



## ASSETS

	Current Statement Date			4
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col. 1 minus Col. 2)	December 31 Prior Year Net Admitted Assets
1. Bonds	1,106,564,991		1,106,564,991	1,015,165,984
2. Stocks:				
2.1 Preferred stocks	40,875,350		40,875,350	41,797,688
2.2 Common stocks	19,531,272		19,531,272	25,071,576
3. Mortgage loans on real estate:				
3.1 First liens	21,465,081		21,465,081	20,522,639
3.2 Other than first liens	2,288,534	60,191	2,228,343	2,288,044
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances)	8,758,415		8,758,415	8,995,621
4.2 Properties held for the production of income (less \$ ..... encumbrances)				
4.3 Properties held for sale (less \$ ..... encumbrances)				
5. Cash (\$ ..... 6,278,024 ), cash equivalents (\$ ..... ) and short-term investments (\$ ..... 77,314,276 )	83,592,300		83,592,300	55,699,902
6. Contract loans (including \$ ..... premium notes)				
7. Other invested assets	80,511,455		80,511,455	53,599,828
8. Receivables for securities	5,700,714		5,700,714	9,248,703
9. Aggregate write-ins for invested assets	125,883		125,883	6,524,077
10. Subtotals, cash and invested assets (Line 1 to Line 9)	1,369,413,995	60,191	1,369,353,804	1,238,914,062
11. Title plants less \$ ..... charged off (for Title insurers only)				
12. Investment income due and accrued	15,776,307	12,038	15,764,269	15,099,479
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	27,791,602	3,882,480	23,909,122	19,678,043
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... 2,487,673 earned but unbilled premiums)	33,554,219		33,554,219	20,846,381
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	5,942,190		5,942,190	7,679,502
14.2 Funds held by or deposited with reinsured companies	2,252,072		2,252,072	2,136,843
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon	2,589,244		2,589,244	3,626,144
16.2 Net deferred tax asset	6,392,313		6,392,313	5,985,868
17. Guaranty funds receivable or on deposit	1,045,630		1,045,630	1,212,599
18. Electronic data processing equipment and software	842,531	242,238	600,293	540,520
19. Furniture and equipment, including health care delivery assets (\$ ..... )	360,778	360,778		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,306,534		1,306,534	970,074
22. Health care (\$ ..... ) and other amounts receivable				
23. Aggregate write-ins for other than invested assets	2,383,025		2,383,025	2,383,025
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)	1,469,650,440	4,557,725	1,465,092,715	1,319,072,540
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	1,469,650,440	4,557,725	1,465,092,715	1,319,072,540
<b>DETAILS OF WRITE-INS</b>				
0901. Deposits and Deferred Losses on Financial Futures and Options	125,883		125,883	3,627,429
0902. Forward Contracts				2,879,033
0903. Options				17,615
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	125,883		125,883	6,524,077
2301. Cash Surrender Value of Officer's Life Insurance	2,383,025		2,383,025	2,383,025
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	2,383,025		2,383,025	2,383,025

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ 106,613,151 )	860,211,373	780,465,876
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	25,347,968	23,721,042
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	10,484,145	11,060,546
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,912,947	5,677,260
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 7,551,234 and including warranty reserves of \$ )	130,779,674	92,704,919
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	3,739,770	4,072,528
13. Funds held by company under reinsurance treaties	3,807,942	5,556,058
14. Amounts withheld or retained by company for account of others	16,252,184	15,658,807
15. Remittances and items not allocated	1,287,232	1,226,541
16. Provision for reinsurance	5,355,600	7,040,200
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities	885,900	5,520,506
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	4,253,164	7,250,036
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	1,069,317,899	959,954,319
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	1,069,317,899	959,954,319
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	5,000,000	5,000,000
29. Preferred capital stock	25,000,000	25,000,000
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	51,850,061	51,850,061
33. Unassigned funds (surplus)	313,924,755	277,268,160
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$ )		
34.2 shares preferred (value included in Line 29 \$ )		
35. Surplus as regards policyholders (Line 27 through Line 33, less Line 34)	395,774,816	359,118,221
36. Totals	1,465,092,715	1,319,072,540
<b>DETAILS OF WRITE-INS</b>		
2301. Forward Contracts	4,253,164	7,218,816
2302. Swaps		31,220
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page		
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	4,253,164	7,250,036
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. Totals (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

## STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ 245,001,630 )	212,589,156	180,902,210	246,252,872
1.2 Assumed (written \$ 22,350,839 )	17,627,666	29,808,746	38,357,672
1.3 Ceded (written \$ 21,518,827 )	22,457,935	19,077,443	24,562,620
1.4 Net (written \$ 245,833,642 )	207,758,887	191,633,513	260,047,924
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 108,488,052 ):			
2.1 Direct	146,706,238	127,165,215	179,233,060
2.2 Assumed	13,280,347	40,387,816	55,163,855
2.3 Ceded	9,603,660	10,692,602	17,323,471
2.4 Net	150,382,925	156,860,429	217,073,444
3. Loss expenses incurred	6,122,050	6,679,902	9,287,242
4. Other underwriting expenses incurred	58,630,603	55,796,236	70,212,471
5. Aggregate write-ins for underwriting deductions		3,800,000	
6. Total underwriting deductions (Line 2 through Line 5)	215,135,578	223,136,567	296,573,157
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(7,376,691)	(31,503,054)	(36,525,233)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned	46,624,511	41,664,555	56,195,801
10. Net realized capital gains (losses) less capital gains tax of \$ 653,603	(2,263,537)	2,320,978	3,587,518
11. Net investment gain (loss) (Line 9 plus Line 10)	44,360,974	43,985,533	59,783,319
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 49,708 amount charged off \$ (32,166))	17,542	40,216	(21,880)
13. Finance and service charges not included in premiums		333,754	(3,466,246)
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Line 12 through Line 14)	17,542	373,970	(3,488,126)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	37,001,825	12,856,449	19,769,960
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)	37,001,825	12,856,449	19,769,960
19. Federal and foreign income taxes incurred	8,735,055	1,597,789	3,049,603
20. Net income (Line 18 minus Line 19) (to Line 22)	28,266,770	11,258,660	16,720,357
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year	359,118,221	286,173,706	286,173,706
22. Net income (from Line 20)	28,266,770	11,258,660	16,720,357
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 826,743	6,341,190	521,432	2,736,898
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax	1,233,188	3,599,175	3,436,553
27. Change in nonadmitted assets	130,847	(1,798,195)	(369,701)
28. Change in provision for reinsurance	1,684,600	(3,668,200)	(1,716,400)
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		15,350,061	25,000,000
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			27,350,061
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(1,000,000)		
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus		(213,253)	(213,253)
38. Change in surplus as regards policyholders (Line 22 through Line 37)	36,656,595	25,049,680	72,944,515
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38)	395,774,816	311,223,386	359,118,221
<b>DETAILS OF WRITE-INS</b>			
0501. Policy Renewal Rights Acquired		3,800,000	
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page			
0599. TOTALS (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)		3,800,000	
1401. Proceeds from Officer's Life Insurance		333,754	333,754
1402. Policy Renewal Rights Acquired			(3,800,000)
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. TOTALS (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		333,754	(3,466,246)
3701. Change in Cash Surrender Value of Officer's Life Insurance		(213,253)	(213,253)
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. TOTALS (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)		(213,253)	(213,253)

**CASH FLOW**

	1	2
	Current Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	228,224,492	260,641,081
2. Net investment income	46,311,448	51,954,518
3. Miscellaneous income	(97,687)	(5,588,862)
4. Total (Line 1 through Line 3)	274,438,253	307,006,737
5. Benefit and loss related payments	69,025,327	95,224,320
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts	61,749,377	73,935,392
7. Commissions, expenses paid and aggregate write-ins for deductions	8,351,758	4,652,995
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	139,126,462	173,812,707
11. Net cash from operations (Line 4 minus Line 10)	135,311,791	133,194,030
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	136,256,858	382,086,119
12.2 Stocks	13,170,528	5,076,089
12.3 Mortgage loans	1,196,005	6,128,129
12.4 Real estate		
12.5 Other invested assets	2,614,900	2,615,524
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	153,238,291	395,905,861
13. Cost of investments acquired (long-term only):		
13.1 Bonds	228,982,936	482,564,050
13.2 Stocks	5,663,118	32,412,799
13.3 Mortgage loans	1,980,319	25,378,961
13.4 Real estate	34,373	2,641,231
13.5 Other invested assets	23,804,730	31,777,984
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	260,465,476	574,775,025
14. Net increase or (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(107,227,185)	(178,869,164)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		52,350,061
16.3 Borrowed funds		(5,134,818)
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	1,000,000	
16.6 Other cash provided (applied)	807,792	11,256,455
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(192,208)	58,471,698
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	27,892,398	12,796,564
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	55,699,902	42,903,338
19.2 End of period (Line 18 plus Line 19.1)	83,592,300	55,699,902

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

20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

**NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

The following represents the only significant change since the 12/31/05 Annual Statement:

- C. (10) The Company does utilize anticipated investment income as a factor in the premium deficiency calculation.

## 2. Accounting Changes and Corrections of Errors

None.

## 3. Business Combinations and Goodwill

None.

## 4. Discontinued Operations

In 2005, the Company experienced losses in its non-core property catastrophe reinsurance business, the majority of which were attributable to Hurricanes Katrina and Wilma and which covered the Company's maximum exposure to this event. In the fourth quarter of 2005, the Company decided to exit its non-core property catastrophe reinsurance business and has not renewed or written any new reinsurance treaties in this line of business.

The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Income is as follows:

Balance Sheet at September 30, 2006

## Assets

Line 13.1	Uncollected premiums and agents' balances in the course of collection	\$ 109,000
Line 13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	836,000
Line 26	Total Assets	\$ 945,000

## Liabilities, Surplus and Other Funds

Line 1	Losses	\$14,363,000
Line 26	Total liabilities	\$14,363,000

Statement of Income as of September 30, 2006

Line 1	Premiums earned	\$1,708,000
Line 2	Losses incurred	6,438,000
Line 4	Other underwriting expenses incurred	191,000
Line 6	Total underwriting deductions	6,629,000
Line 8	Net underwriting loss	(4,921,000)
Line 9	Net investment gain	534,000
Line 16	Net loss before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(4,387,000)
Line 18	Net loss, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(4,387,000)
Line 19	Federal and foreign income taxes incurred	(1,535,000)
Line 20	Net loss	\$(2,852,000)

## 5. Investments

The following represents the only significant change since the 12/31/05 Annual Statement:

## A. Mortgage Loans

- (1) During 2006, the Company acquired one commercial mortgage with a lending rate of 18.37%.

## 6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change since the 12/31/05 Annual Statement.

## 7. Investment Income

No significant change since the 12/31/05 Annual Statement.

## 8. Derivative Instruments

No significant change since the 12/31/05 Annual Statement.

**NOTES TO FINANCIAL STATEMENTS**

## 9. Income Taxes

The following represents the only significant changes since the 12/31/05 Annual Statement:

A. The components of the net deferred tax asset at September 30 were as follows:

Total of gross deferred tax assets	\$15,709,904
Total of deferred tax liabilities	<u>\$ 9,317,591</u>
Net deferred tax asset	6,392,313
Deferred tax asset nonadmitted	<u>\$ 0</u>
Net admitted deferred tax asset	<u>\$ 6,392,313</u>
(Increase) decrease in nonadmitted asset	\$ 0

C. The provisions for incurred taxes on earnings as of September 30 are:

Current year expense	\$9,497,721
Realized capital gains tax	653,603
Prior year tax reserve (over)/under accrual	<u>(762,666)</u>
Current income tax expense	<u>\$9,388,658</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	Sept 30, 2006
DTA's	
Unearned premiums	\$7,527,639
Reserves	3,725,662
Agents' balances	1,358,868
Renewal Rights	1,219,167
Net unrealized capital losses	1,101,717
Other	<u>776,851</u>
Total DTAs	15,709,904
Nonadmitted DTAs	<u>0</u>
Admitted DTAs	<u>15,709,904</u>
DTL's	
Preferred stock	7,084,770
Net unrealized capital gains	1,089,871
Other	763,973
Real Estate	<u>378,977</u>
Total DTL	<u>9,317,591</u>
Net admitted DTA	<u>\$6,392,313</u>

The change in net deferred income taxes is comprised of the following:

	Sept 30, 2006	December 31, 2005	Change
Total DTAs	\$15,709,904	\$14,870,430	\$ 839,474
Total DTLs	<u>9,317,591</u>	<u>8,884,562</u>	<u>433,029</u>
Net DTA	<u>6,392,313</u>	<u>5,985,868</u>	<u>406,445</u>

Tax effect of unrealized gains(losses)	826,743
Change in net deferred income tax	1,233,188

D. The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	Income Tax Expense	Effective Rate
Expense computed at statutory rate	\$13,179,399	35.0%
Tax-exempt interest	(6,536,230)	(17.4)
Other	<u>1,512,302</u>	<u>4.1</u>
Total	\$ 8,155,471	21.7%
Federal income taxes incurred	\$8,735,056	23.2%
Realized Capital gains tax	653,603	1.7%
Change in net deferred income taxes	<u>(1,233,188)</u>	<u>( 3.2%)</u>
Total statutory income taxes	<u>\$8,155,471</u>	<u>21.7%</u>

E. (2) Income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses are as follows:

**NOTES TO FINANCIAL STATEMENTS**

a.	2006	\$9,350,236
b.	2005	\$1,802,917
c.	2004	\$9,684,574

## 10. Information Concerning Parent, Subsidiaries and Affiliates

The following represents the only significant changes since the 12/31/05 Annual Statement:

A., B., C. The Company paid preferred stock dividends to DFG as follows:  
July 2006 \$1,000,000.

The Company acquired an interest in three affiliated entities during 2003. In 2006 the Company made additional contributions to these entities in the amount of \$15,850,000. At September 30, 2006 the total investment amounts to \$43,569,435.

## 11. Debt

No significant change since the 12/31/05 Annual Statement.

## 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No significant change since the 12/31/05 Annual Statement.

## 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

The following represents the only significant change since the 12/31/05 Annual Statement:

(9) Unrealized gains of \$10,803,080.

## 14. Contingencies

None.

## 15. Leases

None.

## 16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No significant change since the 12/31/05 Annual Statement.

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

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

None.

## 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None.

## 20. September 11 Events

No significant change since the 12/31/05 Annual Statement.

## 21. Other Items

The following represents the only significant change since the 12/31/05 Annual Statement:

C. As disclosed in Note 4, SNCC experienced losses in 2006 in its discontinued property catastrophe reinsurance line of business, primarily due to continued development on claims from Hurricanes Katrina and Wilma. Excluding the impact shown in Note 4 from such discontinued operations, SNCC's results from continuing operations are as follows: underwriting loss \$2,456,000; operating income \$43,653,000; net income \$31,119,000; combined ratio 96.6%.

D. At September 30, 2006 and December 31, 2005 the Company had admitted assets of \$57,463,341 and \$40,524,424, respectively, in accounts receivable for amounts due from agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and

**NOTES TO FINANCIAL STATEMENTS**

the potential for loss is not material to the Company's financial condition.

## 22. Events Subsequent

None.

## 23. Reinsurance

The following represents the only significant changes since the 12/31/05 Annual Statement:

## C. Reinsurance Assumed and Ceded

	(1) Assumed		Ceded		Net	
	Reinsurance	Commission	Reinsurance	Commission	Reinsurance	Commission
	Premium	Equity	Premium	Equity	Premium	Equity
	Reserve		Reserve		Reserve	
Related	\$1,025,237	\$ 0	\$ 0	\$ 0	\$1,025,237	\$ 0
Other	9,032,406	508,436	7,551,234	1,031,721	1,481,172	(523,285)
Total	\$10,057,643	\$508,436	\$ 7,551,234	\$1,031,721	\$2,506,409	\$(523,285)

Direct Unearned Premium Reserve \$128,273,265.

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements, are paid and incurred as follows:

	Direct	Assumed	Ceded	Net
Sliding scale adjustments	\$0	\$0	\$(544,695)	\$544,695

## 24. Retrospectively Rated Contracts &amp; Contracts Subject to Redetermination

No significant change since the 12/31/05 Annual Statement.

## 25. Change in Incurred Losses and Loss Adjustment Expenses

No significant change since the 12/31/05 Annual Statement.

## 26. Intercompany Pooling Arrangements

None.

## 27. Structured Settlements

No significant change since the 12/31/05 Annual Statement.

## 28. Health Care Receivables

None.

## 29. Participating Policies

None.

## 30. Premium Deficiency Reserves

As of September 30, 2006 and December 31, 2005 the amount of liabilities recorded related to premium deficiency reserves was \$0. Anticipated investment income was considered as a factor in the premium deficiency calculation.

## 31. High Deductibles

No significant change since the 12/31/05 Annual Statement.

## 32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change since the 12/31/05 Annual Statement.

## 33. Asbestos/Environmental Reserves

No significant change since the 12/31/05 Annual Statement.

## 34. Subscriber Savings Accounts

None.

## 35. Multiple Peril Crop Insurance

None.

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date	
1. Alabama	AL	Yes	2,127,955	2,603,120	598,815	485,189	21,869,602	13,918,600
2. Alaska	AK	Yes	223,498	162	169,247	549,913	1,754,684	1,414,306
3. Arizona	AZ	Yes	1,741,799	1,111,561	288,272	883,391	8,314,243	4,147,410
4. Arkansas	AR	Yes	1,814,196	1,593,166	65,028	895,903	5,896,208	4,618,309
5. California	CA	Yes	29,653,693	23,651,124	5,088,850	5,133,575	59,544,683	53,707,458
6. Colorado	CO	Yes	2,292,702	2,108,341	795,112	1,268,353	9,044,412	8,041,802
7. Connecticut	CT	Yes	5,332,732	4,631,609	917,988	2,492,795	11,656,857	10,731,271
8. Delaware	DE	Yes	550,094	476,528	263,262	398,374	3,368,561	3,581,863
9. District of Columbia	DC	Yes	198,217	607,773	27,436	88,200	1,022,947	1,155,410
10. Florida	FL	Yes	2,460,075	4,916,511	5,713,159	4,001,628	57,695,323	49,859,042
11. Georgia	GA	Yes	9,872,320	8,408,109	1,437,203	1,525,093	30,175,927	24,253,957
12. Hawaii	HI	Yes	766,533	456,824	8,951	8,984	733,177	609,481
13. Idaho	ID	Yes	662,599	295,139			647,868	526,037
14. Illinois	IL	Yes	18,100,340	13,175,102	5,706,980	7,989,803	115,040,188	89,190,807
15. Indiana	IN	Yes	3,841,835	3,161,808	593,749	910,246	8,802,360	9,472,378
16. Iowa	IA	Yes	2,576,429	1,138,122	192,017	66,365	5,502,658	3,979,036
17. Kansas	KS	Yes	5,404,632	3,465,706	91,514	34,063	10,168,152	8,094,519
18. Kentucky	KY	Yes	2,084,331	2,456,612	1,051,674	1,120,129	17,034,150	17,480,254
19. Louisiana	LA	Yes	8,601,624	6,198,086	2,219,100	1,542,859	35,303,666	29,900,971
20. Maine	ME	Yes	1,993,889	1,678,976	499,246	992,743	15,913,546	19,903,964
21. Maryland	MD	Yes	4,244,284	3,889,560	677,733	823,794	10,666,205	9,890,557
22. Massachusetts	MA	Yes	3,915,397	3,598,087	1,951,948	2,491,081	23,890,249	21,681,089
23. Michigan	MI	Yes	6,660,843	6,554,986	4,131,346	1,374,196	27,142,299	33,291,013
24. Minnesota	MN	Yes	1,123,774	1,192,989	226,834	309,764	1,998,652	2,230,330
25. Mississippi	MS	Yes	3,860,292	3,446,983	704,390	767,354	12,088,955	9,433,216
26. Missouri	MO	Yes	12,888,858	9,821,725	1,705,196	2,638,045	44,695,711	36,205,810
27. Montana	MT	Yes	1,075,860	1,046,627	71,766	91,904	2,082,749	1,873,851
28. Nebraska	NE	Yes	838,150	791,699	91,013	175,210	4,521,769	2,309,803
29. Nevada	NV	Yes	3,122,691	2,581,631	360,647	403,903	10,556,026	8,927,713
30. New Hampshire	NH	Yes	1,650,779	1,080,769			1,689,207	1,393,319
31. New Jersey	NJ	Yes	6,087,064	4,912,308	1,176,889	990,334	27,443,719	26,240,185
32. New Mexico	NM	Yes	2,743,650	1,592,851	314,799	23,450	3,373,479	2,317,782
33. New York	NY	Yes	24,354,078	19,570,014	868,046	487,516	51,239,161	45,284,024
34. North Carolina	NC	Yes	5,724,446	7,532,024	2,660,124	1,410,121	19,128,946	17,614,684
35. North Dakota	ND	Yes	3,520	3,040			3,685	54,414
36. Ohio	OH	Yes	10,567,730	7,341,948	3,410,814	3,748,208	68,382,397	69,808,091
37. Oklahoma	OK	Yes	2,581,564	2,468,554	346,614	651,747	9,157,220	8,181,046
38. Oregon	OR	Yes	3,247,088	1,470,661	50,768	36,757	3,929,916	2,751,333
39. Pennsylvania	PA	Yes	14,502,542	11,842,064	5,035,932	2,671,281	49,191,706	32,879,745
40. Rhode Island	RI	Yes	786,690	261,435			599,856	356,046
41. South Carolina	SC	Yes	1,417,771	1,482,722	140,893	53,825	6,200,357	3,743,056
42. South Dakota	SD	Yes	938,741	615,135	26,954	16,545	2,622,634	1,916,214
43. Tennessee	TN	Yes	6,227,845	4,232,684	436,215	644,701	14,716,721	12,916,150
44. Texas	TX	Yes	8,590,728	10,419,382	1,413,046	1,664,196	37,056,916	34,654,046
45. Utah	UT	Yes	841,189	925,232	191,622	41,969	4,324,133	3,410,356
46. Vermont	VT	Yes	707,087	119,662	20,680	322,063	731,026	369,404
47. Virginia	VA	Yes	6,281,552	6,168,061	1,026,232	878,696	12,360,712	8,492,917
48. Washington	WA	Yes	7,607,779	7,063,312	3,075,638	2,274,650	33,241,899	35,857,242
49. West Virginia	WV	Yes	284,516	256,840	399,315	451,250	3,647,148	3,449,569
50. Wisconsin	WI	Yes	1,822,788	1,882,866	140,230	73,895	3,622,556	4,116,663
51. Wyoming	WY	Yes	2,841	1,456			778	230
52. American Samoa	AS	No						
53. Guam	GU	No						
54. Puerto Rico	PR	No						
55. U. S. Virgin Islands	VI	No						
56. Northern Mariana Islands	MP	No						
57. Canada	CN	No						
58. Aggregate Other Alien	OT	X X X					58,336	309,405
59. Totals	(a)	51	245,001,630	206,301,686	56,383,287	55,904,061	909,854,335	796,546,178
<b>DETAILS OF WRITE-INS</b>								
5801. Bermuda		X X X					58,336	309,405
5802.		X X X						
5803.		X X X						
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X						
5899. TOTALS (Line 5801 through Line 5803 plus Line 5898) (Line 58 above)		X X X					58,336	309,405

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