Ultimate Parent: Berkshire Hathaway Inc

GEICO GENERAL INSURANCE COMPANY

Chevy Chase, Maryland, United States
One GEICO Plaza, Washington, District of Columbia, United States 20076-0001
Web: www.geico.com

Tel: 800-841-3000 **Fax:** 301-986-3225
AMB#: 01852 **NAIC#:** 35882
Ultimate Parent#: 58334 **FEIN#:** 75-1588101

BEST'S RATING

Based on our opinion of the company's Financial Strength and relationship with an affiliated reinsurer, which reinsures virtually all of the company's business, the company is assigned the Best's Rating of its affiliated reinsurer, Government Employees Insurance Company, which is A++ (Superior). The company is assigned the Financial Size Category of Class XV, which is the Financial Size Category of its affiliated reinsurer.

RATING RATIONALE

The following text is derived from the report of Government Employees Group.

Rating Rationale: The rating reflects the group's superior financial strength, strong operating performance, brand name recognition and market position as one of the top five personal automobile writers in the United States. These strengths are partially offset by significant stockholder dividend payments to its parent, high investment leverage, as well as exposure to potential regulatory issues in several of its larger states. The rating outlook is based on the group's superior financial strength, consistent track record of profitability and considerable market presence.

The group's strong operating results reflect a considerable underwriting expense advantage, which is driven by its direct distribution business model and its favorable loss experience over the previous five-year period. The group's overall returns also have benefited from a steadily increasing stream of investment income in recent years. When combined with its capital gains, the group has generated substantial capital over the previous five-year period, which has supported steady growth in net premiums written and enabled it to declare substantial dividends. Furthermore, the group maintains a strategic advantage due to its leadership position in the government and military employee market, as well as an excellent reputation for providing quality service. The group also benefits from a strategic alliance with an unaffiliated insurer, as well as its ownership of an independent agency that provides it with the ability to supplement its automobile products with homeowner coverage without assuming the corresponding catastrophe risk. The rating also recognizes the considerable financial resources available from its intermediate parent, GEICO Corporation, and the financial strength of its ultimate parent, Berkshire Hathaway Inc., whose financial profile includes approximately $121 billion of stockholders' equity, minimal debt and a long history of strong profitability.

The group's negative rating factors include significant stockholder dividend payments to its parent over the previous five-year period. In 2006, these dividend payments totaled $2.7 billion and resulted in a moderate decline in surplus, as well as risk-adjusted capitalization. The group also maintains high investment leverage derived from its significant allocation of invested assets to unaffiliated common stock. However, the group's strong risk-adjusted capitalization and historic success in managing the portfolio partially mitigate this risk. In addition, the group maintains a modest geographic concentration that exposes it to legislative changes and judicial decisions, as its top five states account for approximately one-half of its direct premiums written. However, this risk is largely mitigated by the group's geographic spread throughout the rest of the country and management's proven ability to quickly adapt to changing market conditions.

The rating applies to Government Employees Insurance Company (GEICO) and its three affiliated companies and is based on the consolidation of these companies.

Best's Rating: A++r **Outlook: Stable**

FIVE YEAR RATING HISTORY

Date	Best's Rating
03/17/08	A++r
03/22/07	A++r
03/09/06	A++r
05/27/05	A++r
06/11/04	A++r
06/05/03	A++r

KEY FINANCIAL INDICATORS

	Statutory Data ($000)		
Period Ending	Direct Premiums Written	Net Premiums Written	Pretax Operating Income
2003	3,486,761	…	4,927
2004	3,907,524	…	4,814
2005	4,164,259	…	6,073
2006	4,555,646	…	7,171
2007	4,810,586	…	7,748
09/2007	3,659,393	…	5,858
09/2008	3,790,846	…	4,157

	Statutory Data ($000)		
Period Ending	Net Income	Total Admitted Assets	Policy-holders' Surplus
2003	5,221	128,317	57,642
2004	4,232	125,939	56,095
2005	4,884	138,080	65,290
2006	5,951	151,062	70,699
2007	5,805	153,862	76,429
09/2007	4,383	162,776	75,181
09/2008	3,332	165,867	79,796

	Profitability			Leverage			Liquidity	
Period Ending	Comb. Ratio	Inv. Yield (%)	Pretax ROR (%)	NA Inv Lev	NPW to PHS	Net Lev	Overall Liq (%)	Oper. Cash-flow (%)
2003	…	4.5	…	…	…	1.2	181.6	991.0
2004	…	4.1	…	…	…	1.2	180.3	-99.9
2005	…	4.8	…	…	…	1.1	189.7	755.8
2006	…	5.1	…	…	…	1.1	188.0	999.9
2007	…	5.3	…	…	…	1.0	198.7	713.8
5-Yr Avg	…	4.8	0.0	…	…	…	…	…
09/2007	…	XX	…	XX	…	1.2	185.8	681.8
09/2008	…	XX	…	XX	…	1.1	192.7	433.9

(*) 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 Private Passenger Automobile Composite.

BUSINESS REVIEW

The following text is derived from the report of Government Employees Group.

The Government Employees Group is a leading provider of personal automobile insurance written on behalf of government employees and military personnel. In addition, the group is a national personal automobile insurance carrier, with modest geographic concentration along the Eastern Seaboard of the United States. Its business is marketed and distributed primarily by direct response methods in which customers apply for coverage directly to the company over the phone, through the mail or via the internet. Most business is processed directly from its regional offices in Macon, Georgia; Fredericksburg, Virginia; Virginia Beach, Virginia; Woodbury, New York; Dallas, Texas; San Diego, California; and Lakeland, Florida. Branch offices are maintained in Honolulu, Hawaii; Coralville, Iowa; Tucson, Arizona; and Buffalo, New York. The group also utilizes some general field representatives (commissioned agents).

The property / casualty insurance group writes business in four companies. Government Employees Insurance Company (GEICO), the lead company, which generates 30% of the group's property / casualty direct premiums written, writes preferred personal lines coverages for government employees and military personnel. Its fully reinsured subsidiary, GEICO General Insurance Company, which generates 41% of the group's direct premiums, writes preferred automobile insurance for insureds who are not government employees or military personnel. Its companion carrier, GEICO Indemnity Company, which generates 24% of the group's direct premiums, writes standard automobile and motorcycle insurance. GEICO Indemnity's reinsured subsidiary, GEICO Casualty Company, which generates 5% of the group's direct premiums, writes non-standard automobile insurance coverages.

Government Employees Group's policyholders' are offered homeowner insurance by Travelers through a Maryland independent insurance agency, Insurance Counselors, Inc., which is owned by GEICO. The independent agent also has the capability to offer homeowner products from a number of other carriers. This allows Government Employees Group to focus on growing its core personal automobile insurance business while at the same time offering its customers a homeowner product.

The group re-entered the state of New Jersey in August 2004 and began writing private passenger auto business. Changes by the New Jersey Legislature and the Department of Insurance helped to improve the competitive environment and make this return possible. New Jersey currently ranks as the group's third largest state in terms of direct premiums written.

Direct Premium Writings By Product Lines: Direct Premiums written at the last year end totaled ($000) $4,810,586, and were distributed as follows: Priv Pass Auto Liab, $2,915,893; Auto Physical, $1,894,687; All Other, $6.

Major 2007 Direct Premium Writings By State ($000): New York, $1,191,262 (24.8%); Florida, $810,355 (16.8%); California, $331,072 (6.9%); Maryland, $312,753 (6.5%); Virginia, $231,225 (4.8%); 40 other jurisdictions, $1,933,920 (40.2%).

FINANCIAL PERFORMANCE

The following text is derived from the report of Government Employees Group.

Overall Earnings: The group has produced strong operating earnings as evidenced by its five-year pre-tax return on revenue (ROR) and total return on equity (ROE), which compare favorably to the private passenger automobile industry composite. Operating returns have been primarily driven by increasing underwriting earnings over the previous five-year period. The improvement in the group's underwriting results has been attributable to rate adequacy and favorable loss frequency trends for most coverages. The group's net investment income has also gradually increased in recent years due to higher investment yields and continued invested asset growth, following a decline in net investment income in the beginning of the period. The group's five-year total returns have compared favorably to the industry composite due to solid capital gains on its equity portfolio and to a lesser extent on its bond portfolio.

PROFITABILITY ANALYSIS

	Company				Industry Composite			
Period Ending	Pretax ROR (%)	Return on PHS(%)	Comb. Ratio	Oper. Ratio	Pretax ROR (%)	Return on PHS(%)	Comb. Ratio	Oper. Ratio
2003	…	9.1	…	…	11.9	24.8	93.8	88.4
2004	…	7.4	…	…	14.7	22.2	90.6	85.7
2005	…	8.0	…	…	14.7	19.6	91.3	85.7
2006	…	8.8	…	…	16.1	23.5	90.1	84.6
2007	…	7.9	…	…	12.5	14.5	94.4	88.5
5-Yr Avg	0.0	8.2	…	…	14.0	20.7	92.0	86.5
09/2007	…	XX	…	…	XX	XX	XX	XX
09/2008	…	XX	…	…	XX	XX	XX	XX

Underwriting Income: The group has produced favorable underwriting results as evidenced by its five-year average combined ratio, which is lower than the private passenger automobile industry composite. Underwriting results are driven by a below average expense structure, partially offset by an above average pure loss ratio, attributable to its personal automobile liability loss experience. The group's favorable underwriting expense ratio is derived from its cost efficient direct marketing approach, advanced use of technology and economies of scale, which are tempered somewhat by its extensive advertising budget. Underwriting results have been on an improving trend for most of the previous five-year period, which was driven by a declining pure loss ratio that was partially offset by an increasing underwriting expense ratio. Most recently, the group's combined ratio has trended modestly upwards due to a slightly higher loss and loss adjustment expense (LAE) ratio and underwriting expense ratio.

The group's improved pure loss experience over the period was driven by rate adequacy and decreasing claim frequencies in most coverages. Claim severities continued to increase moderately for many coverages with automobile physical damage coverages increasing slightly faster than previous years. While there has been no formal change to the group's underwriting criteria, risks are reviewed more thoroughly with fewer exceptions granted from its current guidelines. In addition, staff training has been increased to insure overall compliance with the guidelines and improved allocation to the appropriate rating tier based on the characteristics of the risk. The most recent increase in loss and LAE ratio was reflective private passenger automobile rate decreases in a number of states due to increased price competition in these markets. The increase in the underwriting expense ratio was reflective of stepped up advertising and greater expenses related to benefits.

Investment Income: The group maintains a high quality and well diversified investment portfolio that consists primarily of short-term investments, common stocks, long-term bonds and cash. The overall bond portfolio is primarily allocated to U.S. Treasury, government agency, corporate and tax-exempt municipal bonds. The group significantly increased its allocation to short-term investments during 2003, while decreasing its holdings in long-term bonds until interest rates become more favorable.

Following a moderate decline earlier in the previous five-year period, the group's net investment income has increased in recent years due to higher investment yields and growth in invested assets. The increase in investment yield was reflective of higher market interest rates, while the growth in invested assets was attributable to the group's strong operating cash flows from profitable operations. The decline in net investment income earlier in the period was reflective of lower investment yields that were partially mitigated by strong invested asset growth. The group's five-year net investment yield has lagged the private passenger automobile industry composite due in large part to its significant allocation of invested asset to equities, short-term investments and cash. However, the five-year total return on invested assets has significantly outpaced industry composite norms due to solid capital gains on its equity portfolio and to a lesser extent on its bond portfolio. The group has most recently reported modest capital losses due to unfavorable equity market conditions, following solid capital gains due to favorable equity market conditions for most of the period.

INVESTMENT INCOME ANALYSIS ($000)

	Company		
Year	Net Inv Income	Realized Capital Gains	Unrealized Capital Gains
2003	4,927	1,567	…
2004	4,814	…	…
2005	6,073	-1	…
2006	7,171	444	…
2007	7,748	4	…
09/2007	5,858	5	…
09/2008	4,157	155	…

	Company			Industry Composite	
Year	Inv Inc Growth (%)	Inv Yield (%)	Total Return (%)	Inv Inc Growth (%)	Inv Yield (%)
2003	-20.8	4.5	5.9	-1.0	4.1
2004	-2.3	4.1	4.1	3.7	3.7
2005	26.1	4.8	4.8	22.5	4.1
2006	18.1	5.1	5.5	2.4	4.0
2007	8.0	5.3	5.3	7.4	4.3
5-Yr Avg	5.2	4.8	5.1	6.9	4.1
09/2007	XX	XX	3.8	XX	XX
09/2008	XX	XX	2.7	XX	XX

INVESTMENT PORTFOLIO ANALYSIS

Asset Class	2007 Inv Assets ($000)	% of Invested Assets 2007	% of Invested Assets 2006	Annual % Chg
Long-Term bonds	55,442	36.3	39.3	-5.9
Other Inv Assets	97,464	63.7	60.7	7.3
Total	152,906	100.0	100.0	2.1

2007 BOND PORTFOLIO ANALYSIS

Asset Class	% of Total Bonds	Mkt Val to Stmt Val(%)	Avg. Maturity (Yrs)	Class 1 - 2 (%)	Class 3 - 6 (%)	Struc. Secur. (%)	Struc. Secur. (% of PHS)
Governments	56.3	2.5	0.5	100.0	…	…	…
States, terr & poss	39.7	4.6	3.7	100.0	…	…	…
Corporates	4.0	2.2	6.8	100.0	…	…	…
Total all bonds	100.0	4.4	2.0	100.0	…	…	…

CAPITALIZATION

The following text is derived from the report of Government Employees Group.

Capital Generation: The group has generated moderate surplus growth over the previous five-year period, reflective of strong operating earnings and capital gains on its equity portfolio, which were partially offset by substantial stockholder dividend payments to its parent. Total stockholder dividend payments for the previous five-year period were approximately $4.8 billion, which primarily resulted from extraordinary dividend payments of $2.7 billion in 2006 and $1.3 billion in 2003. The group's surplus has most recently increased moderately, driven by solid operating earnings that were partially offset by stockholder dividend payments and modest capital losses. The group's surplus declined in 2006, as an extraordinary stockholder dividend payment more than offset total return for the year. The group generated double-digit surplus growth in 2005 and 2004, which was driven by strong operating earnings and capital gains. Despite the payment of the extraordinary dividend in 2003, the group still managed to generate modest surplus growth for the year.

CAPITAL GENERATION ANALYSIS ($000)

	Source of Surplus Growth		
Year	Pretax Operating Income	Total Inv. Gains	Net Contrib. Capital
2003	4,927	1,567	-5,300
2004	4,814	…	-5,700
2005	6,073	-1	5,000
2006	7,171	444	…
2007	7,748	4	…
5-Yr Total	30,732	2,014	-6,000
09/2007	5,858	5	…
09/2008	4,157	155	…

	Source of Surplus Growth		
Year	Other, Net of Tax	Change in PHS	PHS Growth (%)
2003	-1,153	40	0.1
2004	-661	-1,547	-2.7
2005	-1,877	9,195	16.4
2006	-2,205	5,409	8.3
2007	-2,023	5,729	8.1
5-Yr Total	-7,919	18,827	…
09/2007	-1,381	4,482	6.3
09/2008	-945	3,367	4.4

Overall Capitalization: Government Employees Group maintains superior capitalization as measured by Best's Capital Adequacy Ratio (BCAR), which supports its rating. The group's capital position reflects its moderate underwriting leverage, consistently favorable loss reserve development, nominal dependence on reinsurance and modest catastrophe exposure, which is partially offset by high common stock leverage. The group's risk-adjusted capitalization declined in 2006 due to an extraordinary stockholder dividend payment of $2.7 billion to its parent, although risk-adjusted capitalization continues to support the rating. The group's capitalization is considerably strengthened by its ultimate parent, Berkshire Hathaway Inc., with shareholder equity of approximately $121 billion and minimal debt.

QUALITY OF SURPLUS ($000)

		% of PHS			Dividend Requirements		
Year	Year-End PHS	Cap Stk/ Contrib. Cap.	Other	Un-assigned Surplus	Stock-holder Divs	Div to POI (%)	Div to Net Inc. (%)
2003	57,642	79.1	…	20.9	-5,300	107.6	101.5
2004	56,095	81.2	…	18.8	-5,700	118.4	134.7
2005	65,290	77.5	…	22.5	…	…	…
2006	70,699	71.5	…	28.5	…	…	…
2007	76,429	66.2	…	33.8	…	…	…
09/2007	75,181	67.3	…	32.7	…	…	…
09/2008	79,796	63.4	…	36.6	…	…	…

Underwriting Leverage: The group maintains moderate underwriting leverage, as evidenced by its net underwriting leverage ratio that is comparable to the private passenger automobile industry composite. Net underwriting leverage is derived from net premiums written and net liabilities leverage that approximate industry composite norms. Gross underwriting leverage compares favorably to industry composite norms due to nominal ceded reinsurance leverage, as the group consistently retains nearly 100% of its direct premium writings.

The group's underwriting leverage remained constant during 2007, as surplus growth kept pace with moderate growth in net premiums written. Underwriting leverage trended upward in 2006 due to the decline in surplus from an extraordinary stockholder dividend payment of $2.7 billion and solid growth in net premiums written. The growth in net premiums written in recent years was driven by policy growth derived from the group's intensive advertising campaign and direct sales approach through the use of call centers, as well as the internet. A significant portion of the group's premium growth in recent years can also be attributed to its expansion in New Jersey, which has now become its third largest state. As a result of its dividend payment policy and on-going premium growth, the group's underwriting leverage may be elevated relative to its historical position but should continue to be comparable to industry composite norms.

LEVERAGE ANALYSIS

	Company				Industry Composite			
Year	NPW to PHS	Reserves to PHS	Net Lev	Gross Lev	NPW to PHS	Reserves to PHS	Net Lev	Gross Lev
2003	…	…	1.2	1.9	1.8	0.9	3.7	4.1
2004	…	…	1.2	1.9	1.7	0.9	3.7	4.0
2005	…	…	1.1	1.7	1.6	0.9	3.5	3.8
2006	…	…	1.1	1.6	1.7	0.9	3.5	3.7
2007	…	…	1.0	1.5	1.7	0.9	3.5	3.7
09/2007	…	…	1.2	XX	XX	XX	XX	XX
09/2008	…	…	1.1	XX	XX	XX	XX	XX

Current BCAR: 215.8

PREMIUM COMPOSITION & GROWTH ANALYSIS

Period	DPW		GPW	
Ending	($000)	(% Chg)	($000)	(% Chg)
2003	3,486,761	15.4	3,486,885	15.4
2004	3,907,524	12.1	3,907,383	12.1
2005	4,164,259	6.6	4,164,238	6.6
2006	4,555,646	9.4	4,555,606	9.4
2007	4,810,586	5.6	4,810,590	5.6
5-Yr CAGR	…	9.8	…	9.7
5-Yr Change	…	59.2	…	59.2
09/2007	3,659,393	6.7	3,659,400	6.7
09/2008	3,790,846	3.6	3,790,857	3.6

Reserve Quality: The group maintains a conservative loss reserve position with consistently favorable development reported for the past ten calendar and accident years. Reserve development patterns have been favorable for all major lines of business. Reserves are predominantly related to the private passenger automobile liability line of business, which account for approximately 90% of total reserves. The group maintains modest A&E exposure stemming from a limited number of excess commercial umbrella policies, generally as a participant in high layers of liability during a short period (1981 through early 1984). The group has established reserves for these commercial umbrella A&E claims, reporting $90 million of net reserves, including IBNR reserves.

CEDED REINSURANCE ANALYSIS ($000)

	Company				Industry Composite		
Year	Ceded Reins Total	Business Retention (%)	Rein Rec to PHS (%)	Ceded Reins to PHS (%)	Business Retention (%)	Rein Rec to PHS (%)	Ceded Reins to PHS(%)
2003	36,144	…	62.6	62.7	93.7	21.6	33.9
2004	36,613	…	65.3	65.3	94.2	19.3	30.3
2005	36,353	…	55.7	55.7	94.4	17.4	27.4
2006	36,226	…	51.2	51.2	94.7	16.3	25.7
2007	36,453	…	47.7	47.7	94.9	15.0	24.1

2007 REINSURANCE RECOVERABLES ($000)

	Paid & Unpaid Losses	IBNR	Unearned Premiums	Other Recov*	Total Reins Recov
US Affiliates	1,915,567	464,573	1,191,460	…	3,571,601
US Insurers	13,266	23,182	…	…	36,448
Pools/Associations	4	…	…	…	4
Total (ex US Affils)	13,270	23,182	…	…	36,452
Grand Total	1,928,837	487,755	1,191,460	…	3,608,052

* Includes Commissions less Funds Withheld

Investment Leverage: The group maintains high investment leverage relative to the private passenger automobile industry composite, as unaffiliated common stock represents approximately 95% of surplus. Nevertheless, the high investment leverage is partially mitigated by the group's historically strong portfolio management as evidenced by its consistent capital gains. In addition, the portfolio is well-diversified with allocations spread across a number of securities and industries. The group also maintains a modest amount of non-investment grade bond holdings, which equate to less than 5% of surplus.

LIQUIDITY

The following text is derived from the report of Government Employees Group.

The group maintains sound balance sheet liquidity as non-affiliated invested assets comfortably exceed overall liabilities. Quick, current and overall liquidity ratios are in advance of the private passenger automobile industry composite, although these measures have declined in recent years due to significant stockholder dividend payments to the group's parent. The group's liquidity position has been augmented by strong operating cash flows over the previous five-year period, which were driven by premium growth and profitable underwriting results. The group's liquidity position is also enhanced by the significant financial flexibility of its immediate parent, GEICO Corporation, as well as its ultimate parent, Berkshire Hathaway Inc.

LIQUIDITY ANALYSIS

	Company				Industry Composite			
Year	Quick Liq (%)	Current Liq (%)	Overall Liq (%)	Gross Agents Bal to PHS(%)	Quick Liq (%)	Current Liq (%)	Overall Liq (%)	Gros Agents Ba to PHS(%
2003	62.6	160.8	181.6	…	59.0	124.7	149.5	12.
2004	78.2	177.2	180.3	…	65.5	127.3	151.0	11.
2005	102.0	187.4	189.7	…	66.3	130.3	153.8	10.
2006	116.4	186.3	188.0	…	65.7	131.0	154.9	7.
2007	126.9	197.5	198.7	…	57.0	130.0	154.2	7.
09/2007	XX	184.7	185.8	…	XX	XX	XX	X
09/2008	XX	191.9	192.7	…	XX	XX	XX	X

CASH FLOW ANALYSIS ($000)

		Company				Industry Composite	
Year	Underw Cash Flow	Oper Cash Flow	Net Cash Flow	Underw Cash Flow (%)	Oper Cash Flow (%)	Underw Cash Flow (%)	Oper Cash Flow (%)
2003	6,892	10,679	30,321	-99.9	991.0	116.7	119.5
2004	8,002	12,227	9,620	-99.9	-99.9	119.8	121.4
2005	86	5,326	19,673	49.4	755.8	115.4	117.0
2006	-579	6,500	19,566	999.9	999.9	113.4	113.5
2007	4,078	10,231	6,712	999.9	713.8	108.6	111.4
09/2007	5,742	9,675	12,457	-99.9	681.8	XX	XX
09/2008	4,344	6,496	20,300	-99.9	433.9	XX	XX

HISTORY

GEICO General Insurance Company (GEICO General) was incorporated on March 27, 1978 under the temporary title Equi-Gen Insurance Company under the laws of Iowa to act as the vehicle for the transfer of corporate domicile of the Equitable General Insurance Company from Fort Worth, Texas, to Des Moines, Iowa, effective December 31, 1978. The predecessor company was incorporated under the laws of Texas on May 15, 1934 under the title Associated Casualty Company and began business the following day. Initially underwriting was restricted to workers' compensation coverages. That company name was changed to Houston Casualty Company on April 9, 1935; to Houston Fire and Casualty Insurance Company in 1936 when charter powers were extended to cover the issuance of all forms of insurance contracts, other than life; and to Houston General Insurance Company on December 31, 1971. The company again changed its corporate title on June 1, 1975 to Equitable General Insurance Company. The present name was adopted on September 29, 1982.

The Equitable General Insurance Company, on December 31, 1971, absorbed by merger its former parent company, Associated Employers Insurance Company, Fort Worth, Texas.

MANAGEMENT

Complete financial control of GEICO General was acquired on March 31, 1982 by Government Employees Insurance Company (GEICO), Chevy Chase, Maryland, from the Equitable Life Assurance Society of the United States, New York, New

York. The latter company (through its holding company subsidiary, Equitable Life Holding Corporation), acquired direct financial control of this company on December 9, 1974 from W. R. Berkley Corporation, New York, New York. The latter had acquired complete stock ownership two years earlier from Schick Investment Company, Los Angeles, California, a holding company affiliate of Frawley Enterprises, Inc., Los Angeles, California. Prior to the close of 1971 (and for approximately three years), Schick Investment had maintained indirect ownership of this company through the former Associated Employers Insurance Company.

Prior to September 1967, financial control had rested with Growth International, Inc., a Cleveland, Ohio investment firm. The latter had acquired its interest in May 1966 through the purchase of Inland Investment Company, Fort Worth, Texas (in which control resided about three years) from the estate of the late Kay Kimbell and the Kimbell Milling Company, also located in Fort Worth. The Kimbell interests had purchased stock ownership in 1944 from the original sponsor, Wesson Oil & Snowdrift Co., Inc.

GEICO is wholly owned by, and the principal subsidiary of, GEICO Corporation which, as of January 2, 1996, became a wholly-owned indirect subsidiary of Berkshire Hathaway Inc., an insurance holding company which controls the thirty-three property / casualty companies and the five life/health companies. The holding company, in turn, is owned (33%) by Warren E. Buffett and family. Prior to January 2, 1996, GEICO Corporation was a publicly owned holding company traded on the NYSE under the symbol GEC.

Administration of the affairs of GEICO General, since the early 1982 change in financial control, is under the direction of the same experienced insurance executives who guide the affairs of Government Employees Insurance Company. Olza M. Nicely, chairman, president and chief executive officer, serves in the same capacity for the latter named carrier.

Officers: Chairman of the Board, President and Chief Executive Officer, Olza M. Nicely; Executive Vice President, William E. Roberts; Senior Vice Presidents, Donald R. Lyons, Robert M. Miller; Group Vice President and Chief Information Officer, Jess C. Reed; Vice President and Chief Actuary, Warren A. Klawitter; Vice Presidents, James G. Brown, Shawn A. Burklin, Michael H. Campbell (Corporate Financial Reporting), Steven W. Cunningham, John J. Geer, Jr., Richard T. Guertin, Lily S. Hopkins, Seth M. Ingall, John J. Izzo, Stephen G. Kalinsky, Richard A. Kidd, John W. McCutcheon, James F. Nayden, Jr. (Legislative Counsel), Nancy L. Pierce, Dana K. Proulx, George W. Rogers, Rynthia M. Rost-Buccine, Tama S. Ruiz, Daniel S. Schechter, Jan C. Stewart, Joseph R. Thomas, Edward W. Ward III, Mary F. Zarcone; Secretary, William C. E. Robinson; Treasurer, Charles G. Schara; Controller, William J. McDonald.

Directors: Michael H. Campbell, John J. Geer, Jr., Seth M. Ingall, Stephen G. Kalinsky, Donald R. Lyons, Robert M. Miller, Olza M. Nicely, Nancy L. Pierce, William E. Roberts.

REGULATORY

An examination of the financial condition was made as of December 31, 2004 by the Insurance Department of Maryland. The 2007 annual independent audit of the company was conducted by Deloitte & Touche, LLP. The annual statement of actuarial opinion is provided by Warren Klawitter, FCAS, Vice President and Actuary.

TERRITORY

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

REINSURANCE PROGRAMS

All business is 100% reinsured with the parent company, Government Employees Insurance Company.

BALANCE SHEET ($000)

ADMITTED ASSETS	12/31/2007	12/31/2006	2007 %	2006 %
Bonds	55,442	58,909	36.0	39.0
Cash & short-term invest	96,439	89,727	62.7	59.4
Total invested assets	151,881	148,636	98.7	98.4
Accrued interest	1,025	1,083	0.7	0.7
All other assets	956	1,342	0.6	0.9
Total assets	153,862	151,062	100.0	100.0

LIABILITIES & SURPLUS	12/31/2007	12/31/2006	2007 %	2006 %
All other liabilities	77,434	80,362	50.3	53.2
Total liabilities	77,434	80,362	50.3	53.2
Capital & assigned surplus	50,568	50,568	32.9	33.5
Unassigned surplus	25,861	20,132	16.8	13.3
Total policyholders' surplus	76,429	70,699	49.7	46.8
Total liabilities & surplus	153,862	151,062	100.0	100.0

SUMMARY OF 2007 OPERATIONS ($000)

STATEMENT OF INCOME	12/31/2007
Premiums earned	…
Losses incurred	…
Net underwriting income	…
Net investment income	7,748
Pre-tax oper income	7,748
Realized capital gains	4
Income taxes incurred	1,947
Net income	5,805

FUNDS PROVIDED FROM OPERATIONS	12/31/2007
Premiums collected	4,081
Benefit & loss related pmts	3
Undrw cash flow	4,078
Investment income	7,816
Pre-tax cash operations	11,894
Income taxes pd (recov)	1,663
Net oper cash flow	10,231

INTERIM BALANCE SHEET ($000)

ADMITTED ASSETS	03/31/2008	06/30/2008	09/30/2008
Cash & short term invest	109,824	97,698	116,739
Bonds	55,335	55,290	47,353
Total investments	165,159	152,988	164,092
Reinsurance funds	4	…	…
Accrued interest	940	1,274	1,083
All other assets	790	5,157	693
Total assets	166,892	159,418	165,867

LIABILITIES & SURPLUS	03/31/2008	06/30/2008	09/30/2008
All other liabilities	89,224	80,691	86,071
Total liabilities	89,224	80,691	86,071
Capital & assigned surp	50,568	50,568	50,568
Unassigned surplus	27,100	28,159	29,228
Policyholders' surplus	77,668	78,727	79,796
Total liabilities & surplus	166,892	159,418	165,867

INTERIM INCOME STATEMENT ($000)

	Period Ended 09/30/2008	Period Ended 09/30/2007	Increase/ Decrease
Net investment income	4,157	5,858	-1,700
Pre-tax operating income	4,157	5,858	-1,700
Realized capital gains	155	5	149
Income taxes incurred	980	1,480	-499
Net income	3,332	4,383	-1,052

INTERIM CASH FLOW ($000)

	Period Ended 09/30/2008	Period Ended 09/30/2007	Increase/ Decrease
Premiums collected	4,341	5,742	-1,401
Benefit & loss related pmts	-4	0	-3
Underwriting cash flow	4,344	5,742	-1,397
Investment income	4,101	5,596	-1,495
Pre-tax cash operations	8,446	11,338	-2,893
Income taxes pd (recov)	1,949	1,663	286
Net oper cash flow	6,496	9,675	-3,179