

Ultimate Parent: Hartford Financial Services Group Inc

HARTFORD CASUALTY INSURANCE COMPANY

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BEST'S RATING

Based on our opinion of the consolidated Financial Strength of the members of The Hartford Insurance Pool, which operate under a business pooling arrangement, each pool member is assigned a Best's Rating of A+ (Superior). The company is assigned the Financial Size Category of Class XV, which is the Financial Size Category of the pool.

RATING RATIONALE

The following text is derived from the report of The Hartford Insurance Pool.

Rating Rationale: The rating reflects the pool's solid risk-adjusted capitalization, strong underwriting fundamentals, continued core operating profitability and excellent business position within the property/casualty industry. These strengths are somewhat offset by the significant realized capital losses reported during the third quarter of 2008, dividends taken out of the property/casualty companies to support the Life operations, and continued softening throughout most commercial lines, driving low single-digit premium decreases and modest pressure on underwriting margins. The outlook reflects A.M. Best's concerns for the potential of additional capital to be taken out of the property/casualty subsidiaries to support The Hartford's life operations, should the capital markets decline further.

The positive rating factors are derived from the pool's generally conservative operating fundamentals and commitment to diversified underwriting and marketing strategies that provide balanced growth opportunities. Management has executed various operating initiatives such as exiting assumed reinsurance business and certain high-hazard specialty lines and focused its operations on targeting small to middle commercial markets and personal lines that are viewed as less volatile. Although it represents a concentration risk, the personal lines segment benefits from its affinity relationship through a long-term endorsement from AARP. The group also targets larger insureds in specialty casualty markets, which complements the complete book of business. Although competition is emerging in the small and middle commercial markets, the pool utilizes technology, localized support and excellent service to strengthen its already formidable business position.

Like other leading carriers within the U.S. property/casualty industry, the pool remains exposed to the potential development of A&E liabilities. However, management conducts annual ground-up loss reserve reviews for its asbestos (second quarter) and environmental (third quarter) reserves, as well as an annual evaluation of its reinsurance recoverables. A.M. Best maintains that the pool is among the most proactive U.S. insurers in addressing loss reserve deficiencies. However, A.M. Best believes that there is potential for adverse loss reserve development to impact the earnings of the pool. In addition the pool remains exposed to potential catastrophic events, both natural and man-made. However, management actively monitors its catastrophe exposure (assessing its risks, on a gross and net basis, as a percentage of surplus) and has a comprehensive reinsurance and catastrophe management program to limit its exposure to a single event.

On October 17, 2008, The Hartford Financial Services Group, Inc. ("The Hartford"), entered into an investment agreement with Allianz Societes Europaea to provide a \$2.5 billion investment, following significant realized and unrealized investment losses and other charges incurred through third quarter 2008. The investment came in the form of \$1,750 million of junior subordinated debentures and \$750 million of preferred stock. Including some level of equity credit for these securities, The Hartford's financial leverage is expected to remain in line with A.M. Best's expectations at current rating levels through year-end 2008. However, leverage measures are elevated from prior years as a result of the aforementioned capital contribution and the negative impact of substantial unrealized capital losses on The Hartford's consolidated stockholders' equity. In addition, while The Hartford has reduced its common stock dividend to offset the cost of capital associated with the capital contribution

from Allianz, coverage ratios have deteriorated due to the negative impact of realized investment losses on earnings.

Best's Rating: A+ p

Outlook: Negative

FIVE YEAR RATING HISTORY

<u>Date</u>	Best's <u>Rating</u>
12/23/08	A+ p
10/06/08	A+ pu
05/23/08	A+ p
06/25/07	A+ p
06/28/06	A+ p
07/14/05	A+ p
03/05/04	A+ p

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>
2003	1,500,039	474,288	-29,791
2004	1,664,714	516,275	81,762
2005	1,774,574	572,903	123,068
2006	1,814,208	581,218	127,360
2007	1,831,756	574,035	162,832
09/2007	1,386,701	435,858	121,787
09/2008	1,373,293	425,916	104,207

Period <u>Ending</u>	Statutory Data (\$000)		
	Net	Total	Policy-
	<u>Income</u>	Admitted <u>Assets</u>	holders' <u>Surplus</u>
2003	-1,985	1,688,262	693,126
2004	75,027	1,760,161	754,188
2005	99,630	1,943,408	823,535
2006	-2,255	2,115,394	905,195
2007	116,225	2,164,551	920,220
09/2007	87,575	2,130,456	913,402
09/2008	58,148	2,166,854	803,267

Period	Profitability			Leverage			Liquidity	
	Comb.	Inv. Yield	Pretax ROR	NA Inv	NPW	Net	Overall Liq	Oper. Cash-
<u>Ending</u>	<u>Ratio</u>	<u>(%)</u>	<u>(%)</u>	<u>Lev</u>	<u>to PHS</u>	<u>Lev</u>	<u>(%)</u>	<u>flow (%)</u>
2003	124.2	4.7	-6.5	8.8	0.7	2.1	169.7	145.5
2004	99.3	4.5	16.6	8.3	0.7	2.0	175.0	118.7
2005	92.9	4.7	23.2	8.5	0.7	2.1	173.5	137.4
2006	96.5	5.0	22.5	6.7	0.6	2.0	174.8	149.2
2007	93.0	5.2	28.2	7.4	0.6	2.0	174.0	131.6
5-Yr Avg	100.4	4.8	17.7	...	...	...	...	...
09/2007	92.5	XX	28.1	XX	0.6	2.0	175.1	131.8
09/2008	97.5	XX	24.4	XX	0.7	2.4	158.9	126.5

(*) Data reflected within all tables of this report has been compiled from the company-filed statutory statement. Within several financial tables of this report, this company is compared against the Commercial Casualty Composite.

BUSINESS REVIEW

The following text is derived from the report of The Hartford Insurance Pool.

The pool offers personal and commercial insurance through fourteen companies that participate in an intercompany pooling arrangement, led by Hartford Fire. Through the pooling arrangement, premiums, losses and expenses are prorated according to fixed percentages. The pool's business is organized into five reportable operating segments: Personal Lines, Small Commercial, Middle Market, Specialty Commercial and Other Operations. Multiple distribution channels enable the pool to penetrate various markets and maintain momentum despite competitive market conditions. The pool is represented throughout North America by a significant field staff of approximately 10,800 local agents and brokerage firms. Thirty regional and branch offices are maintained by the pool.

The Personal Lines segment represented approximately 38% of the pool's 2007 property/casualty total written premiums. This segment provides automobile, homeowners and home-based business coverages primarily to the membership of AARP, for which The Hartford has been endorsed since 1984, through a direct marketing operation. During the first quarter of 2007, this endorsement contract was extended until January 1, 2020. The segment also provides automobile, homeowners and home-based business coverages to individuals who prefer local agents in the personal lines market.

The Small Commercial segment is composed primarily of standard coverages such as workers' compensation, property, auto, liability and umbrella, targeting "main street" businesses. Businesses insured by the Small Commercial segment generally have up to \$5 million in annual payroll, \$15 million in annual revenues or \$15 million in total property values. The segment represents 26% of the pool's total written premium.

The Middle Market segment, which represents 22% of the pool's total written premium, provides standard commercial coverages to companies with greater than \$5 million in annual payroll, \$15 million in annual revenues or \$15 million in total property values.

The Specialty Commercial segment is composed of large accounts, excess and surplus lines, financial products, surety bonds and agricultural lines. These policies are distributed through agents and brokers and represent approximately 14% of the pool's total written premium. In addition, the pool offers professional liability insurance in the United Kingdom ("UK") through an 80% reinsured UK-based affiliate, Hartford Financial Products International Limited.

In 2003, The Hartford exited the assumed reinsurance business and sold most of its property & casualty Reinsurance business to Endurance Specialty Holdings Ltd. The pool also is a member of and participates in, the business underwritten or served by American Nuclear Insurers and USAIG.

On November 30, 2006, The Hartford completed its divestiture of Omni Insurance Group, Inc., the company's non-standard property and casualty subsidiary, to Independent Insurance Investments, Inc., for approximately \$100 million.

2007 BUSINESS PRODUCTION AND PROFITABILITY (\$000)

Product	Premiums Written		% of	Pure	Loss
<u>Line</u>	<u>Direct</u>	<u>Net</u>	<u>Total</u>	<u>Loss</u>	<u>& LAE</u>
Workers' Comp	274,211	131,044	22.8	54.4	346,001
Com'l MultiPeril	1,006,233	103,919	18.1	46.2	122,586
Priv Pass Auto Liab	61,769	95,486	16.6	72.5	89,663
Auto Physical	61,050	66,288	11.5	52.6	3,569
Homeowners	83,903	56,311	9.8	54.5	13,933
Comm'l Auto Liab	53,473	28,812	5.0	49.7	38,355
Oth Liab Occur	210,885	24,332	4.2	60.2	164,081
Oth Liab Cl-Made	22,767	23,509	4.1	42.5	46,930
Inland Marine	5,789	15,177	2.6	32.5	2,524
Surety	35,025	11,632	2.0	13.5	7,627
All Other	16,651	17,524	3.1	27.3	79,150
Totals	1,831,756	574,035	100.0	52.9	914,419

Major 2007 Direct Premium Writings By State (\$000): California, \$483,160 (26.4%); Texas, \$93,409 (5.1%); New York, \$91,065 (5.0%); Illinois, \$72,028 (3.9%); Virginia, \$70,868 (3.9%); 47 other jurisdictions, \$1,021,197 (55.7%); Aggregate Alien, \$28 (0.0%).

FINANCIAL PERFORMANCE

The following text is derived from the report of The Hartford Insurance Pool.

Overall Earnings: The pool has generated very strong operating results as reflected by its five-year average pretax operating returns on revenue and surplus, which have outperformed those of the commercial casualty industry composite. These results are derived from the pool's strong underwriting fundamentals and sustainable competitive advantages that include multiple distribution capabilities and extensive technology utilization. The pool's superior customer service and diversified product offerings enhance its risk selection and overall business retention. Additionally, excellent operating results reported in the past four years benefited from market conditions that included extensive rate increases in years 2002-2004 and stronger policy terms. Overall favorable underwriting results are supported by solid investment income from the predominantly fixed-income portfolio. Income from the pool's investment in the affiliated company, Hartford Holdings, Inc., has further bolstered total return measures in aggregate.

Operating results in 2007 and 2006 were very strong, with nearly \$4.5 billion in pretax operating income reported, in aggregate, by the pool during this period. The pool also generated excellent operating results in 2005, despite industry record catastrophe losses, as evidenced by pretax return on revenue of 20.9%. Driving the pool's strong performance during the prior three years are continued underwriting profits and solid investment income generation on a growing asset-base. In 2004, near-break-even underwriting results and strong operating income led to the pool generating excellent operating earnings, as demonstrated by the pool recording pretax return on revenue of 17.3%. This is a stark improvement over the prior year when during the first quarter of 2003, The Hartford (including non-pool affiliates) strengthened its net asbestos reserves by \$2.6 billion which resulted in a net operating loss of \$964 million. Excluding the aforementioned charge and other unusual items, the pool reported ongoing improvements in its core books of business and would have reported operating earnings of \$764 million. The pool's various corrective actions in conjunction with the benefits of several years of strong pricing within the property/casualty markets are key drivers of the improved operating results.

PROFITABILITY ANALYSIS

Period	Company				Industry Composite			
	Pretax ROR	Return on PHS(%)	Comb. Ratio	Oper. Ratio	Pretax ROR	Return on PHS(%)	Comb. Ratio	Oper. Ratio
Ending	(%)	PHS(%)	Ratio	Ratio	(%)	PHS(%)	Ratio	Ratio
2003	-6.5	0.1	124.2	109.1	5.2	12.9	104.0	92.0
2004	16.6	8.6	99.3	84.5	7.0	12.3	103.0	91.9
2005	23.2	11.1	92.9	77.4	9.5	9.1	103.2	89.9
2006	22.5	8.5	96.5	79.7	19.4	19.1	93.0	79.5
2007	28.2	10.1	93.0	74.9	20.3	15.0	94.1	79.2
5-Yr Avg	17.7	8.0	100.4	84.2	12.6	14.0	99.2	86.2
09/2007	28.1	XX	92.5	74.6	XX	XX	XX	XX
09/2008	24.4	XX	97.5	78.7	XX	XX	XX	XX

Underwriting Income: The pool has generated very strong underwriting results as reflected by a combined ratio that outperforms that of the commercial casualty industry composite on both a five-year and ten-year average basis. These solid results are reflective of strong underwriting fundamentals and the benefit that compounded annual rate increases (during the beginning of the prior five-year period) have had on pricing levels. In addition, the pool's underwriting results reflect its focus on the Small Commercial, Middle Market and Personal Lines segments which have proven to be less volatile than the accounts typically written in the pool's Specialty Commercial segment. However, A.M. Best notes that pricing pressures continue to increase across virtually all commercial lines accounts and expects prospective underwriting margins to be impacted by declining rates. In earlier years, underwriting results were impacted by catastrophe losses, elevated medical costs affecting several business lines, and prior year adverse loss reserve development largely attributed to discontinued reinsurance operations and permanent disability workers' compensation reserves. In an effort to improve underwriting performance, management implemented a number of corrective actions, including tightened underwriting guidelines, shifting the pool's geographical mix away from poor loss performing states and the discontinuation of unprofitable agencies in its personal lines segment. Furthermore, management has exited the assumed reinsurance business, discontinued certain lines/classes of specialty commercial business and essentially exited the international marketplace.

Underwriting results in 2007 benefited from the reporting of overall favorable loss reserve development totaling \$265 million, or approximately two and a half points on the combined ratio. The favorable development was driven by the release of workers' compensation loss and loss adjustment expense reserves, primarily for accident years 2002 through 2006, in the Small Commercial segment. Significant events that impacted underwriting results in 2006 include a \$237 million reduction of reinsurance recoverables, which resulted from an agreement with Equitas and the group's evaluation of the reinsurance recoverables and allowance for uncollectible reinsurance associated with older, long-term casualty liabilities. Results in 2006 were also impacted by increases in construction defect claim reserves for older accident years as well as environmental and assumed reinsurance reserve increases, which were partially offset by reserve releases for defense and cost containment expenses, primarily in workers' compensation and package business and a reduction in reserves related to the 2004 and 2005 hurricanes.

In 2005, the pool generated an underwriting profit, as Small Commercial, Middle Market and Personal Lines delivered excellent results, while Specialty Commercial was impacted by catastrophe losses. In total, however, despite record industry catastrophe losses, the pool reported a noted decline of net catastrophe losses of \$172 million, when compared to the prior year. In 2004, the pool generated near-break-even underwriting results as strong performance of Business Insurance and Personal Lines segments was modestly offset by Specialty Commercial. Such strong underwriting results reported despite the significant catastrophe activity in 2004 and 2005 reflect the pool's effective catastrophe management, as the pool manages its exposures to catastrophes on both a gross and net basis and has technology and data integrity positioned to effectively model loss scenarios. With respect to the September 11 claim reserves, underwriting results in 2004 benefited from a \$379 million, net, reduction of the \$536 million net estimate (the pool's initial loss estimates from the September 11 tragedy were \$647 million, net). In addition, The Hartford also incurred approximately \$400 million of losses in 2004, due to the four hurricanes that primarily hit Florida. Also, during the first quarter of 2003, The Hartford increased its asbestos reserves by \$2.6 billion (net), which added approximately thirty points to the combined ratio in 2003. A.M. Best views both events as unusual and believes the pool's current asbestos reserves make a more reasonable provision for its ultimate liability. To measure its exposure to future terrorism losses, the group models and manages risk concentration using concentric circles around target locations.

Prospectively, A.M. Best believes that the pool is in a sound position to manage the intermediate downturn of the property/casualty pricing environment due to its proactive stance of addressing its risk selection and ability to effectively

market a broad array of insurance products to its insured base from a diversified distribution channel.

UNDERWRITING EXPERIENCE

<u>Year</u>	Net Undrw	<u>Loss Ratios</u>			<u>Expense Ratios</u>			<u>Div.</u>	<u>Comb</u>
	<u>Income</u>	Pure	Loss &	Net	Other	Total			
	<u>(\$000)</u>	<u>Loss</u>	<u>LAE</u>	<u>LAE</u>	<u>Comm</u>	<u>Exp.</u>	<u>Exp.</u>	<u>Pol.</u>	<u>Ratio</u>
2003	-115,093	79.3	18.0	97.4	10.2	16.5	26.6	0.2	124.2
2004	-2,850	57.2	13.4	70.5	10.3	18.4	28.6	0.1	99.3
2005	26,097	55.3	10.7	66.0	9.0	17.7	26.8	0.1	92.9
2006	15,690	56.6	10.8	67.5	9.3	19.6	28.9	0.1	96.5
2007	41,134	52.9	11.6	64.6	9.5	18.5	27.9	0.5	93.0
5-Yr Avg	...	59.6	12.7	72.4	9.6	18.2	27.8	0.2	100.4
09/2007	31,564	53.7	11.1	64.8	XX	XX	27.3	0.4	92.5
09/2008	10,944	58.6	10.8	69.3	XX	XX	27.5	0.6	97.5

Investment Income: Despite challenging investment conditions over the most recent five-year period, the pool consistently generates solid investment income from its portfolio of predominantly fixed-income securities. Consistent investment income growth from an expansion in the non-affiliated investment base has been produced from the reinvestment of positive cash flow. Investment income has also benefited from Hartford Life, Inc., dividends in recent years due to its growing market value. The dividends from Hartford Life, Inc., increased considerably in 2003 and 2004, creating a significant gain in net investment income generation. In 2005, Hartford Fire (the pool's leading company) exchanged all shares of Hartford Holdings, Inc., Series A Preferred Stock in return for a promissory note from Hartford Holdings, Inc. The note is carried as an affiliated bond, through which Hartford Fire receives interest payments that contribute to investment income.

The pool's investment portfolio is comprised predominantly of diversified fixed-income securities allocated among U.S. government, tax-exempt and corporate issues, as well as mortgage-backed securities. With a relatively small portfolio of equities and the pool's emphasis on investment income generation, non-affiliated capital gains have historically contributed modestly to investment returns. The aforementioned affiliated bond accounted for 23% of the pool's total bond holdings at year-end 2007.

INVESTMENT INCOME ANALYSIS (\$000)

<u>Year</u>	<u>Company</u>		
	Net	Realized	Unrealized
	Inv	Capital	Capital
	<u>Income</u>	<u>Gains</u>	<u>Gains</u>
2003	69,564	22,363	2,549
2004	73,109	2,495	-12,610
2005	82,147	8,143	-12,165
2006	95,292	-82,553	75,584
2007	104,685	-4,339	-24,189
09/2007	77,689	-3,305	-57
09/2008	80,045	-19,991	-21,745

<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>
2003	4.4	4.7	6.4	5.9	4.9
2004	5.1	4.5	3.9	2.0	4.4
2005	12.4	4.7	4.5	20.9	4.8
2006	16.0	5.0	4.6	6.4	4.6
2007	9.9	5.2	3.7	11.3	4.7
5-Yr Avg	9.8	4.8	4.5	9.4	4.7
09/2007	XX	XX	3.7	XX	XX
09/2008	XX	XX	1.8	XX	XX

INVESTMENT PORTFOLIO ANALYSIS

<u>Asset</u> <u>Class</u>	<u>2007 Inv</u>	<u>% of Invested Assets</u>		<u>Annual</u>
	<u>Assets</u>	<u>2007</u>	<u>2006</u>	<u>% Chg</u>
	<u>(\$000)</u>			
Long-Term bonds	1,842,259	88.1	89.6	0.1
Stocks	191,280	9.2	4.3	114.3
Other Inv Assets	56,891	2.7	6.0	-54.2
Total	2,090,429	100.0	100.0	1.8

2007 BOND PORTFOLIO ANALYSIS

<u>Asset</u> <u>Class</u>	<u>% of</u>	<u>Mkt Val</u>	<u>Avg.</u>	<u>Class</u>	<u>Class</u>	<u>Struc.</u>	<u>Struc.</u>
	<u>Total</u>	<u>to Stmt</u>	<u>Maturity</u>	<u>1 - 2</u>	<u>3 - 6</u>	<u>Secur.</u>	<u>Secur.</u>
	<u>Bonds</u>	<u>Val(%)</u>	<u>(Yrs)</u>	<u>(%)</u>	<u>(%)</u>	<u>(%)</u>	<u>(% of PHS)</u>
Governments	0.8	0.8	5.4	100.0	...	...	...
States, terr & poss	57.2	1.8	15.6	98.4	1.6	4.2	4.8
Corporates	42.1	-4.3	10.3	97.1	2.9	55.5	46.9
Total all bonds	100.0	-0.8	13.3	97.9	2.1	25.7	51.7

CAPITALIZATION

The following text is derived from the report of The Hartford Insurance Pool.

Risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), is superior and remains supportive of the current rating. The capital position is reflective of the pool's conservative operating strategies, embedded economic value in loss reserves, breadth of operations, manageable catastrophe exposure and internal generation of capital. These factors are somewhat offset by the pool's substantial affiliated bond holding, exposure to potential A&E claims, and the stop loss reinsurance coverage that Hartford Fire continues to provide to First State Insurance Company and its affiliates, which are in run-off. Surplus generation during the prior five years has been driven primarily by strong operating earnings, contributed capital and dividends from the life subsidiary, somewhat offset by annual stockholder dividends paid to The Hartford that, in aggregate, total nearly \$2.5 billion since 2003.

The overall financial flexibility of The Hartford is strong, due to the overall group's proven ability to utilize capital markets, strong balance sheet, and diversified business and operational profile that generates organic capital. Historically, The Hartford had maintained financial leverage at the high-end of the acceptable range of its current Best rating. However, financial leverage at The Hartford has declined significantly and is at levels that are fully supportive of current ratings. In addition to improved financial leverage, The Hartford held approximately \$460 million of cash and marketable securities at the holding company as of year-end 2007. The organization relies on dividends from its subsidiaries to service debt and other corporate obligations; however in the event of a potential capital shortfall, the company has access to both debt and equity markets. The Hartford's

long-term flexibility also has been enhanced from the organizational "de-stacking" of its life and property/casualty operations, as the ultimate holding company now has access to two separate dividend streams.

CAPITAL GENERATION ANALYSIS (\$000)

<u>Year</u>	<u>Source of Surplus Growth</u>		
	<u>Pretax</u> <u>Operating</u> <u>Income</u>	<u>Total</u> <u>Inv.</u> <u>Gains</u>	<u>Net</u> <u>Contrib.</u> <u>Capital</u>
2003	-29,791	24,911	8,047
2004	81,762	-10,115	-1,110
2005	123,068	-4,023	...
2006	127,360	-6,969	20,391
2007	162,832	-28,528	-86,966
5-Yr Total	465,230	-24,723	-59,637
09/2007	121,787	-3,362	-86,966
09/2008	104,207	-41,736	-116,000

<u>Year</u>	<u>Source of Surplus Growth</u>		
	<u>Other,</u> <u>Net of</u> <u>Tax</u>	<u>Change</u> <u>in</u> <u>PHS</u>	<u>PHS</u> <u>Growth</u> <u>(%)</u>
2003	23,490	26,657	4.0
2004	-9,475	61,062	8.8
2005	-49,698	69,347	9.2
2006	-59,122	81,660	9.9
2007	-32,313	15,024	1.7
5-Yr Total	-127,119	253,751	...
09/2007	-23,253	8,207	0.9
09/2008	-63,423	-116,952	-12.7

QUALITY OF SURPLUS (\$000)

<u>Year</u>	<u>Year-End</u> <u>PHS</u>	<u>% of PHS</u>			<u>Dividend Requirements</u>		
		<u>Cap Stk/</u> <u>Contrib.</u> <u>Cap.</u>	<u>Other</u>	<u>Un-</u> <u>assigned</u> <u>Surplus</u>	<u>Stock-</u> <u>holder</u> <u>Divs</u>	<u>Div to</u> <u>POI</u> <u>(%)</u>	<u>Div to</u> <u>Net Inc.</u> <u>(%)</u>
2003	693,126	47.9	...	52.1	...	...	...
2004	754,188	44.1	...	55.9	-1,110	1.4	1.5
2005	823,535	40.4	...	59.6	...	...	...
2006	905,195	39.0	...	61.0	...	...	...
2007	920,220	38.7	...	61.3	-90,500	55.6	77.9
09/2007	913,402	39.0	...	61.0	-90,500	74.3	103.3
09/2008	803,267	44.4	...	55.6	-116,000	111.3	199.5

Underwriting Leverage: The pool maintains sound net and gross underwriting leverage measures that are conservative when compared against industry averages. On a de-stacked surplus basis, which removes the \$7.3 billion affiliated bond investment, underwriting leverage measures are more in line with those of the peer group composite. Although the pool has increased its premium writings and associated carried loss reserves over the prior five-year period, considerable surplus generation has led to the reduction of leverage measures during this time. Premium volumes increased primarily due to rate increases garnered in the earlier portions of the five-year period and expanded writings in Small Commercial, Middle Market and Personal Lines. In

2005, net premiums written were skewed by a change in the pool's method of recording written premium for certain workers' compensation contracts, which contributed several percentage points to the year-over-year increase in net premiums written. The greatest area of growth in 2006 was in Small Commercial and Personal Lines, with some reduction of writings in Specialty Commercial. In 2007, overall written premium volume decline by approximately 1.2%, reflective of continued softening market conditions within the Middle Market and Specialty Commercial segments.

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
2003	0.7	1.1	2.1	2.1	1.3	1.9	4.3	6.0
2004	0.7	1.0	2.0	2.0	1.2	1.9	4.2	5.6
2005	0.7	1.0	2.1	2.1	1.1	1.8	3.9	5.3
2006	0.6	1.0	2.0	2.0	1.0	1.6	3.5	4.6
2007	0.6	1.0	2.0	2.0	0.9	1.5	3.2	4.1
09/2007	0.6	1.0	2.0	XX	XX	XX	XX	XX
09/2008	0.7	1.2	2.4	XX	XX	XX	XX	XX

Current BCAR: 204.4

PREMIUM COMPOSITION & GROWTH ANALYSIS

Period Ending	DPW		GPW	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2003	1,500,039	12.4	1,974,326	10.8
2004	1,664,714	11.0	2,180,989	10.5
2005	1,774,574	6.6	2,347,477	7.6
2006	1,814,208	2.2	2,395,426	2.0
2007	1,831,756	1.0	2,405,791	0.4
5-Yr CAGR	...	6.5	...	6.2
5-Yr Change	...	37.3	...	35.0
09/2007	1,386,701	1.7	1,822,559	1.3
09/2008	1,373,293	-1.0	1,799,209	-1.3

Period Ending	NPW		NPE	
	(\$000)	(% Chg)	(\$000)	(% Chg)
2003	474,288	5.9	459,743	8.9
2004	516,275	8.9	493,982	7.4
2005	572,903	11.0	529,733	7.2
2006	581,218	1.5	567,028	7.0
2007	574,035	-1.2	577,119	1.8
5-Yr CAGR	...	5.1	...	6.4
5-Yr Change	...	28.2	...	36.7
09/2007	435,858	0.0	432,895	2.5
09/2008	425,916	-2.3	426,222	-1.5

Reserve Quality: The pool has experienced adverse loss reserve development, particularly on accident years 1998-2000, primarily due to the assumed casualty reinsurance business (now in run-off) and increasing workers' compensation severity greater than the original estimates. Older accident year development is primarily attributed to A&E liabilities. However, loss reserve development trends improved significantly on more recent accident years, with initial reserve estimates for accident

years 2002 through 2006 running off relatively favorably in aggregate. Recent accident year loss experience is the result of pricing improvements, enhanced risk selection and management's proactive stance in monitoring loss development.

According to A.M. Best's estimates, The Hartford ranks among the top five insurers in the nation with commercial lines that are potentially exposed to emerging A&E claims. Based on Footnote 32 disclosure data, the pool reported \$1.6 billion of gross A&E reserves and \$1.4 billion of net A&E reserves at year-end 2007. The pool also has ongoing exposure to potential A&E losses stemming from the policies of its run-off affiliate, First State Insurance Company, through an aggregate stop loss agreement, which is used to support the run-off of the insurance obligations of First State Insurance Company and its consolidated affiliates. The group has maintained an extensive and dedicated A&E claims unit which monitors and limits its future exposures through proactive dispute resolution strategies. The proactive stance undertaken by management includes annual separate comprehensive ground-up studies that focus on the adequacy of reserve estimates for asbestos, environmental, reinsurance recoverable assets and reviews of assumed reinsurance reserves. Although these actions cannot guarantee that adverse development will not occur, A.M. Best believes that The Hartford's proactive initiatives reduce the risk of reserve charges of great magnitude.

In 2003, the pool reported unfavorable loss reserve development of \$2.470 billion, predominantly due to a large asbestos charge. More specifically, during the first quarter of 2003, several events occurred (including an increase in filings of pre-packaged bankruptcy plans by asbestos defendants), which management felt pointed to a substantial long-term deterioration in the asbestos litigation environment. Consequently, The Hartford conducted a comprehensive, ground-up study of its asbestos exposures, resulting in a \$2.6 billion net A&E charge (\$3.9 billion gross). In 2004, loss reserves developed adversely by \$238 million, primarily due to continued development of A&E and assumed reinsurance reserves as well as construction defect claims, partially offset by favorable development of September 11 reserves. Also during 2004, net A&E reserves were reduced considerably due to the \$1.15 billion settlement with Mac Arthur Company and its subsidiary, Western Mac Arthur company, which went into a trust established for the benefit of present and future claimants. In 2005, unfavorable loss reserve development for the pool totaled just \$83 million, which reflected strengthening of workers' compensation, reinsurance recoverable and environmental reserves. Adverse development of \$352 million in 2006 was primarily driven by a settlement agreement with Equitas and a \$35 million increase to prior accident year environmental reserves. The agreement with Equitas resolved, with minor exception, all of The Hartford's ceded and assumed domestic reinsurance exposure, resulting in a \$237 million pretax charge. In 2007, however, the pool reported overall favorable loss reserve development of approximately \$265 million, driven by workers' compensation reserve releases in Small Commercial, reflecting the positive impact that legal reforms in California and Florida have had on medical claim severity as well as the positive trends emerging on policies sold through payroll service providers. These favorable developments were partially offset by a \$25 million increase to prior accident year environmental reserves.

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

Calendar	Original Loss	Developed Reserves	Develop. to	Develop. to	Develop. to	Unpaid Reserves	Unpaid Resrv. to
<u>Year</u>	<u>Reserves</u>	<u>Thru 2007</u>	<u>Orig.(%)</u>	<u>PHS (%)</u>	<u>NPE (%)</u>	<u>@ 12/2007</u>	<u>Dev.(%)</u>
2002	562,041	808,794	43.9	37.0	191.5	332,172	41.1
2003	746,429	830,727	11.3	12.2	180.7	375,235	45.2
2004	736,421	772,085	4.8	4.7	156.3	433,544	56.2
2005	772,392	784,474	1.6	1.5	148.1	524,601	66.9
2006	855,855	841,270	-1.7	-1.6	148.4	668,927	79.5
2007	891,331	891,331	...	...	154.4	891,331	100.0

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

Accident	Original Loss	Developed Reserves	Develop. to	Unpaid Reserves	Acc Yr. Loss	Acc Yr. Comb
<u>Year</u>	<u>Reserves</u>	<u>Thru 2007</u>	<u>Orig.(%)</u>	<u>@ 12/2007</u>	<u>Ratio</u>	<u>Ratio</u>
2002	164,914	165,342	0.3	32,589	68.4	97.1
2003	184,598	157,180	-14.9	43,063	62.1	88.9
2004	195,115	158,281	-18.9	58,309	60.3	89.1
2005	195,523	176,624	-9.7	91,057	61.1	87.9
2006	216,160	208,841	-3.4	144,326	62.0	91.1
2007	222,404	222,404	...	222,404	65.8	94.3

ASBESTOS & ENVIRONMENTAL (A&E) RESERVES ANALYSIS

<u>Year</u>	<u>Company</u>		
	Net A&E	Reserve	Net
	Reserves	Retention	IBNR
	<u>(\$000)</u>	<u>(%)</u>	<u>Mix (%)</u>
2003	143,996	70.2	...
2004	80,312	58.7	...
2005	74,147	60.9	...
2006	83,225	76.5	66.8
2007	76,318	84.5	65.7

<u>Year</u>	<u>Company</u>			<u>Industry Composite</u>		
	Survival	Comb	Comb	Survival	Comb	Comb
	Ratio	Ratio	Ratio	Ratio	Ratio	Ratio
	<u>(3 yr)</u>	<u>Impact</u>	<u>Impact</u>	<u>(3 yr)</u>	<u>Impact</u>	<u>Impact</u>
2003	...	26.3	...	...	1.9	...
2004	...	0.3	...	...	1.4	...
2005	4.3	0.4	8.4	8.5	1.0	1.4
2006	3.0	3.2	1.4	7.9	0.5	0.9
2007	8.8	0.2	1.3	8.6	0.7	0.7

CEDED REINSURANCE ANALYSIS (\$000)

<u>Year</u>	<u>Company</u>			<u>Industry Composite</u>		
	Ceded	Business	Rein Rec	Ceded	Business	Rein Rec
	Reins	Retention	to PHS	Reins to	Retention	to PHS
	<u>Total</u>	<u>(%)</u>	<u>(%)</u>	<u>PHS (%)</u>	<u>(%)</u>	<u>(%)</u>
2003	...	31.6	...	...	72.4	121.3
2004	...	31.0	...	...	76.3	107.3
2005	...	32.3	...	...	76.8	104.3
2006	...	32.0	...	...	76.7	80.9
2007	...	31.3	...	...	78.0	69.2

2007 REINSURANCE RECOVERABLES (\$000)

	Paid &		Unearned	Other	Total
	Unpaid				Reins
	<u>Losses</u>	<u>IBNR</u>	<u>Premiums</u>	<u>Recov*</u>	<u>Recov</u>
US Affiliates	875,700	1,479,676	870,766	...	3,226,142
Grand Total	875,700	1,479,676	870,766	...	3,226,142

* Includes Commissions less Funds Withheld

Investment Leverage: The pool maintains a relatively conservative non-affiliated investment portfolio, which is comprised primarily of fixed-income securities diversified among U.S. government, corporate and tax-exempt issues and asset-backed bond holdings. During 2003, the pool reduced its investment leverage by exiting its higher risk investment asset classes (equity and hedge funds) and the pool's investment leverage remained conservative through 2004 with nearly 75% of all invested assets held in fixed-income assets of solid credit quality. In 2005, Hartford Fire exchanged all shares of Hartford Holdings, Inc., Series A Preferred Stock in return for a promissory note from Hartford Holdings, Inc., and it is carried as an affiliated bond. As of year-end 2007, the carrying value of the note was approximately \$7.3 billion and represents a substantial portion of the pool's statutory surplus. This leads to concerns should any deterioration occur within Hartford Life, Inc., a subsidiary of Hartford Holdings, Inc. Nevertheless, Hartford Holdings, Incorporated's life subsidiaries are adequately capitalized, profitable and are an integral part of The Hartford's business strategy.

INVESTMENT LEVERAGE ANALYSIS (% OF PHS)

Year	Company						Industry Composite	
	Class	Real	Other	Non-Affl			Class	
	3-6	Estate/	Invested	Common	Inv.	Affil	3-6	Common
	<u>Bonds</u>	<u>Mtg.</u>	<u>Assets</u>	<u>Stocks</u>	<u>Lev.</u>	<u>Inv.</u>	<u>Bonds</u>	<u>Stocks</u>
2003	6.7	1.8	...	0.3	8.8	25.4	8.4	19.2
2004	6.4	1.6	...	0.2	8.3	21.6	6.8	19.7
2005	5.7	2.6	...	0.2	8.5	18.4	6.9	18.7
2006	4.2	2.4	...	0.2	6.7	...	6.0	18.5
2007	4.3	2.9	...	0.2	7.4	...	5.7	17.5

LIQUIDITY

The following text is derived from the report of The Hartford Insurance Pool.

The pool maintains sound balance sheet liquidity as non-affiliated invested assets are in line with overall liabilities. While the current ratio is comparable to industry composite peers, the quick ratio is low as the pool has reinvested a large portion of cash flow in long-term bonds. The liquidity position has been enhanced by strong operating cash flows over the last five years.

LIQUIDITY ANALYSIS

Year	Company				Industry Composite			
	Quick	Current	Overall	Gross	Quick	Current	Overall	Gross
	<u>Liq (%)</u>	<u>Liq (%)</u>	<u>Liq (%)</u>	<u>Agents Bal</u>	<u>Liq (%)</u>	<u>Liq (%)</u>	<u>Liq (%)</u>	<u>Agents Bal</u>
				<u>to PHS(%)</u>				<u>to PHS(%)</u>
2003	7.4	145.0	169.7	...	26.3	102.4	134.7	14.
2004	9.5	151.0	175.0	...	24.0	104.4	135.3	14.
2005	10.5	153.3	173.5	...	22.2	106.9	136.8	13.
2006	9.5	167.9	174.8	...	23.8	113.5	141.0	11.
2007	5.7	165.8	174.0	...	22.6	116.1	143.8	10.
09/2007	XX	166.7	175.1	...	XX	XX	XX	XX
09/2008	XX	154.0	158.9	...	XX	XX	XX	XX

CASH FLOW ANALYSIS (\$000)

Year	Company			Industry Composite			
	Underw	Oper	Net	Underw	Oper	Underw	Oper
	Cash	Cash	Cash	Cash	Cash	Cash	Cash
	<u>Flow</u>	<u>Flow</u>	<u>Flow</u>	<u>Flow (%)</u>	<u>Flow (%)</u>	<u>Flow (%)</u>	<u>Flow (%)</u>
2003	87,319	175,994	-1,178	122.6	145.5	113.3	123.7
2004	16,931	95,352	8,300	103.4	118.7	128.7	137.2
2005	111,648	184,686	16,796	124.2	137.4	116.6	127.0
2006	106,364	233,335	45,701	122.4	149.2	117.0	127.3
2007	86,349	169,326	-73,541	117.7	131.6	117.1	125.6
09/2007	65,599	128,586	-58,061	117.7	131.8	XX	XX
09/2008	46,519	110,008	38,798	112.3	126.5	XX	XX

HISTORY

The company was incorporated on March 5, 1987 under the laws of Indiana with the temporary title of Hartford Casualty Insurance Company of Indiana to serve as the vehicle for a change in domicile of the company from Jersey City, New Jersey to Indianapolis, Indiana. The change became effective on July 1, 1987. The predecessor company was incorporated under the laws of New Jersey as the Citizens Insurance Company of New Jersey. It commenced business on December 31, 1929.

Paid-up capital is \$4,800,000, consisting of 800 shares of capital stock at a par value of \$6,000 per share. The company has 1,000 authorized shares.

MANAGEMENT

All of the outstanding capital stock is owned by the Hartford Accident and Indemnity Company which is owned in turn by the Hartford Fire Insurance Company. The latter is controlled by Hartford Financial Services Group, Inc.

Officers: Chairman of the Board, President and Chief Executive Officer, Neal S. Wolin; Executive Vice President and Chief Investment Officer, David M. Znamierowski; Executive Vice President and General Counsel, Alan J. Kreczko; Executive Vice Presidents, Juan C. Andrade, Jonathan R. Bennett, Dan Brown III, David M. Johnson, Andrew J. Pinkes, Raymond J. Sprague, Gary J. Thompson, Eileen G. Whelley; Senior Vice President and Chief Financial Officer, Michael J. Dury; Senior Vice President and Treasurer, John N. Giamalis; Senior Vice President and Chief Actuary, Thomas S. Johnston; Senior Vice President and Controller, Frederick J. Jones, Jr. (Property and Casualty Operations); Senior Vice President, David A. Carlson; Vice President and Secretary, Richard G. Costello.

Directors: Randolph A. Dalton, John N. Giamalis, David M. Johnson, Donald J. LaValley, Neal S. Wolin, David M. Znamierowski.

REGULATORY

An examination of the financial condition is being made as of December 31, 2007 by the Insurance Departments of Connecticut and Indiana. The 2007 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Thomas S. Johnston, Senior Vice President and Chief Actuary.

TERRITORY

The company is licensed in the District of Columbia and all states.

REINSURANCE PROGRAMS

The following text is derived from the report of The Hartford Insurance Pool.

The pool maintains an excess of loss agreement for 95% of losses above \$20 million up to \$300 million for workers' compensation risks. Excess of loss agreements are also maintained for losses above \$5.5 million up to \$62.5 million for commercial property exposures and above \$3.0 million up to \$10 million for excess property exposures. In addition, the pool maintains a comprehensive property catastrophe reinsurance program. This program includes catastrophe agreements for 89% of losses above \$250 million up to \$1 billion for primary lines, 91% of losses above \$15 million up to \$175 million for excess lines, 95% of losses above \$20 million up to \$300 million for surplus lines, 90% of losses above \$83 million up to \$519 million for personal lines exposures in Florida. An additional agreement provides for added catastrophe coverage of 90% of losses above \$1 billion up to \$1.3 billion for risks in the Northeastern United States.

In addition to the protection provided by the reinsurance program described above, The Hartford has fully collateralized reinsurance coverages from Foundation Re and Foundation Re II for losses sustained from qualifying hurricane and earthquake loss events and other qualifying catastrophe losses (see the paragraphs below for specific coverage details). Foundation Re and Foundation Re II are Cayman Islands reinsurance companies which financed the provision of the reinsurance through the issuance of catastrophe bonds. Under the terms of the treaties, The Hartford is reimbursed for losses from natural disaster events using a customized industry index contract designed to replicate The Hartford's own catastrophe losses, with a provision that the actual losses incurred by The Hartford for covered events, net of reinsurance recoveries, cannot be less than zero. As of December 31, 2007, there have been no events that are expected to trigger a recovery under any of the reinsurance programs with Foundation Re or Foundation Re II and, accordingly, The Hartford has not recorded any recoveries from the associated reinsurance treaties.

In November 2004, The Hartford purchased two separate reinsurance covers from Foundation Re, which financed the provision of reinsurance through the issuance of \$248 million in catastrophe bonds to investors under two separate bond offerings. Under the first reinsurance cover, which covers 45% of \$400 million in losses in excess of a \$1.3 billion index loss trigger, The Hartford purchased protection against hurricane loss events affecting the Gulf and East Coast of the United States with a return

period of greater than 1-in-100 years. The second coverage purchased by The Hartford covers 90% of \$75 million in losses in excess of \$125 million from qualifying hurricane and earthquake events, provided that such losses occur in the year following the occurrence of a 1-in-100 year hurricane or earthquake event. In February 2006, The Hartford purchased a third cover from Foundation Re, which financed the provision of reinsurance through the issuance of \$105 million in catastrophe bonds to investors. The third coverage purchased by The Hartford covers 26% of \$400 million in losses in excess of a \$1.3 billion index loss trigger for losses arising from hurricane events affecting the Gulf and East Coast of the United States and events arising from California, Pacific Northwest, and New Madrid earthquakes.

In November 2006, The Hartford purchased two separate reinsurance covers from Foundation Re II, which financed the provision of reinsurance through the issuance of \$248 million in catastrophe bonds to investors under two separate bond offerings. Under the first reinsurance cover, which covers 45% of \$400 million in losses in excess of a \$1.85 billion index loss trigger, The Hartford purchased protection against hurricane loss events affecting the Gulf and East Coast of the United States. The second coverage purchased by The Hartford covers 45% of \$150 million in losses in excess of an index loss trigger equating to approximately \$462 million in annual aggregate Hartford losses from hurricane, earthquake and tornado/hail events in the contiguous continental United States that result in \$100 and \$29.5 billion in industry losses.

BALANCE SHEET (\$000)

<u>ADMITTED ASSETS</u>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>2007 %</u>	<u>2006 %</u>
Bonds	1,842,259	1,839,878	85.1	87.0
Preferred stock	189,221	87,812	8.7	4.2
Common stock	2,059	1,459	0.1	0.1
Cash & short-term invest	7,485	81,026	0.3	3.8
Other non-affil inv asset	26,925	21,323	1.2	1.0
Total invested assets	2,067,949	2,031,497	95.5	96.0
Premium balances	2,648	3,071	0.1	0.1
Accrued interest	22,481	21,746	1.0	1.0
All other assets	71,474	59,080	3.3	2.8
Total assets	2,164,551	2,115,394	100.0	100.0
<u>LIABILITIES & SURPLUS</u>	<u>12/31/2007</u>	<u>12/31/2006</u>	<u>2007 %</u>	<u>2006 %</u>
Loss & LAE reserves	914,419	870,718	42.2	41.2
Unearned premiums	278,653	282,109	12.9	13.3
All other liabilities	51,259	57,371	2.4	2.7
Total liabilities	1,244,332	1,210,199	57.5	57.2
Capital & assigned surplus	356,269	352,734	16.5	16.7
Unassigned surplus	563,951	552,461	26.1	26.1
Total policyholders' surplus	920,220	905,195	42.5	42.8
Total liabilities & surplus	2,164,551	2,115,394	100.0	100.0

SUMMARY OF 2007 OPERATIONS (\$000)

<u>STATEMENT OF INCOME</u>	<u>12/31/2007</u>	<u>FUNDS PROVIDED FROM OPERATIONS</u>	<u>12/31/2007</u>
Premiums earned	577,119	Premiums collected	574,133
Losses incurred	305,567	Benefit & loss related pmts	271,153
LAE incurred	67,234		
Undrw expenses incurred	160,416	LAE & undrw expenses paid	215,845
Div to policyholders	2,768	Div to policyholders	785
Net underwriting income	41,134	Undrw cash flow	86,349
Net investment income	104,685	Investment income	114,009
Other income/expense	17,012	Other income/expense	17,012
Pre-tax oper income	162,832	Pre-tax cash operations	217,370
Realized capital gains	-4,339		
Income taxes incurred	42,267	Income taxes pd (recov)	48,045
Net income	116,225	Net oper cash flow	169,326

INTERIM BALANCE SHEET (\$000)

<u>ADMITTED ASSETS</u>	<u>03/31/2008</u>	<u>06/30/2008</u>	<u>09/30/2008</u>
Cash & short term invest	67,007	146,749	46,283
Bonds	1,823,149	1,777,981	1,795,948
Preferred stock	184,855	172,639	148,777
Common stock	2,051	2,040	2,047
Other investments	27,622	27,547	92,751
Total investments	2,104,685	2,126,956	2,085,806
Premium balances	2,824	2,840	2,675
Accrued interest	24,030	23,649	23,213
All other assets	71,373	67,612	55,160
Total assets	2,202,911	2,221,056	2,166,854
<u>LIABILITIES & SURPLUS</u>	<u>03/31/2008</u>	<u>06/30/2008</u>	<u>09/30/2008</u>
Loss & LAE reserves	921,032	935,013	954,096
Unearned premiums	277,025	276,869	278,048
All other liabilities	42,402	44,043	131,442
Total liabilities	1,240,459	1,255,925	1,363,586
Capital & assigned surp	356,269	356,269	356,269
Unassigned surplus	606,184	608,863	446,998
Policyholders' surplus	962,453	965,131	803,267
Total liabilities & surplus	2,202,911	2,221,056	2,166,854

INTERIM INCOME STATEMENT (\$000)

	Period Ended <u>09/30/2008</u>	Period Ended <u>09/30/2007</u>	Increase/ <u>Decrease</u>
Premiums earned	426,222	432,895	-6,673
Losses incurred	249,584	232,339	17,245
LAE incurred	45,896	48,174	-2,278
Underwriters expenses incurred	117,223	119,158	-1,935
Div to policyholders	2,574	1,660	915
	<hr/>	<hr/>	<hr/>
Net underwriting income	10,944	31,564	-20,620
Net investment income	80,045	77,689	2,357
Other income/expenses	13,217	12,535	683
	<hr/>	<hr/>	<hr/>
Pre-tax operating income	104,207	121,787	-17,581
Realized capital gains	-19,991	-3,305	-16,687
Income taxes incurred	26,067	30,907	-4,840
	<hr/>	<hr/>	<hr/>
Net income	58,148	87,575	-29,427

INTERIM CASH FLOW (\$000)

	Period Ended <u>09/30/2008</u>	Period Ended <u>09/30/2007</u>	Increase/ <u>Decrease</u>
Premiums collected	425,587	436,079	-10,492
Benefit & loss related pmts	211,989	203,753	8,236
Undrw expenses paid	166,366	166,084	281
Div to policyholders	713	642	71
	<hr/>	<hr/>	<hr/>
Underwriting cash flow	46,519	65,599	-19,080
Investment income	86,518	83,706	2,812
	<hr/>	<hr/>	<hr/>
Other income/expense	13,217	12,535	683
	<hr/>	<hr/>	<hr/>
Pre-tax cash operations	146,254	161,840	-15,585
Income taxes pd (recov)	36,246	33,254	2,992
	<hr/>	<hr/>	<hr/>
Net oper cash flow	110,008	128,586	-18,578