

Group Affiliation: Alleghany Insurance Holdings

DARWIN GROUP

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AMB#: 18679

Publicly Traded Corporation: Darwin Professional Underwriters, Inc.

NYSE Arca: DR

BEST'S RATING

Based on our opinion of the group's Financial Strength, it is assigned a Best's Rating of A- (Excellent). The group's Financial Size Category is Class VIII.

RATING UNIT MEMBERS

Darwin Group

(AMB# 18679):

<u>AMB#</u>	<u>COMPANY</u>	<u>RATING</u>
12699	Darwin National Assurance Co	A- g
11719	Darwin Select Insurance Co	A- r

RATING RATIONALE

Rating Rationale: The rating applies to the Darwin Group (Darwin) which consists of Darwin National Assurance Company (DNA) and its reinsured subsidiary, Darwin Select Insurance Company (DSI). The rating is based on Darwin's strong capitalization, experienced management team and specialty product offerings. These positive rating factors are offset by the challenges and uncertainties associated with newly formed companies, including the successful execution of its business plan. The group receives a competitive advantage afforded by Darwin Professional Underwriters (DPU) (an affiliated underwriting agency) and the additional operating flexibility gained by DSI which operates as a non-admitted, excess and surplus lines insurer. The rating outlook considers the group adhering to strict underwriting fundamentals while prudently managing its capital in accordance with levels previously discussed with A.M. Best.

As part of Darwin's specialty niche strategy, DSI focuses on non-admitted specialty liability insurance, including directors' and officers' liability, errors and omission liability and medical professional liability. While DSI is considered a start-up, DPU has been operating since early 2003 and has demonstrated consistent growth and professional management of its operations. The company currently has established infrastructure which helps to reduce some degree of execution risk. Darwin is led by Stephen Sills, CEO, who brings extensive insurance experience as the founder and former CEO of Executive Risk, and has demonstrated a track record of producing strong results.

Best's Rating: A-

Outlook: Stable

FIVE YEAR RATING HISTORY

<u>Date</u>	<u>Best's Rating</u>
12/21/06	A-
11/16/05	A-

KEY FINANCIAL INDICATORS

Period <u>Ending</u>	Statutory Data (\$000)		
	Direct	Net	Pretax
	Premiums <u>Written</u>	Premiums <u>Written</u>	Operating <u>Income</u>
2002	...	...	...
2003	...	...	...
2004	2,451	6,805	-1,176
2005	23,354	80,698	-20,213
2006	179,776	157,004	17,948
06/2006	81,195	73,209	7,649
06/2007	115,200	97,974	16,969

Period <u>Ending</u>	Statutory Data (\$000)		
	Net	Total	Policy-
	<u>Income</u>	Admitted <u>Assets</u>	holders' <u>Surplus</u>
2002	...	...	...
2003	...	...	...
2004	-1,098	47,278	30,951
2005	-20,705	336,097	170,616
2006	8,667	462,166	180,883
06/2006	2,728	400,193	174,074
06/2007	9,715	531,574	187,862

Period <u>Ending</u>	Profitability			Leverage			Liquidity	
	Comb. <u>Ratio</u>	Inv. Yield <u>(%)</u>	Pretax ROR <u>(%)</u>	NA Inv <u>Lev</u>	NPW to PHS	Net <u>Lev</u>	Overall Liq <u>(%)</u>	Oper. Cash- flow <u>(%)</u>
2002	...	...	...	...	...	...	...	...
2003	...	...	...	...	...	...	...	...
2004	109.4	...	-39.8	...	0.2	0.6	289.6	241.5
2005	111.1	1.7	-67.1	...	0.5	1.4	203.1	-99.9
2006	93.6	4.5	13.6	0.0	0.9	2.4	164.3	310.6
06/2006	92.9	XX	12.9	XX	0.8	2.0	177.0	244.4
06/2007	88.4	XX	19.6	XX	1.0	2.7	154.7	249.0

(*) Data reflected within all tables of this report has been compiled through the A.M. Best Consolidation of statutory filings. Within several financial tables of this report, this group is compared against the Commercial Casualty Composite.

BUSINESS REVIEW

The Darwin Group consists of Darwin National Assurance Company (DNA) and Darwin Select Insurance Company (DSI). DSI was acquired by DNA on May 2, 2005 and focuses on the non-admitted, specialty liability market. DNA was previously operating with a reinsured rating from the Capitol Insurance Group (Capitol), a subsidiary of Alleghany. Darwin provides director and officer's liability, medical malpractice, and errors and omission liability on a specialty admitted and non-admitted basis. An inter-company reinsurance agreement was established between DNA and DSI, whereby 90% of the direct written premium of DSI is ceded to DNA.

Since shortly after its acquisition in May 2004, DNA had been assuming 100% of its business from Capitol. All of the business ceded to DNA was business produced through Darwin Professional Underwriters, Inc. (DPU). Under its reinsurance arrangement with Capitol, DNA retained 10% of the premiums assumed and ceded 90% back to Capitol Indemnity Corporation (a member of Capitol). Effective October 1, 2005, DNA and Capitol terminated this arrangement and commuted all prior year business with the net effect being that all of the DPU business would be 100% retained by DNA.

Effective January 1, 2006, as part of its corporate reorganization, DNA and its subsidiary, DSI became subsidiaries of Darwin Professional Underwriters, Inc. (DPU). The group is afforded competitive advantages through this affiliation with DPU. DPU is also a subsidiary of Alleghany Corporation. All business through the agency is primarily written by approximately 150 producers, mainly wholesale brokers, and the remainder through large brokers and specialty retail agents. Targeted classes of business include commercial public/private, healthcare, law firms, insurance agents, hospitals and physicians.

On May 24, 2006, Darwin closed on the initial public offering of its common stock. In the offering Darwin sold 6 million shares of common stock for net proceeds of \$86.3 million, all of which were used to reduce Alleghany Corporation's equity interests in Darwin by redeeming Darwin preferred stock held by Alleghany. Upon completion of the offering, all remaining unredeemed shares of Darwin preferred stock automatically converted to Darwin common stock. Alleghany Corporation continues to own 54.9% of the total outstanding shares of common stock of Darwin (with no preferred stock outstanding). The group is currently listed on the NYSE Arca stock market under the symbol "DR".

2006 BUSINESS PRODUCTION AND PROFITABILITY (\$000)

Product <u>Line</u>	Premiums Written		% of Total	Pure Loss Ratio	Loss & LAE Reserves
	<u>Direct</u>	<u>Net</u>	<u>NPW</u>		
Oth Liab Cl-Made	92,858	91,980	58.6	41.0	101,378
Med Mal Cl-Made	84,356	61,998	39.5	43.3	64,499
All Other	2,563	3,026	1.9	44.7	1,413
Totals	179,776	157,004	100.0	42.0	167,290

Major 2006 Direct Premium Writings By State (\$000): Pennsylvania, \$16,484 (9.2%); Texas, \$14,058 (7.8%); California, \$13,452 (7.5%); Illinois, \$13,426 (7.5%); West Virginia, \$8,676 (4.8%); 46 other jurisdictions, \$113,560 (63.2%); Aggregate Alien, \$120 (0.1%).

FINANCIAL PERFORMANCE

As stated in the Business Review section of this report, since shortly after its acquisition in May 2004, DNA had been assuming 100% of its business from the Capitol Insurance Group (Capitol). All of the business ceded to DNA was business produced through Darwin Professional Underwriters, Inc. (DPU). Under its reinsurance arrangement with Capitol, DNA retained 10% of the premiums assumed and ceded 90% back to Capitol Indemnity Corporation (a member of Capitol). Effective October 1, 2005, DNA and Capitol terminated this arrangement and commuted all prior year business with the net effect being that all of the DPU business would be 100% retained by DNA.

With DNA retaining business written by DPU beginning in 2004 and DSI commencing operations in 2005, the Darwin Group has limited operating experience and financial reporting on a group basis. A.M. Best has relied on the pro forma financial statements supplied by management which are in line with Darwin's current rating assignment. Darwin has experienced premium growth and operating results that have been in line with management's projections during its first two calendar years in business. A.M. Best will closely monitor Darwin's results to ensure that financial performance and capitalization remain supportive of the ratings.

PROFITABILITY ANALYSIS

Period	Company				Industry Composite			
	Pretax ROR	Return on PHS(%)	Comb. Ratio	Oper. Ratio	Pretax ROR	Return on PHS(%)	Comb. Ratio	Oper. Ratio
<u>Ending</u>	<u>(%)</u>	<u>PHS(%)</u>	<u>Ratio</u>	<u>Ratio</u>	<u>(%)</u>	<u>PHS(%)</u>	<u>Ratio</u>	<u>Ratio</u>
2002	...	...	...	...	1.8	-4.2	108.4	95.9
2003	...	...	...	...	5.0	12.8	104.2	92.1
2004	-39.8	...	109.4	82.3	6.9	12.2	103.2	92.0
2005	-67.1	-20.3	111.1	101.0	9.4	9.0	103.4	90.0
2006	13.6	4.8	93.6	81.5	19.4	19.2	93.1	79.5
5-Yr Avg	...	...	...	...	8.9	10.8	102.1	89.5
06/2006	12.9	XX	92.9	81.2	XX	XX	XX	XX
06/2007	19.6	XX	88.4	76.2	XX	XX	XX	XX

UNDERWRITING EXPERIENCE

Year	Net Undrw Income (\$000)	Loss Ratios			Expense Ratios			Div. Pol.	Comb Ratio
		Pure Loss	LAE	Loss & LAE	Net Comm	Other Exp.	Total Exp.		
2002	...	...	...	...	...	...	...	...
2003	...	...	...	...	...	...	...	...
2004	-1,978	40.0	25.3	65.2	37.4	6.8	44.2	109.4	
2005	-23,228	42.1	29.6	71.7	37.6	1.8	39.3	111.1	
2006	1,991	42.0	25.2	67.2	17.1	9.3	26.4	93.6	
06/2006	714	42.8	25.0	67.9	XX	XX	25.0	92.9	
06/2007	6,447	36.6	21.0	57.6	XX	XX	30.8	88.4	

INVESTMENT INCOME ANALYSIS (\$000)

Year	Company		
	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2002	...	...	...
2003	...	...	...
2004	802	0	...
2005	3,015	-273	229
2006	15,957	8	-229
06/2006	6,935	-13	-442
06/2007	10,522	11	0

<u>Year</u>	<u>Company</u>			<u>Industry Composite</u>	
	<u>Inv Inc</u>	<u>Inv</u>	<u>Total</u>	<u>Inv Inc</u>	<u>Inv</u>
	<u>Growth</u>	<u>Yield</u>	<u>Return</u>	<u>Growth</u>	<u>Yield</u>
	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>
2002	...	...	...	-0.1	5.1
2003	...	...	...	6.2	4.9
2004	...	...	...	2.0	4.4
2005	275.9	1.7	1.7	20.8	4.8
2006	429.2	4.5	4.5	6.3	4.6
5-Yr Avg	...	...	...	7.1	4.7
06/2006	XX	XX	2.0	XX	XX
06/2007	XX	XX	2.4	XX	XX

INVESTMENT PORTFOLIO ANALYSIS

<u>Asset Class</u>	<u>2006 Inv Assets</u>		<u>% of Invested Assets</u>		<u>Annual % Chg</u>
	<u>(\$000)</u>		<u>2006</u>	<u>2005</u>	
Long-Term bonds	328,209		80.3	39.0	171.6
Other Inv Assets	80,452		19.7	61.0	-57.5
Total	408,661		100.0	100.0	31.7

2006 BOND PORTFOLIO ANALYSIS

<u>Asset Class</u>	<u>% of Total Bonds</u>	<u>Mkt Val to Stmt Val(%)</u>	<u>Avg. Maturity (Yrs)</u>	<u>Class</u>		<u>Struc. Secur. (%)</u>	<u>Struc. Secur. (% of PHS)</u>
				<u>1 - 2 (%)</u>	<u>3 - 6 (%)</u>		
Governments	14.1	-0.5	1.3	100.0	...	...	...
States, terr & poss	44.7	1.1	7.6	100.0	...	7.7	7.5
Corporates	41.2	-0.2	2.9	100.0	...	34.6	31.3
Total all bonds	100.0	0.5	4.8	100.0	...	17.7	38.8

CAPITALIZATION

Based upon Best's Capital Adequacy Ratio (BCAR), the group maintains strong capitalization. Due to the limited operating experience of DNA and the start-up nature of DSI, A.M. Best will closely monitor the group's performance to ensure that operating results and capitalization are commensurate with the plans previously provided by management. The rating also considers management's intention to prudently manage and allocate capital in accordance with levels previously discussed with A.M. Best.

CAPITAL GENERATION ANALYSIS (\$000)

<u>Year</u>	<u>Source of Surplus Growth</u>		
	<u>Pretax</u>	<u>Total</u>	<u>Net</u>
	<u>Operating</u>	<u>Inv.</u>	<u>Contrib.</u>
	<u>Income</u>	<u>Gains</u>	<u>Capital</u>
2002	...	...	...
2003	...	...	...
2004	-1,176	0	31,780
2005	-20,213	-44	156,673
2006	17,948	-221	15
06/2006	7,649	-456	229
06/2007	16,969	11	-3,500

<u>Year</u>	<u>Source of Surplus Growth</u>		
	<u>Other,</u>	<u>Change</u>	<u>PHS</u>
	<u>Net of</u>	<u>in</u>	<u>Growth</u>
	<u>Tax</u>	<u>PHS</u>	<u>(%)</u>
2002	...	...	...
2003	...	...	...
2004	...	...	...
2005	3,248	139,665	451.2
2006	-7,475	10,267	6.0
06/2006	-3,964	3,458	2.0
06/2007	-6,501	6,980	3.9

QUALITY OF SURPLUS (\$000)

<u>Year</u>	<u>Year-End</u>	<u>% of PHS</u>			<u>Dividend Requirements</u>		
		<u>Cap Stk/</u>	<u>Un-</u>	<u>Stock-</u>	<u>Div to</u>	<u>Div to</u>	
		<u>Contrib.</u>					<u>assigned</u>	holder	POI	Net Inc.
	<u>PHS</u>	<u>Cap.</u>	<u>Other</u>	<u>Surplus</u>	<u>Divs</u>	<u>(%)</u>	<u>(%)</u>
2002	...	...	...	...	...	...	...
2003	...	...	...	...	...	...	...
2004	30,951	81.7	...	18.3	...	...	...
2005	170,616	107.2	...	-7.2	...	...	...
2006	180,883	101.2	...	-1.2	...	...	...
06/2006	174,074	105.1	...	-5.1	...	...	...
06/2007	187,862	95.7	...	4.3	...	...	...

LEVERAGE ANALYSIS

Year	Company				Industry Composite			
	NPW to PHS	Reserves to PHS	Net Lev	Gross Lev	NPW to PHS	Reserves to PHS	Net Lev	Gross Lev
2002	...	...	...	...	1.4	2.0	4.6	6.5
2003	...	...	...	...	1.3	1.9	4.3	6.1
2004	0.2	0.1	0.6	1.7	1.2	1.9	4.2	5.7
2005	0.5	0.5	1.4	2.3	1.1	1.9	3.9	5.3
2006	0.9	0.9	2.4	3.6	1.0	1.6	3.5	4.6
06/2006	0.8	0.7	2.0	XX	XX	XX	XX	XX
06/2007	1.0	1.1	2.7	XX	XX	XX	XX	XX

Current BCAR: 171.4

PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW		GPW	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2002	...	...	...	...
2003	...	...	...	...
2004	2,451	...	2,451	...
2005	23,354	852.8	23,354	852.8
2006	179,776	669.8	180,490	672.8
06/2006	81,195	989.5	153,891	999.9
06/2007	115,200	41.9	188,862	22.7

Period Ending	NPW		NPE	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2002	...	...	...	...
2003	...	...	...	...
2004	6,805	...	2,957	...
2005	80,698	999.9	30,118	918.5
2006	157,004	94.6	132,379	339.5
06/2006	73,209	882.3	59,259	999.9
06/2007	97,974	33.8	86,375	45.8

LOSS & ALAE RESERVE DEVELOPMENT: CALENDAR YEAR (\$000)

Calendar Year	Original Loss Reserves	Developed Reserves Thru 2006	Develop. to Orig.(%)	Develop. to PHS (%)	Develop. to NPE (%)	Unpaid Reserves @ 12/2006	Unpaid Resrv. to Dev.(%)
2001	...	...	...	...	...	...	...
2002	...	...	...	...	...	...	...
2003	...	...	...	...	...	...	...
2004	1,799	-362	-99.9	-7.0	-12.2	25,529	-99.9
2005	82,171	79,989	-2.7	-1.3	265.6	73,674	92.1
2006	159,502	159,502	...	...	120.5	159,502	100.0

LOSS & ALAE RESERVE DEVELOPMENT: ACCIDENT YEAR (\$000)

Accident Year	Original Loss Reserves	Developed Reserves Thru 2006	Develop. to Orig.(%)	Unpaid Reserves @12/2006	Acc Yr. Loss Ratio	Acc Yr. Comb Ratio
2001	...	...	...	...	...	...
2002	...	...	...	...	...	...
2003	...	...	...	...	...	...
2004	1,799	-52	-99.9	23,645	-18.2	26.0
2005	52,914	52,925	0.0	48,145	68.5	107.8
2006	85,828	85,828	...	85,828	70.0	96.4

CEDED REINSURANCE ANALYSIS (\$000)

Year	Company				Industry Composite		
	Ceded Reins Total	Business Retention (%)	Rein Rec to PHS (%)	Ceded Reins to PHS (%)	Business Retention (%)	Rein Rec to PHS (%)	Ceded Reins to PHS(%)
2002	...	...	...	...	71.2	139.2	195.8
2003	...	...	...	...	72.3	122.6	175.0
2004	34,281	27.8	53.6	110.8	76.2	108.3	148.4
2005	155,962	55.5	41.8	91.4	76.7	105.1	139.7
2006	222,004	63.4	72.6	122.7	76.6	81.4	110.4

2006 REINSURANCE RECOVERABLES (\$000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
US Affiliates	947	26,659	37,538	...	65,144
US Insurers	4,756	50,460	25,218	...	80,434
Other Non-US	1,260	30,153	19,525	...	50,938
Total (ex US Affils)	6,016	80,613	44,743	...	131,372
Grand Total	6,963	107,272	82,281	...	196,516

* Includes Commissions less Funds Withheld

LIQUIDITY

A strong liquidity position is maintained as current assets are sufficient to cover current liabilities. Furthermore, the group's liquidity is enhanced by strong underwriting and operating cash flows. DNA did not assume any liabilities with its most recent acquisition of DSI, therefore liquidity ratios continue to be strong and operating cash flow is expected to be favorable.

LIQUIDITY ANALYSIS

Year	Company				Industry Composite			
	Quick Liq (%)	Current Liq (%)	Overall Liq (%)	Gross Agents Bal to PHS(%)	Quick Liq (%)	Current Liq (%)	Overall Liq (%)	Gross Agents Bal to PHS(%)
2002	...	...	...	...	23.9	98.8	133.2	18.7
2003	...	...	...	...	26.0	102.1	134.5	14.9
2004	214.2	362.4	289.6	5.1	23.7	104.3	135.2	14.6
2005	134.6	196.3	203.1	5.8	21.8	106.8	136.7	13.1
2006	48.9	149.2	164.3	14.5	23.4	113.5	140.9	11.9
06/2006	XX	155.7	177.0	10.7	XX	XX	XX	XX
06/2007	XX	139.7	154.7	12.6	XX	XX	XX	XX

CASH FLOW ANALYSIS (\$000)

Year	Company			Industry Composite			
	Underw Cash Flow	Oper Cash Flow	Net Cash Flow	Underw Cash Flow (%)	Oper Cash Flow (%)	Underw Cash Flow (%)	Oper Cash Flow (%)
2002	...	...	...	...	...	102.6	114.7
2003	...	...	...	...	...	113.2	123.7
2004	5,159	5,215	11,007	276.1	241.5	128.6	137.2
2005	115,663	118,095	176,956	-99.9	-99.9	116.6	127.1
2006	98,390	110,136	-110,744	299.8	310.6	117.0	127.5
06/2006	33,303	35,644	-99,025	255.6	244.4	XX	XX
06/2007	51,923	62,027	-24,701	224.7	249.0	XX	XX

REINSURANCE PROGRAMS

For D&O and the majority of the group's E&O liability lines of business, the group retains \$2.75M of loss per occurrence on policies written at its maximum offered limit of \$10M. In the managed care D&O line, the group has written limits up to \$20M, whereby the retention is generally \$2.75M of loss per occurrence on the first \$10M of loss and \$1M per occurrence on the next \$10M of loss. For certain classes of its E&O business (primarily public entities and psychiatrists professional liability), the group generally retains \$.25M to \$.50M loss per occurrence. For the medical malpractice liability line of business, the group generally retains \$1.75M of loss per occurrence at a maximum offered limit of \$10M.

On July 1, 2004, Darwin entered into an inter-company reinsurance agreement with the Capitol Indemnity Group (Capitol), whereby any of the business written by Darwin Professional Underwriters, Inc. (DPU) on behalf of Capitol would be 100% assumed by DNA. DNA then retroceded a portion to external reinsurers and 90% of the remaining balance, including direct business written by DNA (net of cession to other reinsurers), to Capitol Indemnity Corporation (a member of Capitol). Effective October 1, 2005, Darwin commuted the 90% retrocession agreement with Capitol Indemnity Corporation. In addition, Darwin entered into a loss portfolio transfer agreement whereby all of the remaining outstanding loss and LAE reserves from business written prior to July 1, 2004 by DPU on the Capitol companies were assumed by Darwin. In exchange for assuming these losses, Darwin received cash for the entire loss and LAE reserves outstanding, including incurred but not reported losses.

CONSOLIDATED BALANCE SHEET (\$000)

<u>ADMITTED ASSETS</u>	<u>12/31/2006</u>	<u>12/31/2005</u>	<u>2006 %</u>	<u>2005 %</u>
Bonds	328,209	120,823	71.0	35.9
Cash & short-term invest	77,220	187,963	16.7	55.9
Other non-affil inv asset	1	...	0.0	...
Total invested assets	405,430	308,787	87.7	91.9
Premium balances	26,289	9,896	5.7	2.9
Accrued interest	3,232	1,398	0.7	0.4
All other assets	27,215	16,016	5.9	4.8
Total assets	462,166	336,097	100.0	100.0
<u>LIABILITIES & SURPLUS</u>	<u>12/31/2006</u>	<u>12/31/2005</u>	<u>2006 %</u>	<u>2005 %</u>
Loss & LAE reserves	167,290	87,174	36.2	25.9
Unearned premiums	79,053	54,427	17.1	16.2
All other liabilities	34,940	23,880	7.6	7.1
Total liabilities	281,283	165,481	60.9	49.2
Total policyholders' surplus	180,883	170,616	39.1	50.8
Total liabilities & surplus	462,166	336,097	100.0	100.0

CONSOLIDATED SUMMARY OF 2006 OPERATIONS (\$000)

<u>STATEMENT OF INCOME</u>	<u>12/31/2006</u>	<u>FUNDS PROVIDED FROM OPERATIONS</u>	<u>12/31/2006</u>
Premiums earned	132,379	Premiums collected	147,645
Losses incurred	55,597	Benefit & loss related pmts	3,898
LAE incurred	33,335		
Undrw expenses incurred	41,457	LAE & undrw expenses paid	45,358
Net underwriting income	1,991	Undrw cash flow	98,390
Net investment income	15,957	Investment income	14,779
Pre-tax oper income	17,948	Pre-tax cash operations	113,169
Realized capital gains	8		
Income taxes incurred	9,288	Income taxes pd (recov)	3,033
Net income	8,667	Net oper cash flow	110,136

INTERIM BALANCE SHEET

<u>ADMITTED ASSETS</u>	<u>03/31/2007</u>	<u>06/30/2007</u>	
Cash & short term invest	99,710	52,518	...
Bonds	367,771	423,059	...
Other investments	...	700	...
	-----	-----	
Total investments	467,480	476,277	
Premium balances	20,264	23,582	...
Reinsurance funds	4,059	2,859	...
Accrued interest	3,751	4,050	...
All other assets	23,914	24,805	...
	-----	-----	
Total assets	519,470	531,574	
<u>LIABILITIES & SURPLUS</u>	<u>03/31/2007</u>	<u>06/30/2007</u>	
Loss & LAE reserves	186,422	208,094	...
Unearned premiums	87,999	90,652	...
All other liabilities	65,289	44,966	...
	-----	-----	
Total liabilities	339,709	343,712	
Capital & assigned surp	179,731	179,829	...
Unassigned surplus	29	8,034	...
	-----	-----	
Policyholders' surplus	179,760	187,862	
Total liabilities & surplus	519,470	531,574	

INTERIM INCOME STATEMENT

	Period Ended <u>06/30/2007</u>	Period Ended <u>06/30/2006</u>	Increase/ <u>Decrease</u>
Premiums earned	86,375	59,259	27,116
Losses incurred	31,635	25,390	6,245
LAE incurred	18,135	14,844	3,290
Underwriters expenses incurred	30,159	18,311	11,847
	-----	-----	-----
Net underwriting income	6,447	714	5,733
Net investment income	10,522	6,935	3,587
	-----	-----	-----
Pre-tax operating income	16,969	7,649	9,320
Realized capital gains	11	-13	24
Income taxes incurred	7,266	4,909	2,357
	-----	-----	-----
Net income	9,715	2,728	6,987

INTERIM CASH FLOW

	Period Ended <u>06/30/2007</u>	Period Ended <u>06/30/2006</u>	Increase/ <u>Decrease</u>
Premiums collected	93,548	54,708	38,840
Benefit & loss related pmts	9,831	2,589	7,242
Undrw expenses paid	31,794	18,816	12,978
	-----	-----	-----
Underwriting cash flow	51,923	33,303	18,620
Investment income	10,103	5,621	4,482
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Pre-tax cash operations	62,027	38,924	23,102
Income taxes pd (recov)	...	3,280	-3,280
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Net oper cash flow	62,027	35,644	26,383