110,241	110,351	110,406
H & H Corp Marion Cnty	2004				39,409	39,724	39,883	39,962	40,002	40,022
Business Support Service, Inc.	2004				48,322	48,709	48,903	49,001	49,049	49,074
H & H Corp Marion Cnty	2004				91,518	92,250	92,619	92,803	92,896	92,942
Greystone Healthcare Mgmt. Corp	2004				90,810	91,536	91,902	92,085	92,177	92,223
Harrison HC Corp	2004				133,953	135,024	135,563	135,834	135,969	136,037
H & H Corp Marion Cnty	2004				83,002	83,666	84,000	84,168	84,252	84,294
H & H Corp Marion Cnty	2004				133,811	134,882	135,420	135,690	135,826	135,893
H & H Corp Marion Cnty	2004				86,424	87,115	87,463	87,637	87,725	87,768
North Lake Nursing	2004				103,841	104,672	105,090	105,299	105,404	105,457
CarDon & Associates	2004				90,693	91,418	91,783	91,966	92,058	92,104
H & H Corp Marion Cnty	2004				89,323	90,037	90,397	90,577	90,667	90,712
H & H Corp Marion Cnty	2004				41,225	41,555	41,720	41,804	41,845	41,866
American Senior Communities, LLC	2004				102,606	103,628	104,042	104,250	104,353	104,405
Business Support Service, Inc.	2004				97,422	98,201	98,593	98,790	98,888	98,938
Trilogy Health Services, LLC	2004				168,606	169,955	170,633	170,973	171,144	171,229
Sebo's N&RC	2004				28,329	28,556	28,670	28,727	28,756	28,770
Clark N&RC, LLC	2004				75,865	76,472	76,777	76,930	77,007	77,045
H & H Corp Marion Cnty	2004				57,144	57,601	57,831	57,946	58,004	58,033
Riverview TCU	2004				70,803	71,369	71,654	71,797	71,868	71,904
Trilogy Health Services, LLC	2004				40,876	41,203	41,367	41,450	41,491	41,512
Greystone Healthcare Mgmt. Corp	2004				56,206	56,656	56,882	56,996	57,052	57,081
H & H Corp Marion Cnty	2004				192,655	194,197	194,972	195,361	195,555	195,653
H & H Corp Marion Cnty	**2004**				**224,878**	**226,677**	**227,582**	**228,036**	**228,263**	**228,377**
Wellington Manor	2004				47,305	47,683	47,874	47,969	48,017	48,041
H & H Corp Marion Cnty	2004				214,674	216,391	217,255	217,688	217,905	218,014
Trilogy Health Services, LLC	2004				97,379	98,158	98,549	98,746	98,844	98,894
Business Support Service, Inc.	2004				119,498	120,454	120,935	121,176	121,297	121,357
Robert E Lee	2004				67,809	68,351	68,624	68,761	68,830	68,864
Clark N&RC, LLC	2005			19,508	19,684	19,841	19,921	19,960	19,980	19,990
Trilogy Health Services, LLC	2005			55,228	55,725	56,171	56,395	56,508	56,564	56,592
Springfield Health Care Center, Inc.	2005			61,034	61,583	62,076	62,324	62,448	62,510	62,541
H & H Corp Marion Cnty	2005			77,774	78,474	79,102	79,418	79,576	79,655	79,695
Carmel Healthcare Management, Inc.	2005			1,041	1,050	1,059	1,063	1,065	1,066	1,067
H & H Corp Marion Cnty	2005			110,109	111,100	111,988	112,435	112,660	112,772	112,828
Harrison HC Corp	2005			68,056	68,669	69,218	69,494	69,633	69,702	69,737
H & H Corp Marion Cnty	2005			130,810	131,987	133,043	133,574	133,841	133,974	134,041
Cambridge Manor, LLC	2005			31,230	31,511	31,763	31,890	31,954	31,985	32,001
Trilogy Health Services, LLC	2005			49,968	50,418	50,821	51,024	51,126	51,177	51,202
Heritage House Group, LLC	2005			49,968	50,418	50,821	51,024	51,126	51,177	51,202
H & H Corp Marion Cnty	2005			52,984	53,461	53,888	54,103	54,211	54,265	54,292
North Lake Nursing	2005			56,218	56,724	57,178	57,406	57,521	57,578	57,607
CarDon & Associates	2005			31,272	31,553	31,806	31,932	31,996	32,028	32,044
Trilogy Health Services, LLC	2005			42,444	42,826	43,168	43,341	43,427	43,470	43,492
Robert E Lee	2005			64,508	65,088	65,609	65,871	66,002	66,068	66,101
Trilogy Health Services, LLC	2006		54,635	56,875	57,387	57,846	58,077	58,193	58,251	58,280
Dyer N&RC, LLC	2006		11,380	11,847	11,953	12,049	12,097	12,121	12,133	12,139
Trilogy Health Services, LLC	2006		34,140	35,540	35,860	36,146	36,291	36,363	36,399	36,418
Southwind Healthcare, Inc.	2006		137,565	143,205	144,494	145,650	146,231	146,523	146,669	146,742
Core & Associates	2006		11,809	12,293	12,404	12,503	12,553	12,578	12,591	12,597
Trilogy Health Services, LLC	2006		1,974	2,055	2,074	2,090	2,099	2,103	2,105	2,106
Odd Fellows Home 7-1-05	2006		11,380	11,847	11,953	12,049	12,097	12,121	12,133	12,139
East Lake N&RC, LLC	2006		128,594	133,866	135,071	136,152	136,695	136,968	137,104	137,173
McCarroll Management Corp., Inc.	2006		37,554	39,094	39,446	39,761	39,920	39,999	40,039	40,059
Trilogy Health Services, LLC	2006		7,226	7,523	7,590	7,651	7,682	7,697	7,705	7,708
Meadowlake of Mooresville	2006		31,966	33,277	33,577	33,845	33,980	34,048	34,082	34,099
Premier Providers, Inc.	**2007**	**310,252**	**353,067**	**367,643**	**370,851**	**373,818**	**375,310**	**376,058**	**376,433**	**376,620**

Medical Professional; Claims-Made
Appendix A

Analysis of Historical Development Patterns*
(Insurance Industry)

A. Reported Loss & ALAE

Accident Year	As Of (months) 12	24	36	48	60	72	84	96	108	120
1997	2,203,306	3,007,897	3,327,175	3,522,133	3,664,140	3,764,526	3,702,418	3,674,646	3,682,439	3,673,017
1998	2,237,358	3,182,634	3,674,947	3,886,848	4,064,749	4,117,142	4,083,690	4,146,046	4,127,813	
1999	2,228,037	3,341,831	3,861,625	4,113,325	4,024,224	4,062,374	4,104,659	4,073,927		
2000	2,322,749	3,441,369	4,095,481	4,249,771	4,197,636	4,193,294	4,186,818			
2001	2,563,454	3,995,142	4,645,033	4,761,874	4,833,601	4,779,479				
2002	2,635,819	4,088,472	4,663,363	4,844,119	4,789,145					
2003	2,399,053	3,612,474	3,955,439	3,983,733						
2004	2,191,061	3,205,784	3,514,129							
2005	2,114,974	3,159,480								
2006	1,976,930									

B. Age-To-Age Factors

Accident Year	Interval (months) 12 to 24	24 to 36	36 to 48	48 to 60	60 to 72	72 to 84	84 to 96	96 to 108	108 to 120	120 to Ult
1997	1.365	1.106	1.059	1.040	1.027	0.984	0.992	1.002	0.997	
1998	1.422	1.155	1.058	1.046	1.013	0.992	1.015	0.996		
1999	1.500	1.156	1.065	0.978	1.009	1.010	0.993			
2000	1.482	1.190	1.038	0.988	0.999	0.998				
2001	1.558	1.163	1.025	1.015	0.989					
2002	1.551	1.141	1.039	0.989						
2003	1.506	1.095	1.007							
2004	1.463	1.096								
2005	1.494									
Average	1.482	1.138	1.041	1.009	1.008	0.996	1.000	0.999	0.997	
Avg xHi-Lo	1.488	1.136	1.044	1.008	1.007	0.995	0.993			
Median	1.494	1.148	1.039	1.002	1.009	0.995	0.993	0.999	0.997	
3-Yr Avg	1.488	1.111	1.024	0.997	0.999	1.000	1.000			
5-Yr Avg	1.514	1.137	1.035	1.003	1.008					
$ Wtd Avg	1.485	1.139	1.040	1.008	1.006	0.996	1.000	0.999		
5-Yr $ Wtd Avg	1.517	1.138	1.034	1.002	1.006					
Selected	1.494	1.138	1.041	1.009	1.008	1.004	1.002	1.001	1.000	1.000

C. Age-To-Ultimate Factors

	12 To Ultimate	24 To Ultimate	36 To Ultimate	48 To Ultimate	60 To Ultimate	72 To Ultimate	84 To Ultimate	96 To Ultimate	108 To Ultimate	120 To Ultimate
Factor	1.814	1.214	1.067	1.025	1.016	1.008	1.004	1.002	1.001	1.000

**Source: 2007 Best's Aggregates & Averages*

PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

1 1 9 9 9 2 0 0 7 2 0 1 0 0 1 0 0

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

OF THE CONDITION AND AFFAIRS OF THE

Midwest Insurance Group, Inc. a Risk Retention Group

NAIC Group Code 0000 (Current Period), 0000 (Prior Period) NAIC Company Code 11999 Employer's ID Number 20-1314902

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

Country of Domicile US

Incorporated/Organized June 4, 2004 Commenced Business July 30, 2004

Statutory Home Office 14362 N. Frank Lloyd Wright Blvd. Suite 1000, Scottsdale, Arizona 85260
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 14362 N. Frank Lloyd Wright Blvd. Suite 1000, Scottsdale, Arizona 85260 (Street and Number, City or Town, State and Zip Code) 480-902-3190 (Area Code) (Telephone Number)

Mail Address 14362 N. Frank Lloyd Wright Blvd. Suite 1000, Scottsdale, Arizona 85260
(Street and Number or P.O. Box, City or Town, State and Zip Code)

Primary Location of Books and Records 14362 N. Frank Lloyd Wright Blvd. Suite 1000, Scottsdale, Arizona 85260
(Street and Number, City or Town, State and Zip Code)
480-889-8960
(Area Code) (Telephone Number)

Internet Website Address N/A

Statutory Statement Contact Charla M Smyser (Name) 480-889-8960 (Area Code) (Telephone Number) (Extension)

charla@sonoracaptivemgmt.com (E-Mail Address) 480-889-8961 (Fax Number)

OFFICERS

Christopher S. Murray (President)
Charla M Smyser (Secretary)
Jeffrey E. Huffman (Vice-President)
Stanley W. Murray (Vice-President)

OTHER OFFICERS

DIRECTORS OR TRUSTEES

John G. Hundley
Stanley W. Murray
Jeffrey E. Huffman
Christopher S. Murray
Jack A. King
Stephen G. Moore

EXHIBIT

D

State of Indiana
County of Hamilton } 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.

Christopher S. Murray President	Charla M. Smyser Secretary	Stanley W. Murray Vice-President

Subscribed and sworn to before me this
day of March, 2008

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Column 1 minus Column 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	5,379,364		5,379,364	4,129,625
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	1,672,616		1,672,616	743,483
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ ..... encumbrances)				
4.2 Properties held for the production of income (less $ ..... encumbrances)				
4.3 Properties held for sale (less $ ..... encumbrances)				
5. Cash ($ ..... 181,653 , Schedule E - Part 1), cash equivalents ($ ..... , Schedule E - Part 2) and short-term investments ($ ..... 398,953 , Schedule DA)	580,606		580,606	2,355,806
6. Contract loans (including $ ..... premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Line 1 through Line 9)	7,632,585		7,632,585	7,228,814
11. Title plants less $ ..... charged off (for Title insurers only)				
12. Investment income due and accrued	72,632		72,632	46,742
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection				
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ ..... earned but unbilled premiums)	982,514		982,514	1,391,741
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts	10,086		10,086	189,009
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	99,864		99,864	78,788
16.2 Net deferred tax asset	283,645		283,645	71,000
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets ($ .....)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care ($ .....) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	489,952		489,952	260,819
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	9,471,278		9,471,278	9,266,918
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. TOTALS (Line 24 and Line 25)	9,471,278		9,471,278	9,266,918
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)				
2301. Prepaid Insurance	11,667		11,667	11,666
2302. Prepaid Expenses	19,513		19,513	19,234
2303. Deferred Acquisition Costs	193,456		193,456	228,144
2398. Summary of remaining write-ins for Line 23 from overflow page	265,316		265,316	1,773
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	489,952		489,952	260,819

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	4,064,276	3,917,993
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	2,291,949	1,973,025
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	107,963	109,689
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including $ ..... on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money $ ..... and interest thereon $		
9. Unearned premiums (Part 1A, Line 37, Column 6) (after deducting unearned premiums for ceded reinsurance of $ ..... 148,010 and including warranty reserves of $ .....)	1,364,865	1,684,183
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	49,929	
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	40,000	
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities		
21. Liability for amounts held under uninsured plans		
22. Capital notes $ ..... and interest thereon $		
23. Aggregate write-ins for liabilities		
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	7,938,082	7,684,890
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	7,938,082	7,684,890
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	1,000	1,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	1,109,000	1,109,000
33. Unassigned funds (surplus)	423,196	472,029
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 $ .....)		
34.2 ..... shares preferred (value included in Line 29 $ .....)		
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 39)	1,533,196	1,582,029
36. Totals (Page 2, Line 26, Column 3)	9,471,278	9,266,919
DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)		
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	3,517,734	6,729,052
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	887,385	2,617,827
3. Loss expenses incurred (Part 3, Line 25, Column 1)	1,480,260	1,956,216
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,544,466	1,765,334
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Line 2 through Line 5)	3,912,111	6,239,377
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(394,377)	489,675
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	306,343	195,343
10. Net realized capital gains (losses) less capital gains tax of $ (Exhibit of Capital Gains (Losses))	(8,964)	(5,439)
11. Net investment gain (loss) (Line 9 plus Line 10)	297,379	189,904
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered $, amount charged off $)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(147,948)	
15. Total other income (Line 12 through Line 14)	(147,948)	
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	(244,946)	679,579
17. Dividends to policyholders		
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)	(244,946)	679,579
19. Federal and foreign income taxes incurred	(85,731)	237,852
20. Net income (Line 18 minus Line 19) (to Line 22)	(159,215)	441,727
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,682,027	1,124,240
22. Net income (from Line 20)	(159,215)	441,727
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $	189,096	21,215
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes: 32.1 Paid in 32.2 Transferred from surplus (Stock Dividend) 32.3 Transferred to surplus		
33. Surplus adjustments: 33.1 Paid in 33.2 Transferred to capital (Stock Dividend) 33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Line 34.1 and Line 34.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(78,713)	(5,155)
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37)	(48,831)	457,787
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	1,633,196	1,582,027
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		
1401. Retro-active Unearned Premium Ceded	(147,948)	
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	(147,948)	
3701. Taxes - Other Comprehensive Income	(78,713)	(5,155)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	(78,713)	(5,155)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	3,666,672	6,110,417
2. Net investment income	280,458	107,008
3. Miscellaneous income	(147,948)	(83,408)
4. Total (Line 1 through Line 3)	3,799,182	6,134,017
5. Benefit and loss related payments	983,088	321,684
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,629,787	2,406,177
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $ ....tax on capital gains (losses)	180,066	(127,114)
10. Total (Line 5 through Line 9)	3,642,941	2,600,647
11. Net cash from operations (Line 4 minus Line 10)	146,241	3,533,370
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,488,423	380,412
12.2 Stocks	724,060	170,578
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	3,212,483	550,990
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,645,062	2,194,844
13.2 Stocks	1,450,149	459,746
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	5,095,211	2,654,590
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,882,728)	(2,103,600)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(38,713)	(5,155)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(38,713)	(5,155)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(1,775,200)	1,424,615
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of period	2,355,806	931,191
19.2 End of year (Line 18 plus line 19.1)	580,606	2,355,806

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year - per Column 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year - per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical malpractice - occurrence	598,981	391,774	408,012	582,743
11.2 Medical malpractice - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
18.1 Products liability - occurrence	2,599,635	1,292,409	956,953	2,934,991
18.2 Products liability - claims-made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property				
31. Reinsurance - Nonproportional Assumed Liability				
32. Reinsurance - Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	3,198,616	1,684,183	1,364,965	3,517,734
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for line 33 from overflow page				
3399. Totals (Line 3301 through line 3303 plus line 3398) (Line 33 above)				

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A-RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1+2+3+4
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence	408,012				408,012
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made	956,953				956,953
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1, 19.2 Private passenger auto liability					
19.3, 19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance - Nonproportional Assumed Property					
31. Reinsurance - Nonproportional Assumed Liability					
32. Reinsurance - Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	1,364,965				1,364,965
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through Line 36)					1,364,965
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for line 33 from overflow page					
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)					

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Columns 1+2+3-4-5
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence	698,981					698,981
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made	4,064,882			1,465,347		2,599,535
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1, 19.2 Private passenger auto liability						
19.3, 19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX					
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business						
34. TOTALS	4,763,863			1,465,347		3,198,516
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]
If yes: 1. The amount of such installment premiums $ .....
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ .....

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Midwest Insurance Group, Inc. a Risk Retention Group

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A, Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Columns 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake					378,750	198,460	181,290	31.1
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
18.1 Products liability - occurrence	721,082			721,082	3,704,526	3,719,633	706,075	24.1
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability								
19.3, 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	XXX							
31. Reinsurance- Nonproportional Assumed Liability	XXX							
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX							
33. Aggregate write-ins for other lines of business								
34. TOTALS	721,082			721,082	4,084,276	3,917,993	887,365	25.2
DETAILS OF WRITE-INS								
3301								
3302								
3303								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)								

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Midwest Insurance Group, Inc. a Risk Retention Group

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 plus 2 minus 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	Unpaid Loss Adjustment Expenses
1. Fire									
2. Allied lines									
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine									
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made	20,000			20,000	359,750			379,750	323,250
12. Earthquake									
13. Group accident and health									
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation								(a)	
17.1 Other liability - occurrence									
17.2 Other liability - claims-made									
18.1 Products liability - occurrence	2,488,221		13,379	2,474,842	1,304,875		55,191	3,704,526	1,988,699
18.2 Products liability - claims-made									
19.1, 19.2 Private passenger auto liability									
19.3, 19.4 Commercial auto liability									
21. Auto physical damage									
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	XXX				XXX				
31. Reinsurance- Nonproportional Assumed Liability	XXX				XXX				
32. Reinsurance- Nonproportional Assumed Financial Lines	XXX				XXX				
33. Aggregate write-ins for other lines of business									
34. TOTALS	2,488,221		13,379	2,474,842	1,664,625		55,191	4,084,276	2,291,949
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	1,648,137			1,648,137
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	167,877			167,877
1.4 Net claim adjustment services [Line 1.1 plus Line 1.2 minus Line 1.3]	1,480,260			1,480,260
2. Commission and brokerage:				
2.1 Direct excluding contingent				
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent				
2.4 Contingent - direct				
2.5 Contingent - reinsurance assumed				
2.6 Contingent - reinsurance ceded				
2.7 Policy and membership fees				
2.8 Net commission and brokerage [Line 2.1 plus line 2.2 minus Line 2.3 plus Line 2.4 plus Line 2.5 minus Line 2.6 plus Line 2.7]				
3. Allowances to manager and agents				
4. Advertising				
5. Boards, bureaus and associations		8,617		8,617
6. Surveys and underwriting reports		2,160		2,160
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries				
8.2 Payroll taxes				
9. Employee relations and welfare				
10. Insurance		17,714		17,714
11. Directors' fees		67,600		67,600
12. Travel and travel items				
13. Rent and rent items				
14. Equipment				
15. Cost or depreciation of EDP equipment and software				
16. Printing and stationery				
17. Postage, telephone and telegraph, exchange and express				
18. Legal and auditing		163,607		163,607
19. Totals [Line 3 through Line 18]		249,498		249,498
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $		188,258		188,258
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		16,251		16,251
20.5 Total taxes, licenses and fees [Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4]		204,509		204,509
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses		1,090,479	37,228	1,127,707
25. Total expenses incurred	1,480,260	1,544,486	37,228	(a) 3,061,974
26. Less unpaid expenses - current year	2,291,948	108,372		2,400,321
27. Add unpaid expenses - prior year	1,973,024	109,689		2,082,713
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID [Line 25 minus Line 26 plus Line 27 minus Line 28 plus Line 29]	1,161,336	1,545,803	37,228	2,744,366
DETAILS OF WRITE-INS				
2401. Administrative Management Fee		937,013		937,013
2402. Captive Management Fee		55,469		55,469
2403. Bank Charges			37,228	37,228
2498. Summary of remaining write-ins for Line 24 from overflow page		97,997		97,997
2499. Totals [Line 2401 through Line 2403 plus Line 2498] [Line 24 above]		1,090,479	37,228	1,127,707

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 118,121	122,458
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a) 155,880	162,044
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates	17,729	17,729
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 41,340	41,340
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	333,070	343,571
11.	Investment expenses		(g) 37,228
12.	Investment taxes, licenses and fees, excluding federal income taxes		(h)
13.	Interest expense		(i)
14.	Depreciation on real estate and other invested assets		(j)
15.	Aggregate write-ins for deductions from investment income		
16.	Totals deductions (Line 11 through Line 15)		37,228
17.	Net investment income (Line 10 minus Line 16)		306,343
	DETAILS OF WRITE-INS		
0901			
0902			
0903			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)		
1501			
1502			
1503			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		

(a) Includes $ 14,039 accrual of discount less $ 14,326 amortization of premium and less $ 41,096 paid for accrued interest on purchases.
(b) Includes $ ..... accrual of discount less $ ..... amortization of premium and less $ ..... paid for accrued dividends on purchases.
(c) Includes $ ..... accrual of discount less $ ..... 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) (Cols. 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	3,649		3,649	66,642	
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates	(22,611)		(22,611)	25,867	
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates	9,998		9,998	96,690	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	(8,964)		(8,964)	189,099	
	DETAILS OF WRITE-INS					
0901						
0902						
0903						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

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Exhibit 9, Analysis of Nonadmitted Assets and Related Items

NONE

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Accounting Practices

The financial statements of Midwest Insurance Group, Inc., a Risk Retention Group (the Company) have been prepared in accordance with generally accepted accounting principles in the United States (GAAP).

Use of Estimates in the Preparation of the Financial Statements

The preparation of GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying financial statements include the actuarial estimate of the IBNR (Incurred But Not Reported Reserve). The IBNR is the estimate of amounts required to pay ultimate losses after netting out existing amounts on reported but unpaid claims. The IBNR estimate includes an allowance for potential changes in existing amounts as well as additional amounts for claims that have already occurred but not yet reported for those occurrence based policies.

C. Accounting Policy

Cash and Cash Equivalents:
This includes all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. At times cash deposits may exceed government insured limits.

Recognition of Premium Revenue
The Company's revenue is derived through the sale of professional and general liability insurance policies. Premiums are earned over the life of the policy. Revenue is billed and recognized monthly over the policy period. Unearned revenue is deferred.

Income Taxes
The Company provides for income taxes based on the provisions of Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes, which, among other things, requires that recognition of deferred income taxes be measured by the provisions of enacted tax laws in effect at the date of financial statements.

Insurance Liabilities
The liability for losses and loss-adjustment expenses includes an amount determined from loss reports and individual cases and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in earnings currently. The company reports all loss reserves undiscounted. We believe that GAAP would allow Midwest to discount however we have chosen to take a more conservative approach. If the Company were to choose to discount reserves the surplus of the company would increase by $705,860 bringing our total surplus to $2,402,500 prior to any possible tax affect.

The Company uses the services of an actuary to estimate the IBNR. The IBNR is the actuarial estimate of amounts required to pay ultimate losses (net of existing amounts on reported but unpaid claims).

Prepaid Expenses
Certain costs incurred as a percentage of premiums, primarily the fees payable to Sonora Captive Management, LLC for domicile management services, have been deferred for a total of $19,513 and amortized over the terms of the policies to which they relate. Amortization expense for the twelve-month period ended December 31, 2007 was $17,501.

Deferred Acquisition Costs
As of December 31, 2007, the Company capitalized costs incurred in the production of new or renewal business, primarily the Administrative Provider fee of 25% of gross written for the Nursing Home Program and 18% Gross Premium Written for the physicians medical malpractice policies for a total of $193,456. The Company amortizes this cost on a straight-line basis over the life of the policies. Amortization expense for the nine-month period ended December 31, 2007 was $1,030,551.

Note 2 – Accounting Changes and Corrections of Errors
Not Applicable

Note 3 – Business Combinations and Goodwill
Not Applicable

Note 4 – Discontinued Operations
Not Applicable

Note 5 – Investments
Total Investments held at Choice Bank are $181,653 at December 31, 2007. Total investments held at Congress Trust are $7,350,933 at December 31, 2007. The Company Investment policy allows for 80% fixed income investments and 20% equities.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

NOTES TO FINANCIAL STATEMENTS

Not Applicable

Note 7 – Investment Income

Investment Income for funds held at Choice Bank is approximately $30,039 at December 31, 2007. Investments held with Congress Trust included interest income of $288,140 and dividend income of $29,029 at December 31, 2007.

Note 8 – Derivative Instruments

Not Applicable

Note 9 – Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. The deferred income tax asset at December 31, 2007 relates to differences in book and tax bases of loss reserves and unearned premiums. The Company's income tax provision was calculated using a federal tax rate of 35%. The Company was not subject to Arizona state income taxes for the year ended December 31, 2007.

Note 10 – Information Concerning Parent, Subsidiaries and Affiliates

Sonora Captive Management, LLC provides domiciliary management services, administration, and advisory services for 1.5% of gross written premiums by the captive, subject to a minimum of $50,000 annually, payable in monthly installments plus any reasonable expenses incurred. A representative of Sonora Captive Management, LLC is an officer of the Company.

RMA Brokerage, LLC, d/b/a Caitlin-Morgan Insurance Services (CMI) provides Management Services including application processing, underwriting, policy administration, claims administration, inspections, premium and claims accounting, preparation of regulatory reporting, financial statements and taxes, day-to-day accounting functions, and administrator as trustee, for the following percentages of gross written premiums, based on program, by the captive payable in monthly installments.

- 25% of gross premium written for the Nursing Home Program A
- 18% of Gross Premium Written for the Doctor's Program B
- 16% of Gross Premium for the Nursing Home Program C
- 15% of Gross Premium for the Nursing Home Program D

The service provider is also paid a profit contingency of ten percent (10%) of all underwriting profit earned for each year of operation, payable in four equal installments over a period of four years. Two representatives of CMI are members of the Board of Directors of the Company.

The board is comprised of 6 members. Two of the board members are noted above, and are service providers to the Company. One board member is an attorney. One board member is the former Director of Business Development for the Indiana Health Care Association, an association to which the company sponsors certain events. One board member is president of a member facility. One board member is a retired Indiana judge.

Note 11 – Debt

Not Applicable

Note 12 – Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not Applicable

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

The Company's license to transact business from the State of Arizona requires that the Company maintain at least $900,000 in capital and surplus. There are 1,000 shares of $1 par value common stock authorized and issued. The shares are held by the parent company, Midwest Insurance Coalition Purchasing Group.

Note 14 – Contingencies

Note Applicable

Note 15 – Leases

Note Applicable

Note 16 – Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not Applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Note Applicable

Note 19 – Direct Premium Written/Produced by Managing General Agent/Third Party Administrators

A – Name/Address of Third Party Administrator:

RMA Brokerage LLC, d/b/a Caitlin Morgan Insurance Services,

NOTES TO FINANCIAL STATEMENTS

11555 North Meridian Street, Suite 100
Carmel, IN 46032

B – FEIN #:
35-2082878

C – Exclusive Contract – Yes

D – Types of Business
Professional/General Liability Insurance on a claims-made business to Nursing Homes
Professional Liability Insurance on an occurrence basis for Doctors

E – Types of Authority Granted
Claims Payments, Claims Adjustments, Reinsurance Ceding, Binding Authority, Premium Collection, Underwriting

F – Total Direct Premium Written/Produced is $4,663,863 for Fiscal Year 2007
$4,064,882 for Nursing Homes
$ 598,981 for Doctors

Note 20 – September 11 Events
Not Applicable

Note 21 – Other Items
The Company provides all quotes net of commission. All Agents charge a broker fee outside of the premiums of the RRG.

Note 22 – Events Subsequent
Not Applicable

Note 23 – Reinsurance
Risks located in Indiana are reinsured by a Lloyd's policy effective May 1, 2006. Limits of the Reinsurance agreement Section A for General Liability policies are issued to Long Term Care Facilities in the state of Indiana, covering losses anywhere in the USA, $750,000 excess $250,000 each and every claim, each policy. There is no reinsurance for Professional Liabilty portion of the program; as the Company only retains limits of $250,000 due to the participation in the Indiana Patient Compensation Fund.

Note 24 – Retrospectively Rated Contracts & Contracts Subject to Redetermination
Not Applicable

Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses
Not Applicable

Note 26 – Intercompany Pooling Agreements
Not Applicable

Note 27 – Structured Settlements
Not Applicable

Note 28 – Health Care Receivables
Not Applicable

Note 29 – Participating Policies
Not Applicable

Note 30 – Premium Deficiency Reserves
Not Applicable

Note 31 – High Deductibles
Not Applicable

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
Not Applicable

Note 33 – Asbestos/Environmental Reserves
Not Applicable

Note 34 – Subscriber Savings Account
Not Applicable

Note 35 – Multiple Peril Crop Insurance
Not Applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities			1,305,817	17.335
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies			954,837	12.676
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
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				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)			3,118,710	41.403
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publically traded equity securities (excluding preferred stocks):				
3.31 Affiliated			1,572,616	20.878
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including $ ..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (including $ ..... property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments			580,606	7.708
9. Other invested assets				
10. Total invested assets			7,532,686	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [ ] No [X]

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 [ ] N/A [X]

1.3 State Regulating? .....

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 [X]

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. 12/31/2006

3.2 State the as of date of 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. 12/31/2006

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). 12/31/2006

3.4 By what department or departments?
Arizona Department of Insurance

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 [X]
4.12 renewals? Yes [ ] No [X]

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 [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

6.2 If yes, provide 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 [X]

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 [X]

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

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Moss Adams, LLP
8800 E. Raintree Dr. Suite 210 Scottsdale, AZ 85260

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?
Perr & Knight
851 Alma Real Drive, Suite 205 Pacific Palisades, CA 90272

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 [ ] N/A [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 [X] No [ ]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or 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	$ .....
18.12	To stockholders not officers	$ .....
18.13	Trustees, supreme or grand (Fraternal only)	$ .....

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	$ .....
18.22	To stockholders not officers	$ .....
18.23	Trustees, supreme or grand (Fraternal only)	$ .....

19.1 Were any assets reported in this 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 parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ .....

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? Yes [X] No [ ]

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

.....

.....

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to interrogatory 19.1) Yes [ ] No [X]

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

23.21	Loaned to others	$ .....
23.22	Subject to repurchase agreements	$ .....
23.23	Subject to reverse repurchase agreements	$ .....
23.24	Subject to dollar repurchase agreements	$ .....
23.25	Subject to reverse dollar repurchase agreements	$ .....
23.26	Pledged as collateral	$ .....
23.27	Placed under option agreements	$ .....
23.28	Letter stock or securities restricted as to sale	$ .....
23.29	On deposit with state or other regulatory body	$ .....
23.291	Other	$ .....

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [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. $ .....

GENERAL INTERROGATORIES

INVESTMENT

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] 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
Congress Trust	Two Seaport Lane, Boston, MA 02210

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 [X]

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

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 6 (b) (1)])? Yes [ ] No [X]

27.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
Line 27.2998 from Overflow page		
Line 27.2999 TOTAL (999999)		

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 of 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	$ 6,379,364	$ 6,379,364	$
28.2 Preferred stocks	$	$	$
28.3 Totals	$ 6,379,364	$ 6,379,364	$

28.4 Describe the sources or methods utilized in determining the fair values:
Congress Asset Management Statements

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

29.2 If no, list exceptions:

OTHER

30.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? $

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	$
	$
	$
	$

31.1 Amount of payments for legal expenses, if any? $ 78,282

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

1 Name	2 Amount Paid
Barger & Wolen, LLP	$ 22,981
Riley, Bennett & Egloff	$ 34,425
	$
	$

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

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

1 Name	2 Amount Paid
	$
	$
	$
	$

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ .....

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ .....

1.31 Reason for excluding:

.....

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. $ .....

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ .....

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$	$ .....
2.2	Premium Denominator	$	$ .....
2.3	Premium Ratio (Line 2.1/Line 2.2)	.....	.....
2.4	Reserve Numerator	$	$ .....
2.5	Reserve Denominator	$	$ .....
2.6	Reserve Ratio (Line 2.4/Line 2.5)	.....	.....

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 Exchange only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]

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 [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney-in-fact compensation Yes [ ] No [ ] N/A [X]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [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 [X]

5.5 If yes, give full information.

.....

.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND 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 [X] No [ ]

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.

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 [X]

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 this 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 the 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 arrangements 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 31 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]

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 reporting entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [X]

11.1 Has this 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 of the asset schedule, Page 2, state the amount which 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 [ ] N/A [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 [ ] No [X]

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 $ .....

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ .....

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 [X]

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 [X]

14.4 If the answer to 14.3 is no, are the methods described in 14.2 entirely contained in written agreements? Yes [ ] No [X]

14.5 If the 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.

.....

.....

GENERAL INTERROGATORIES
PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

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	$	$	$	$	$ .....
16.12 Products	$	$	$	$	$ .....
16.13 Automobile	$	$	$	$	$ .....
16.14 Other*	$	$	$	$	$ .....

* Disclose type of coverage:
.....
.....

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 [X]

Incurred but not reported losses on contracts 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	$ .....

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2007	2 2006	3 2005	4 2004	5 2003
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	4,663,863	5,916,934	6,340,978	2,065,485	
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
3. Property and liability combined lines (lines 3, 4, 5, 8, 22 and 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)	4,663,863	5,916,934	6,340,978	2,065,485	
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	3,198,516	6,776,644	4,256,288	2,065,343	
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
9. Property and liability combined lines (lines 3, 4, 5, 8, 22 and 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)	3,198,516	6,776,644	4,256,288	2,065,343	
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(394,377)	489,675	(66,067)	80,772	
14. Net investment gain (loss) (Line 11)	297,379	189,904	62,569	9,142	
15. Total other income (Line 15)	(147,948)				
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	(85,731)	237,852	(1,578)	65,000	
18. Net income (Line 20)	(159,215)	441,727	(1,920)	24,914	
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Column 3)	9,471,278	9,265,918	5,969,239	2,725,707	
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 13.1)			666,845	173,085	
20.2 Deferred and not yet due (Line 13.2)	982,514	1,391,741	694,578	411,993	
20.3 Accrued retrospective premiums (Line 13.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 24)	7,938,082	7,684,869	4,844,999	1,700,794	
22. Losses (Page 3, Line 1)	4,084,276	3,917,993	1,721,760	680,329	
23. Loss adjustment expenses (Page 3, Line 3)	2,291,949	1,973,024	667,084	269,870	
24. Unearned premiums (Page 3, Line 9)	1,364,965	1,684,183	1,636,691	705,313	
25. Capital paid up (Page 3, Line 28 and Line 29)	1,000	1,000	1,000	1,000	
26. Surplus as regards policyholders (Page 3, Line 35)	1,533,196	1,582,029	1,124,240	1,024,914	
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	146,241	3,533,370	1,895,648	943,647	
Risk-Based Capital Analysis					
28. Total adjusted capital	1,533,196	1,582,029	1,124,240		
29. Authorized control level risk-based capital	1,095,714	1,181,765	893,638		
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) [Item divided by Page 2, Line 10, Column 3] x 100.0					
30. Bonds (Line 1)	71.4	57.1	63.4		
31. Stocks (Line 2.1 and Line 2.2)	20.9	10.3	11.3		
32. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
33. Real estate (Lines 4.1, 4.2 and 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	7.7	32.6	25.3	100.0	
35. Contract loans (Line 6)					
36. Other invested assets (Line 7)					
37. Receivables for securities (Line 8)					
38. Aggregate write-ins for invested assets (Line 9)					
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 (Schedule D, Summary, Line 25, Column 1)					
41. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
42. Affiliated common stocks (Schedule D, Summary, line 53, Column 1					
43. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 7)					
44. Affiliated mortgage loans on real estate					
45. All other affiliated					
46. Total of above Line 40 through Line 45					
47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Column 1, Line 35 x 100.0)					

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2007	2 2006	3 2005	4 2004	5 2003
Capital and Surplus Accounts (Page 4)					
48. Net unrealized capital gains (losses) (Line 24)	189,096	21,215			
49. Dividends to stockholders (Line 35)					
50. Change in surplus as regards policyholders for the year (Line 38)	(46,831)	457,787	99,326	1,024,914	
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	721,082	321,584	116,000		
52. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
55. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
56. Total (Line 34)	721,082	321,584	116,000		
Net Losses Paid (Page 9, Part 2, Column 4)					
57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	721,082	321,584	116,000		
58. Property lines (Lines 1, 2, 9, 12, 21 and 26)					
59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)					
60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)					
61. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
62. Total (Line 34)	721,082	321,584	116,000		
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)	25.2	37.4	37.8	42.7	
65. Loss expenses incurred (Line 3)	42.1	29.1	15.2	19.2	
66. Other underwriting expenses incurred (Line 4)	43.9	26.2	49.0	32.2	
67. Net underwriting gain (loss) (Line 8)	(11.2)	7.3	(2.0)	5.9	
Other Percentages					
68. Other underwriting expenses to net premiums written (Page 4, Line 4 plus Line 5 minus Line 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0)	52.9	26.1	38.2	21.2	
69. Losses and loss expenses incurred to premiums earned (Page 4, Line 2 plus Line 3 divided by Page 4, Line 1 x 100.0)	67.3	66.5	53.0	61.8	
70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0)	208.6	428.3	378.8	201.5	
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, Column 11)	63	589	359		
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, Column 1 x 100.0)	4.0	52.4	35.0		
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, Column 12)	378	669			
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, Column 2 x 100.0)	33.6	64.3			

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	2,260,654	2,260,654	2,187,471	2,175,000
	2. Canada				
	3. Other Countries				
	4. Totals	2,260,654	2,260,654	2,187,471	2,175,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	3,118,710	3,118,710	3,114,835	3,100,000
	22. Canada				
	23. Other Countries				
	24. Totals	3,118,710	3,118,710	3,114,835	3,100,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	5,379,364	5,379,364	5,302,306	5,275,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	113,640	113,640	118,870	
	46. Canada				
	47. Other Countries				
	48. Totals	113,640	113,640	118,870	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada	1,458,975	1,458,975	1,305,902	
	51. Other Countries				
	52. Totals	1,458,975	1,458,975	1,305,902	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	1,572,615	1,572,615	1,424,772	
	55. Total Stocks	1,572,615	1,572,615	1,424,772	
	56. Total Bonds and Stocks	6,951,979	6,951,979	6,727,078	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year 4,873,007
2. Cost of bonds and stocks acquired, Column 7, Part 3 5,095,211
3. Accrual of discount ..... (14,039)
4. Increase (decreased) by adjustment:
   - 4.1 Column 12 minus Column 14, Part 1 91,382
   - 4.2 Column 15 minus Column 17, Part 2, Section 1 .....
   - 4.3 Column 15, Part 2, Section 2 147,833
   - 4.4 Column 11 minus Column 13, Part 4 ..... (5,643) 233,572
5. Total gain (loss), Column 19, Part 4 ..... (8,954)
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 3,212,483
7. Amortization of premium 14,325
8. Foreign Exchange Adjustment:
   - 8.1 Column 15, Part 1 .....
   - 8.2 Column 19, Part 2, Section 1 .....
   - 8.3 Column 16, Part 2, Section 2 .....
   - 8.4 Column 15, Part 4 .....
9. Book/adjusted carrying value at end of current period 6,951,979
10. Total valuation allowance .....
11. Subtotal (Line 9 plus Line 10) 6,951,979
12. Total nonadmitted amounts .....
13. Statement value of bonds and stocks, current period 6,951,979

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net (Columns 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX									XXX
2. 1998												XXX
3. 1999												XXX
4. 2000												XXX
5. 2001												XXX
6. 2002												XXX
7. 2003												XXX
8. 2004	1,360	1	1,359	259		328					588	XXX
9. 2005	5,409	2,085	3,324	574		805					1,379	XXX
10. 2006	5,869	(860)	6,729	113		701					814	XXX
11. 2007	4,835	1,317	3,518	221		310					531	XXX
12. Totals	XXX	XXX	XXX	1,167		2,145					3,312	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding - Direct & Assumed
1.													XXX
2.													XXX
3.													XXX
4.													XXX
5.													XXX
6.													XXX
7.													XXX
8.	417		71		61		24					563	XXX
9.	1,090		164		268		100					1,622	XXX
10.	760		505		406		505					2,176	XXX
11.	221	13	924	65	221	33	387	135				2,017	XXX
12.	2,488	13	1,664	65	945	33	1,616	135				6,377	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX			XXX		
2.											
3.											
4.											
5.											
6.											
7.											
8.	1,151		1,151	84.6		84.7				488	75
9.	3,001		3,001	55.5		90.3				1,264	358
10.	2,989		2,989	50.9		44.4				1,265	910
11.	2,784	236	2,548	57.6	17.9	72.4				1,077	940
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	4,094	2,293

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.

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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	11 One Year	12 Two Year
1. Prior												
2. 1998												
3. 1999	XXX											
4. 2000	XXX	XXX										
5. 2001	XXX	XXX	XXX									
6. 2002	XXX	XXX	XXX	XXX								
7. 2003	XXX	XXX	XXX	XXX	XXX							
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	841	1,200	1,600	1,161	(349)	(48)
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,674	2,853	3,001	138	427
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,716	2,989	274	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,548	XXX	XXX
										12. Totals	63	378

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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000										XXX	XXX
2. 1998											XXX	XXX
3. 1999	XXX										XXX	XXX
4. 2000	XXX	XXX									XXX	XXX
5. 2001	XXX	XXX	XXX								XXX	XXX
6. 2002	XXX	XXX	XXX	XXX							XXX	XXX
7. 2003	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	1	156	461	588	XXX	XXX
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	160	576	1,379	XXX	XXX
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	150	814	XXX	XXX
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	531	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 1998	2 1999	3 2000	4 2001	5 2002	6 2003	7 2004	8 2005	9 2006	10 2007
1. Prior										
2. 1998										
3. 1999	XXX									
4. 2000	XXX	XXX								
5. 2001	XXX	XXX	XXX							
6. 2002	XXX	XXX	XXX	XXX						
7. 2003	XXX	XXX	XXX	XXX	XXX					
8. 2004	XXX	XXX	XXX	XXX	XXX	XXX	489	141	231	95
9. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	985	332	264
10. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,984	1,010
11. 2007	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,621

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	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 Column 2)
1. Alabama AL	No								
2. Alaska AK	No								
3. Arizona AZ	No								
4. Arkansas AR	No								
5. California CA	No								
6. Colorado CO	No								
7. Connecticut CT	No								
8. Delaware DE	No								
9. Dist. Columbia DC	No								
10. Florida FL	No								
11. Georgia GA	No								
12. Hawaii HI	No								
13. Idaho ID	No								
14. Illinois IL	Yes	16,416	41,541						
15. Indiana IN	Yes	4,384,897	4,540,096		721,082	950,935	4,147,846		
16. Iowa IA	No								
17. Kansas KS	No								
18. Kentucky KY	Yes		2,970			5,000	5,000		
19. Louisiana LA	No								
20. Maine ME	No								
21. Maryland MD	No								
22. Massachusetts MA	No								
23. Michigan MI	No								
24. Minnesota MN	No								
25. Mississippi MS	No								
26. Missouri MO	No								
27. Montana MT	No								
28. Nebraska NE	No								
29. Nevada NV	No								
30. New Hampshire NH	No								
31. New Jersey NJ	No								
32. New Mexico NM	No								
33. New York NY	No								
34. North Carolina NC	No								
35. North Dakota ND	No								
36. Ohio OH	Yes	5,476	7,724						
37. Oklahoma OK	No								
38. Oregon OR	No								
39. Pennsylvania PA	No								
40. Rhode Island RI	No								
41. South Carolina SC	No								
42. South Dakota SD	No								
43. Tennessee TN	No								
44. Texas TX	No								
45. Utah UT	No								
46. Vermont VT	No								
47. Virginia VA	No								
48. Washington WA	No								
49. West Virginia WV	Yes	257,086	242,802						
50. Wisconsin WI	No								
51. Wyoming WY	No								
52. American Samoa AS	No								
53. Guam GU	No								
54. Puerto Rico PR	No								
55. U.S. Virgin Islands VI	No								
56. Northern Mariana Islands MP	No								
57. Canada CN	No								
58. Aggregate other alien OT	XXX								
59. Totals	(a) 6	4,663,863	4,835,133		721,082	955,935	4,152,846		
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Line 5801 through Line 5803 plus line 5898) (Line 58 above)	XXX								

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

Premium is allocated to the state where the insured is physically located.

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

NONE

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