Supplemental Analysis by Birny Birnbaum on the
Financial Condition of the MCCA and the 2012-13 Increase in Assessment
March 22, 2012

This report supplements my report of October 2011 report regarding the financial condition of the Michigan Catastrophic Claims Association and profitability of Michigan auto insurers.

1. **The appearance of the financial condition of the MCCA – and, consequently, the sustainability of the Michigan no-fault system – is vulnerable to manipulation by insurers.**

Insurers control the MCCA, which means that insurers ultimately determining the key assumptions used to create the financial statements of the MCCA. In addition, insurers also provide the claims data to the MCCA upon which the MCCA's estimates of future liabilities are based.

The 2011 Independent Auditor Report of the MCCA states:

> The methods of estimating unpaid losses and loss adjustment expenses are continually reviewed and updated, and any adjustments resulting there from are reflected in the current operations. Management believes that the provision for unpaid losses and loss adjustment expenses is adequate; however, inasmuch as these estimated amounts are based on member reported information, present value, investment yield and mortality assumptions (determined by actuarial tables that incorporate actual emerged Association mortality and closure experience) the ultimate settlement of these liabilities may be significantly greater or less than such estimates**.**

There is a clear conflict of interest for insurers who are promoting radical change to the Michigan No-Fault system and insurers' ability to control the data and information used in the public policy debate.

2. **The governing structure of the MCCA prevents public accountability of the MCCA for assessments levied on drivers.**

The MCCA is governed completely by insurers who decide how large an assessment to levy on Michigan drivers for catastrophic No-Fault coverage. There is no accountability of the MCCA to the public. Unlike rate filings for auto insurance filed by individual insurers, which are public documents and subject to challenge by consumers, the MCCA makes no rate filing and its ratemaking analysis is not available to the public. As described below, the size of the MCCA assessment depends on a number of crucial assumptions – assumptions which are not subject to review and challenge by the public.

Meaningful public accountability requires public members on the MCCA governing board in numbers at least equal to those of insurers, filing of assessments with complete supporting documentation by MCCA to OFIR and public access to, and opportunity to comment and challenge, the assessment.

3. **The massive 21% increase in the annual MCCA assessment is inconsistent with the financial reports of the MCCA, which show that the No-Fault system is stable and operating as designed.**

The MCCA recently announced a massive increase in the per-vehicle assessment of 21% from $145 to $175 dollars. The new assessment reflects a 23% increase in expected costs for coverage of a vehicle in 2012/2013 – despite the fact that there is no change in the retention level of claims by insurers. Insurers continue to retain the first $500,000 of catastrophic claims just as in the 2011-2012 period.

The new assessment reflects in an increase in the surcharge to cover the "deficit" for old claims – despite the fact that the MCCA deficit improved from 2010 to 2011 by over $1 billion.

The MCCA financial statements show that in fiscal year 2011, MCCA showed net income of $450 million versus a loss of $480 million in 2010 – a difference of about $1 billion improvement in 2011. Yet, MCCA's deficit improved by even more -- $1.5 billion. This does not indicate crisis nor suggest the need for a massive rate increase.

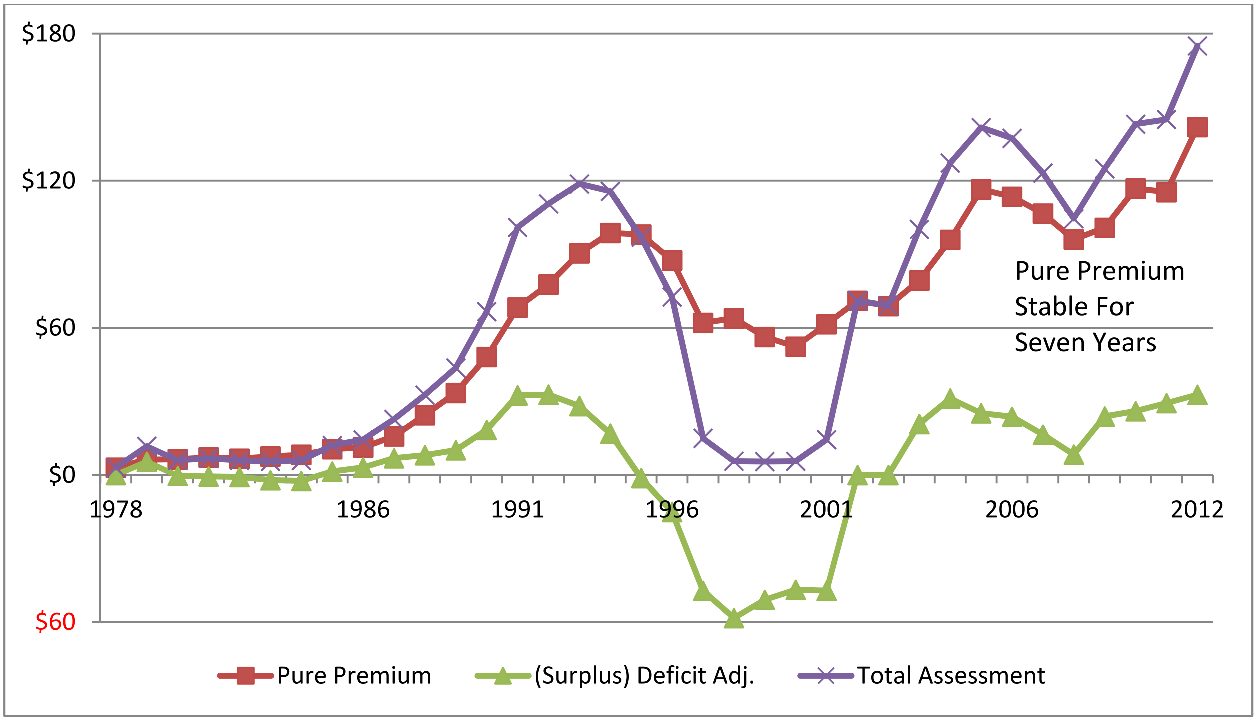
In fiscal year 2011, MCCA total assets increased by $2.4 billion, even though MCCA received about $1 billion in premiums and had $1.2 billion in incurred losses. In the prior year, MCCA had $1.8 billion in incurred losses. Despite over 1,600 new claims and 700 net additional claims from the previous year, MCCA's incurred losses declined by 33% from 2010 to 2011. MCCA's loss reserves were nearly unchanged from 2010 to 2011 -- $13.6 billion to $13.7 billion. This does not suggest a crisis in claims or a need to dramatically increase the assessment.

In addition, the MCCA's financial condition is hugely affected by the performance of its massive investment portfolio. As the economy improves, the value of the MCCA investments – which were devastated by the financial market collapse of 2008 – will also improve and further reduce or eliminate the MCCA deficit.

4. **The estimates of future claim costs are the fundamental driver of reserves, MCCA deficits and assessments. There has been extreme volatility in MCCA estimates of future claims over the years. Policymakers should demand an explanation of these wide swings in claim estimates and greater public accountability.**

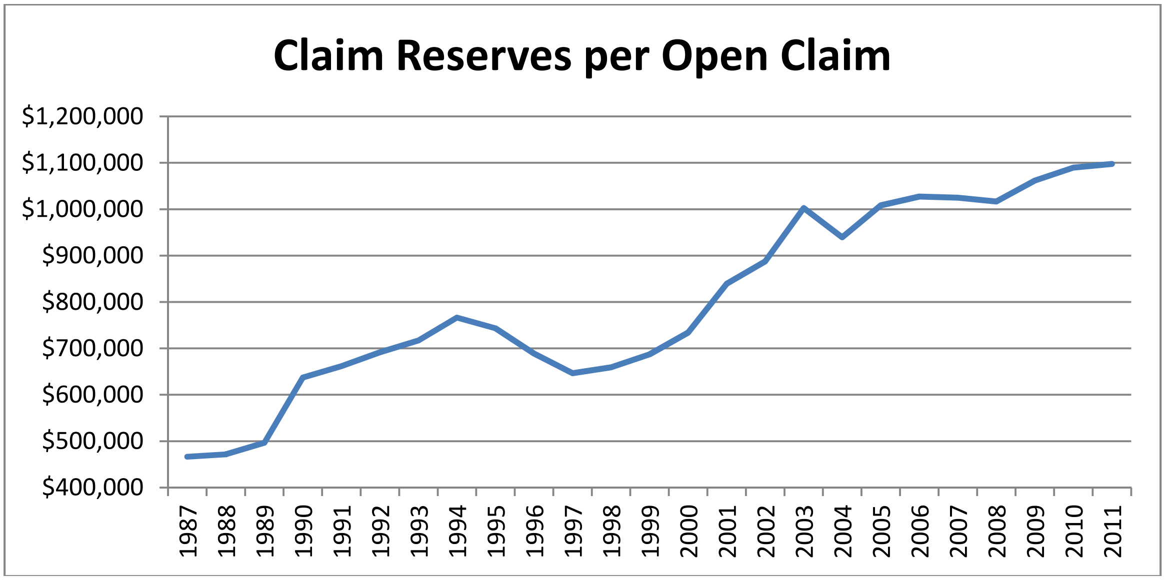
OFIR/MCCA admits that these estimates are difficult to make and depend primarily on estimates of future investment returns and inflation in costs of care. The data indicate that the estimates of future assets and future liabilities are extremely volatile. The table below shows the extreme swings in MCCA estimates of claim costs and deficits and suggests that the MCCA did not know what they were doing in past, does not know what they are doing today or both.

Figure 1: History of the MCCA per-Vehicle Assessment and Components



On January 4, 2012, OFIR sent a letter to Representative Lund with responses to certain questions about the MCCA. Appendix 4 of that letter shows the volatility in claim estimates by the MCCA and the assets to pay those claims. From 1990 to 1997, assets increased from $967 million to $6.5 billion. But when the MCCA slashed the assessment to near zero to distribute a "surplus", assets declined to $5.9 billion and grew to only $6.3 billion by 2002. During the 1990-1994 period, liabilities grew from $2 billion to $4 billion, but then stayed around $ 4 billion for 5 years. A deficit of $900 million in 1990 turned into a surplus of $2.5 billion by 1997. By 2003, that surplus had changed to a deficit of $2.3 billion. The graph below shows the volatility of claim reserves associated with the volatility of MCCA surpluses and deficits. Clearly, the actuaries did not what they were doing and policymakers should demand an explanation of the changes in how the claim reserves and claim estimates were made on a year by year basis. The sensitivity of loss reserves and deficit estimates to long-term estimates of inflation, investment gains and mortality coupled with a history of massive volatility demand that MCCA provide an explanation for these huge swings.

Figure 2: History of MCCA Claim Reserves per Open Claim



5. **Questionable Incurred But Not Reported (IBNR) Claim Reserves have a major impact on the MCCA financial statements.**

IBRN claim reserves are estimates of future claims which have not yet been reported for past coverage. In the most recent MCCA financial statement, IBNR reserves are $2.8 billion compared to $11 billion in reserves for the 13,522 reported claims still open as of June 30, 2011. The IBNR claim reserve – 25% of reported claim reserves – appears very high. In effect, the MCCA is estimating that catastrophic claims that occurred prior to June 30, 2011 <u>but which have not yet been reported</u> will cost one-quarter as much as the 13,522 claims reported and still open as of June 30, 2011. This is equivalent to saying that there are over 3,000 catastrophic claims that occurred prior to June 30, 2011 but which somehow have not been reported. Given that the MCCA has historically added about 500 to 700 claims each year (new claims filed less claims closed), it seems unlikely that the MCCA will receive 3,000 currently-unreported catastrophic claims in the future for events occurring in the past.

If IBNR claim reserves were 15% of reported claim reserves, there would be no deficit. If IBRN claim reserves were 10% -- the equivalent of two additional new years of reported claim reserves – the MCCA would be in surplus.

6. **The Auto Club rate filing for a large increase in no-fault rates is unjustified and demonstrates the need for greater regulatory oversight of auto filings, including the ability of the public to request a public hearing to contest such rate increases. A health insurance rate filing for such an increase would trigger intense public and regulatory scrutiny. To the extent that the MCCA relies upon insurer reporting of claim reserves to establish MCCA claim responsibilities, this filing raises questions about accuracy and bias of MCCA member company reporting.**

The Auto Club rate filings provide no justification for the no-fault rate increase. The filings provide only top level summary rate analysis and rate indications with no support for the key assumptions driving the results. At its most basic, a rate analysis is an estimate of average future claims per insured vehicle divided by an estimate of average future premium at the current rate. This produces an estimated loss ratio at current rate levels. A high estimated loss ratio indicates a need for a rate increase. Auto Club's estimate of the future loss ratio for no-fault at current rates is driven by huge increases in expected claims from actual historical claim experience and huge decreases in expected premium per insured vehicle from actual historical premium. No analysis or backup is provided for these radical assumptions. Auto Club estimates future premium per insured vehicle at current rates will be 10-15% than actual historical premium – through an adjustment called "premium trend." It is unclear why there would be any premium trend for no-fault, let alone 10 to 15%

Auto Club also includes loss development factors of 22 to 30% for claims 3-5 years old. It seems unlikely that five year old claims will develop additional losses of 22%. None of these trend factors or the actual loss trend factors has any support in the filing. The big rate increase is driven by very high loss trends and negative premium trends, but the earned exposures declined by over 50% from 2007 to 2011 for "medical indication." The dramatic decline in exposures leads to an overstatement of trends factors. There is no indication this effect was taken into account.

If a filing like this were made today for health insurance rates, such a filing would be subject to all sorts of public and regulatory scrutiny. There is no reason why this auto filing for no-fault medical benefits should not be subject to the same type of oversight.

APPENDIX 2

Michigan Catastrophic Claims Association
Claims Statistical Data

Inception to Date as of:	Claims Reported	Claims Closed	Claims Open	Annual Reported	Annual Closed	Annual % of Closed to Reported
06/30/1979	61	0	61	61	0	0.00%
06/30/1980	202	10	192	141	10	7.09%
06/30/1981	393	23	370	191	13	6.81%
06/30/1982	616	69	547	223	46	20.63%
06/30/1983	839	93	746	223	24	10.76%
06/30/1984	1,135	129	1,006	296	36	12.16%
06/30/1985	1,448	205	1,243	313	76	24.28%
06/30/1986	1,829	334	1,495	381	129	33.86%
06/30/1987	2,360	423	1,937	531	89	16.76%
06/30/1988	2,919	528	2,391	559	105	18.78%
06/30/1989	3,643	679	2,964	724	151	20.86%
06/30/1990	4,331	882	3,449	688	203	29.51%
06/30/1991	5,126	1,107	4,019	795	225	28.30%
06/30/1992	5,965	1,513	4,452	839	406	48.39%
06/30/1993	6,973	1,990	4,983	1,008	477	47.32%
06/30/1994	7,696	2,254	5,442	723	264	36.51%
06/30/1995	8,550	2,736	5,814	854	482	56.44%
06/30/1996	9,296	3,334	5,962	746	598	80.16%
06/30/1997	10,133	3,854	6,279	837	520	62.13%
06/30/1998	10,989	4,466	6,523	856	612	71.50%
06/30/1999	11,948	5,050	6,898	959	584	60.90%
06/30/2000	12,991	5,602	7,389	1,043	552	52.92%
06/30/2001	13,921	6,127	7,794	930	525	56.45%
06/30/2002	14,906	6,685	8,221	985	558	56.65%
06/30/2003	16,316	7,256	9,060	1,410	571	40.50%
06/30/2004	17,620	7,736	9,884	1,304	480	36.81%
06/30/2005	18,895	8,408	10,487	1,275	672	52.71%
06/30/2006	20,039	9,405	10,634	1,144	997	87.15%
06/30/2007	21,272	10,191	11,081	1,233	786	63.75%
06/30/2008	22,614	10,985	11,629	1,342	794	59.17%
06/30/2009	23,868	11,702	12,166	1,254	717	57.18%
06/30/2010	25,556	12,741	12,815	1,688	1,039	61.55%
06/30/2011	27,169	13,647	13,522	1,613	906	56.17%

APPENDIX 4

Michigan Catastrophic Claims Association
Exhibit of Balance Sheet Data
December 31, 1978 to June 30, 2011

Year	Admitted Assets	Liabilities	Surplus(Deficit)
1978	$14,202,160	$11,467,020	$2,735,140
1979	46,602,535	45,870,678	731,857
1980	83,965,034	90,243,228	(6,278,194)
1981	132,465,887	109,637,847	22,828,040
1982	183,233,927	164,374,667	18,859,260
1983	233,601,243	212,018,309	21,582,934
1984	285,029,729	348,523,962	(63,494,233)
1985	374,007,022	457,018,304	(83,011,282)
1986	473,995,507	624,113,588	(150,118,081)
1987	621,984,059	903,276,474	(281,292,415)
1988	828,108,320	1,128,065,861	(299,957,541)
6/30/1989	967,007,814	1,472,425,438	(505,417,624)
6/30/1990	1,306,712,104	2,197,294,959	(890,582,855)
6/30/1991	1,858,129,962	2,658,690,631	(800,560,669)
6/30/1992	2,559,957,527	3,078,987,154	(519,029,627)
6/30/1993	3,369,956,275	3,573,890,981	(203,934,706)
6/30/1994	4,149,485,391	4,171,228,739	(21,743,348)
6/30/1995	4,987,495,283	4,321,310,232	666,185,051
6/30/1996	5,793,582,687	4,108,019,298	1,685,563,389
6/30/1997	6,518,373,341	4,059,088,440	2,459,284,901
6/30/1998	5,878,523,486	4,300,755,945	1,577,767,541
6/30/1999	6,105,153,311	4,738,983,186	1,366,170,125
6/30/2000	6,178,835,599	5,424,742,852	754,092,747
6/30/2001	6,261,367,227	6,541,595,398	(280,228,171)
6/30/2002	6,324,697,118	7,295,566,688	(970,869,570)
6/30/2003	6,825,426,561	9,080,956,381	(2,255,529,820)
6/30/2004	7,562,035,649	9,285,616,143	(1,723,580,494)
6/30/2005	8,485,968,376	10,575,619,009	(2,089,650,633)
6/30/2006	9,306,727,256	10,923,679,957	(1,616,952,701)
6/30/2007	10,725,570,571	11,358,220,512	(632,649,941)
6/30/2008	10,912,804,366	11,820,471,230	(907,666,864)
6/30/2009	10,347,752,445	12,918,373,342	(2,570,620,897)
6/30/2010	11,436,319,669	13,964,719,024	(2,528,399,355)
6/30/2011	13,806,946,397	14,841,938,196	(1,034,991,799)

Note: The Association switched to a fiscal year-end 6/30 in 1989

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols.1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	1,615,429,045		1,615,429,045	3,133,187,212
2. Stocks (Schedule D)				
2.1 Preferred stocks				
2.2 Common Stocks	11,152,358,212		11,152,358,212	7,938,843,765
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 $..............0 encumbrances)				
4.2 Properties held for the production of income (less $..............0 encumbrances)				
4.3 Properties held for sale (less $..............0 encumbrances)				
5. Cash ($........729,202 Schedule E Part 1), cash equivalents ($..............0 Schedule E Part 2) and short-term investments ($.....231,398,982 Schedule DA)	232,128,184		232,128,184	244,642,909
6. Contract loans (including $..............0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)	146,292,192		146,292,192	79,055,531
9. Receivables for securities				
10. Securities Lending Reinvested Collateral Assets	637,529,368		637,529,368	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	13,783,737,001		13,783,737,001	11,395,729,417
13. Title plants less $..............0 charged off (for Title insurers only)				
14. Investment income due and accrued	20,433,220		20,433,220	33,916,418
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	292,570	51,805	240,765	3,276,746
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..............0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	2,535,411		2,535,411	3,397,088
21. Furniture and equipment, including health care delivery assets ($..............0)	39,504	39,504		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				
24. Health care ($..............0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	33,094	33,094		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,807,070,800	124,403	13,806,946,397	11,436,319,669
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	13,807,070,800	124,403	13,806,946,397	11,436,319,669
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	33,094	33,094		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	33,094	33,094		

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LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	13,743,306,000	13,569,472,000
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	204,702,000	170,048,000
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	3,317,753	3,104,834
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $..........0 and including warranty reserves of $..........0)	251,611,000	219,352,000
10.	Advance premiums		
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others		164
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.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending	637,529,368	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $..........0 and interest thereon $..........0		
25.	Aggregate write-ins for liabilities	1,472,075	2,742,036
26.	TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	14,841,938,196	13,964,719,024
27.	Protected cell liabilities		
28.	TOTAL Liabilities (Lines 26 and 27)	14,841,938,196	13,964,719,024
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	(1,034,991,799)	(2,528,399,355)
36.	Less treasury stock, at cost:		
	36.1 ....0 shares common (value included in Line 30 $..........0)		
	36.2 ....0 shares preferred (value included in Line 31 $..........0)		
37.	Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	(1,034,991,799)	(2,528,399,355)
38.	TOTALS (Page 2, Line 28, Column 3)	13,806,946,397	11,436,319,669
	DETAILS OF WRITE-INS		
2501.	Premium Refunds Payable	1,055,512	2,725,122
2502.	Miscellaneous	416,563	16,914
2503.			
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,472,075	2,742,036
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

Appendix 5 Pg. 3

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	981,455,263	827,971,298
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7)	1,132,919,675	1,815,847,065
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	47,439,849	28,213,465
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,840,654	1,531,468
5.	Aggregate write-ins for underwriting deductions		(10,737,000)
6.	TOTAL Underwriting Deductions (Lines 2 through 5)	1,182,200,178	1,834,854,998
7.	Net income of protected cells		
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(200,744,915)	(1,006,883,700)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	371,982,585	377,739,743
10.	Net realized capital gains (losses) less capital gains tax of $..............0 (Exhibit of Capital Gains (Losses))	275,727,030	148,760,476
11.	Net investment gain or (loss) (Lines 9 + 10)	647,709,615	526,500,219
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $..............0 amount charged off $..............0)		
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	2,054,372	50
15.	TOTAL Other Income (Lines 12 through 14)	2,054,372	50
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	449,019,072	(480,383,431)
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)	449,019,072	(480,383,431)
19.	Federal and foreign income taxes incurred	18,262	28,327
20.	Net income (Line 18 minus Line 19) (to Line 22)	449,000,810	(480,411,758)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, June 30 prior year (Page 4, Line 39, Column 2)	(2,528,399,355)	(2,570,620,897)
22.	Net income (from Line 20)	449,000,810	(480,411,758)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..............0	1,043,226,285	523,818,515
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 28, Column 3)	1,180,461	(1,185,215)
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 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus		
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	1,493,407,556	42,221,542
39.	Surplus as regards policyholders, June 30 current year (Line 21 plus Line 38) (Page 3, Line 37)	(1,034,991,799)	(2,528,399,355)
DETAILS OF WRITE-INS			
0501.	Premium Deficiency Reserve		(10,737,000)
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		(10,737,000)
1401.	Late Charges	2,054,246	
1402.	Miscellaneous Income	126	50
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	2,054,372	50
3701.			
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)		

Appendix 6 Pg. 2

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	Net 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 professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake									
13. Group accident & health								(a)	
14. Credit accident & health (group & individual)									
15. Other accident & health								(a)	
16. Workers' compensation									
17.1 Other liability - occurrence									
17.2 Other liability - claims-made									
17.3 Excess Workers' Compensation									
18.1 Products liability - occurrence									
18.2 Products liability - claims-made									
19.1 19.2 Private passenger auto liability		10,956,985,000		10,956,985,000		2,786,321,000		13,743,306,000	204,702,000
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. Warranty									
31. Reinsurance-Nonproportional Assumed Property	XXX				XXX				
32. Reinsurance-Nonproportional Assumed Liability	XXX				XXX				
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS		10,956,985,000		10,956,985,000		2,786,321,000		13,743,306,000	204,702,000
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page									
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)									

(a) Including $..........0 for present value of life indemnity claims.