

QUARTERLY STATEMENT
AS OF SEPTEMBER 30, 2007
OF THE CONDITION AND AFFAIRS OF THE

Safety National Casualty Corporation

NAIC Group Code 0074, 0074 NAIC Company Code 15105 Employer's ID Number 43-0727872

Organized under the Laws of Missouri, State of Domicile or Port of Entry Missouri

Country of Domicile US

Incorporated/Organized November 28, 1942 Commenced Business December 28, 1942

Statutory Home Office 2043 Woodland Parkway, St. Louis, Missouri 63146-4235

Main Administrative Office 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 314-995-5300

Mail Address 2043 Woodland Parkway, St. Louis, Missouri 63146-4235

Primary Location of Books and Records 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 314-995-5300

Internet Website Address www.sncc.com

Statutory Statement Contact John Paul Csik 314-995-5300-316 john.csik@sncc.com

Policyowner Relations Contact 2043 Woodland Parkway, St. Louis, Missouri 63146-4235 314-995-5300-200

OFFICERS

- 1. Terrence Todd Schoeninger (President)
2. Jeffrey William Otto (Secretary)
3. Duane Allen Hercules (Treasurer)

OTHER OFFICERS

- John Paul Csik
Eugene Raymond Maier
Carleton Sherwood Reynolds, III
Gerald Roger Scott
Mark Andrew Wilhelm

DIRECTORS OR TRUSTEES

- Harold Franz IIg
Charles Donald Ainsworth
Duane Allen Hercules
Jeffrey William Otto
Robert Rosenkranz
Terrence Todd Schoeninger
Gerald Roger Scott
Donald Alan Sherman
Robert Michael Smith, Jr.
Mark Andrew Wilhelm

State of Missouri } SS
County of St. Louis }

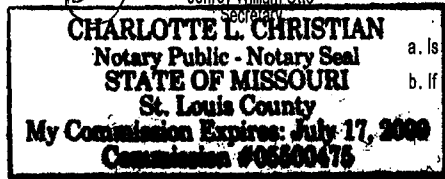
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon...

Signature of Terrence Todd Schoeninger, President

Signature of Jeffrey William Otto, Secretary

Signature of Duane Allen Hercules, Treasurer

Subscribed and sworn to before me this 16 day of Oct 2007 Charlotte L. Christian



Form with questions: a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

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	1,254,942,264		1,254,942,264	1,126,407,861
2. Stocks:				
2.1 Preferred stocks	40,140,103		40,140,103	40,876,750
2.2 Common stocks	43,958,763		43,958,763	33,400,691
3. Mortgage loans on real estate:				
3.1 First liens	29,777,926	1,621,978	28,155,948	19,956,874
3.2 Other than first liens	2,130,050	852,062	1,277,988	1,333,033
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	3,453,340		3,453,340	8,717,065
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)	6,573,531		6,573,531	
5. Cash (\$ 23,150,530), cash equivalents (\$) and short-term investments (\$ 69,627,014)	92,777,544		92,777,544	129,981,609
6. Contract loans (including \$ premium notes)				
7. Other invested assets	109,543,128		109,543,128	81,892,517
8. Receivables for securities	4,257,586		4,257,586	4,490,783
9. Aggregate write-ins for invested assets	115,369		115,369	
10. Subtotals, cash and invested assets (Line 1 to Line 9)	1,587,669,604	2,474,040	1,585,195,564	1,447,057,183
11. Title plants less \$ charged off (for Title insurers only)				
12. Investment income due and accrued	18,272,596	552,150	17,720,446	16,468,104
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	28,860,078	8,014,212	20,845,866	18,153,839
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,417,005 earned but unbilled premiums)	36,446,260		36,446,260	24,521,223
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	11,855,847		11,855,847	4,915,511
14.2 Funds held by or deposited with reinsured companies	758,407		758,407	1,655,338
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	3,690,087		3,690,087	
16.2 Net deferred tax asset	6,304,247		6,304,247	5,400,840
17. Guaranty funds receivable or on deposit	806,593		806,593	1,045,630
18. Electronic data processing equipment and software	1,298,611	804,889	493,722	528,744
19. Furniture and equipment, including health care delivery assets (\$)	236,806	236,806		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,047,741		1,047,741	781,039
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)	1,699,629,902	12,082,097	1,687,547,805	1,522,910,476
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Totals (Line 24 and Line 25)	1,699,629,902	12,082,097	1,687,547,805	1,522,910,476
DETAILS OF WRITE-INS				
0901. Swaps	115,369		115,369	
0902.				
0903.				
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)	115,369		115,369	
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 \$ 137,268,998)	1,011,799,683	911,622,858
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses	26,691,536	26,049,302
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	13,327,476	11,967,632
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,468,052	7,217,034
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		741,214
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 7,642,223 and including warranty reserves of \$)	132,768,883	102,653,059
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	4,859,350	6,590,352
13. Funds held by company under reinsurance treaties	2,817,518	3,400,537
14. Amounts withheld or retained by company for account of others	19,916,538	14,996,150
15. Remittances and items not allocated	3,191,090	637,202
16. Provision for reinsurance	6,391,400	4,610,400
17. Net adjustments in assets and liabilities due to foreign exchange rates		571
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Payable for securities	4,420,320	11,883,874
21. Liability for amounts held under uninsured plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	4,338,827	4,514,039
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	1,236,990,673	1,106,884,224
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	1,236,990,673	1,106,884,224
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)	368,707,071	334,176,191
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)	450,557,132	416,026,252
36. Totals	1,687,547,805	1,522,910,476
DETAILS OF WRITE-INS		
2301. Forward Contracts	4,338,827	4,514,039
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)	4,338,827	4,514,039
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
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 246,659,284)	224,096,770	212,589,156	288,240,610
1.2 Assumed (written \$ 33,647,665)	27,426,174	17,627,666	42,824,575
1.3 Ceded (written \$ 20,562,352)	21,791,667	22,457,935	29,986,569
1.4 Net (written \$ 259,744,597)	229,731,277	207,758,887	301,078,616
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 137,626,004):			
2.1 Direct	175,342,930	146,706,238	203,005,174
2.2 Assumed	13,515,817	13,280,347	33,890,737
2.3 Ceded	22,800,231	9,603,660	14,311,294
2.4 Net	166,058,516	150,382,925	222,584,617
3. Loss expenses incurred	5,548,799	6,122,050	7,672,116
4. Other underwriting expenses incurred	63,457,584	58,630,603	74,022,570
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Line 2 through Line 5)	235,064,899	215,135,578	304,279,303
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(5,333,622)	(7,376,691)	(3,200,687)
INVESTMENT INCOME			
9. Net investment income earned	61,629,056	46,624,511	62,325,579
10. Net realized capital gains (losses) less capital gains tax of \$ (217,952)	(1,158,038)	(2,263,537)	(1,991,001)
11. Net investment gain (loss) (Line 9 plus Line 10)	60,471,018	44,360,974	60,334,578
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 26,420 amount charged off \$ (206,534))	(180,114)	17,542	(9,331)
13. Finance and service charges not included in premiums			
14. Aggregate write-ins for miscellaneous income			
15. Total other income (Line 12 through Line 14)	(180,114)	17,542	(9,331)
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)	54,957,282	37,001,825	57,124,560
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)	54,957,282	37,001,825	57,124,560
19. Federal and foreign income taxes incurred	8,867,972	8,735,055	14,786,231
20. Net income (Line 18 minus Line 19) (to Line 22)	46,089,310	28,266,770	42,338,329
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	416,026,252	359,118,221	359,118,221
22. Net income (from Line 20)	46,089,310	28,266,770	42,338,329
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ (311,659)	(2,251,885)	6,341,190	11,664,596
25. Change in net unrealized foreign exchange capital gain (loss)	1,704,610		(391,041)
26. Change in net deferred income tax	591,748	1,233,188	1,437,969
27. Change in nonadmitted assets	(7,821,903)	130,847	428,378
28. Change in provision for reinsurance	(1,781,000)	1,684,600	2,429,800
29. Change in surplus notes			
30. Surplus (contributed to) withdrawn from protected cells			
31. Cumulative effect of changes in accounting principles			
32. Capital changes:			
32.1 Paid in			
32.2 Transferred from surplus (Stock Dividend)			
32.3 Transferred to surplus			
33. Surplus adjustments:			
33.1 Paid in			
33.2 Transferred to capital (Stock Dividend)			
33.3 Transferred from capital			
34. Net remittances from or (to) Home Office			
35. Dividends to stockholders	(2,000,000)	(1,000,000)	(1,000,000)
36. Change in treasury stock			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Line 22 through Line 37)	34,530,880	36,656,595	56,908,031
39. Surplus as regards policyholders, as of statement date (Line 21 plus Line 38)	450,557,132	395,774,816	416,026,252
DETAILS OF WRITE-INS			
0501.			
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)			
1401. Policy Renewal Rights Acquired			
1402. Proceeds from Officer's Life Insurance			
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)			
3701. Change in Cash Surrender Value of Officer's Life Insurance			
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)			

CASH FLOW

	1	2
	Current Year To Date	Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	238,719,743	311,210,286
2. Net investment income	60,077,524	61,454,448
3. Miscellaneous income	716,817	472,174
4. Total (Line 1 through Line 3)	299,514,084	373,136,908
5. Benefit and loss related payments	71,070,606	88,499,343
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	68,805,514	76,345,319
7. Commissions, expenses paid and aggregate write-ins for deductions	13,081,321	10,839,752
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)	152,957,441	175,684,414
11. Net cash from operations (Line 4 minus Line 10)	146,556,643	197,452,494
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	74,823,315	163,185,339
12.2 Stocks	9,348,698	13,330,179
12.3 Mortgage loans	8,342,173	4,907,516
12.4 Real estate	(1,509,613)	9,888
12.5 Other invested assets	5,066,817	6,329,222
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(7,230,358)	
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	88,841,032	187,762,144
13. Cost of investments acquired (long-term only):		
13.1 Bonds	204,134,938	275,562,410
13.2 Stocks	20,388,006	16,511,247
13.3 Mortgage loans	18,805,304	3,272,068
13.4 Real estate		
13.5 Other invested assets	31,696,351	25,874,948
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	275,024,599	321,220,673
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)	(186,183,567)	(133,458,529)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	2,000,000	1,000,000
16.6 Other cash provided (applied)	4,422,859	11,287,742
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	2,422,859	10,287,742
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	(37,204,065)	74,281,707
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	129,981,609	55,699,902
19.2 End of period (Line 18 plus Line 19.1)	92,777,544	129,981,609

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

None.

2. Accounting Changes and Corrections of Errors

N/A.

3. Business Combinations and Goodwill

N/A.

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, 2007

Assets

Line 13.1	Uncollected premiums and agents' balances in the course of collection	\$ 206,000
Line 13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	55,000
Line 26	Total Assets	\$ 261,000

Liabilities, Surplus and Other Funds

Line 1	Losses	\$ 6,655,000
Line 26	Total liabilities	\$ 6,655,000

Statement of Income as of September 30, 2007

Line 1	Premiums earned	\$ 314,000
Line 2	Losses incurred	540,000
Line 4	Other underwriting expenses incurred	24,000
Line 6	Total underwriting deductions	564,000
Line 8	Net underwriting loss	(250,000)
Line 9	Net investment gain	250,000
Line 16	Net loss before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	0
Line 18	Net loss, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	0
Line 19	Federal and foreign income taxes incurred	0
Line 20	Net loss	\$ 0

5. Investments

The following represents the only significant change since the 12/31/06 Annual Statement:

A. Mortgage Loans

- (1) During 2007, the Company acquired commercial mortgages with maximum and minimum lending rates between 15.25% and 10%, respectively and one mezzanine loan with a lending rate of 16%.
- (4) As of quarter end, the Company held mortgages with interest more than 180 days past due with a recorded investment of \$4,920,937, excluding accrued interest in the amount of \$580,888.

6. Joint Ventures, Partnerships and Limited Liability Companies

N/A.

7. Investment Income

No significant change since the 12/31/06 Annual Statement.

8. Derivative Instruments

No significant change since the 12/31/06 Annual Statement.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

The following represents the only significant changes since the 12/31/06 Annual Statement:

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

Total of gross deferred tax assets	\$18,882,524
Total of deferred tax liabilities	<u>\$12,578,277</u>
Net deferred tax asset	6,304,247
Deferred tax asset nonadmitted	<u>\$ 0</u>
Net admitted deferred tax asset	\$ 6,304,247
(Increase) decrease in nonadmitted asset	\$ 0

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

Current year expense	\$9,030,101
Realized capital gains tax	(217,952)
Prior year tax reserve over accrual	<u>(162,129)</u>
Current income tax expense	\$8,650,020

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

	September 30, 2007
DTA's	
Unearned premiums	\$ 7,473,143
Reserves	4,875,288
Agents' balances	2,804,974
Renewal Rights	1,130,500
Net unrealized capital losses	786,173
Bonds	753,280
Other	1,059,166
Total DTAs	<u>18,882,524</u>
Nonadmitted DTAs	<u>0</u>
Admitted DTAs	18,882,524
DTL's	
Preferred stock	10,153,989
Net unrealized capital gains	1,658,922
Other	715,371
Real Estate	49,995
Total DTL	<u>12,578,277</u>
Net admitted DTA	\$ 6,304,247

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

	September 30, 2007	December 31, 2006	Change
Total DTAs	\$18,882,524	\$16,179,936	\$ 2,702,588
Total DTLs	<u>12,578,277</u>	<u>10,779,096</u>	<u>1,799,181</u>
Net DTA	6,304,247	5,400,840	903,407

Tax effect of unrealized gains(losses)	(311,659)
Change in net deferred income tax	\$ 591,748

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	\$19,158,766	35.0%
Tax-exempt interest	(8,080,216)	(14.8)
Change in Non-admitted assets	(2,737,666)	(5.0)
Other	<u>(282,612)</u>	<u>(0.5)</u>
Total	\$8,058,272	14.7%
Federal income taxes incurred	\$8,867,972	16.2%
Realized Capital gains tax	(217,952)	(0.4%)
Change in net deferred income taxes	<u>(591,748)</u>	<u>(1.1%)</u>
Total statutory income taxes	\$8,058,272	14.7%

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. 2007 \$ 8,554,585
- b. 2006 \$14,898,211

10. Information Concerning Parent, Subsidiaries and Affiliates

The following represents the only significant changes since the 12/31/06 Annual Statement:

A., B., C. The Company acquired an interest in three affiliated entities during 2003. In 2007 the Company made an additional contribution to one of these entities in the amount of \$16,500,000. At September 30, 2007 the total investment amounts to \$57,626,015.

In July 2007, the \$10,000,000 note held with the Company's ultimate parent, Delphi Financial Group, Inc. matured.

The Company paid preferred stock dividends to DFG as follows:

January 2007	\$1,000,000
July 2007	\$1,000,000

11. Debt

N/A.

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

No significant change since the 12/31/06 Annual Statement.

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

The following represents the only significant change since the 12/31/06 Annual Statement:

(9) Unrealized gains of \$15,799,767.

14. Contingencies

N/A.

15. Leases

N/A.

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

No significant change since the 12/31/06 Annual Statement.

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

N/A.

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

N/A.

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

N/A.

20. Other Items

The following represents the only significant change since the 12/31/06 Annual Statement:

D. At September 30, 2007 and December 31, 2006 the Company had admitted assets of \$57,292,126 and \$42,675,062, 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 the potential for loss is not material to the Company's financial condition.

21. Events Subsequent

N/A.

NOTES TO FINANCIAL STATEMENTS

22. Reinsurance

The following represents the only significant changes since the 12/31/06 Annual Statement:

C. Reinsurance Assumed and Ceded

(1)	Assumed		Ceded		Net	
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
Related	\$ 900,120	\$ 0	\$ 0	\$ 0	\$ 900,120	\$ 0
Other	11,917,020	811,493	7,642,224	1,030,037	4,274,796	(218,544)
Total	\$12,817,140	\$811,493	\$ 7,642,224	\$1,030,037	\$5,174,916	\$(218,544)

Direct Unearned Premium Reserve \$127,593,967.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No significant change since the 12/31/06 Annual Statement.

24. Change in Incurred Losses and Loss Adjustment Expenses

No significant change since the 12/31/06 Annual Statement.

25. Intercompany Pooling Arrangements

N/A.

26. Structured Settlements

No significant change since the 12/31/06 Annual Statement.

27. Health Care Receivables

N/A.

28. Participating Policies

N/A.

29. Premium Deficiency Reserves

As of September 30, 2007 and December 31, 2006 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.

30. High Deductibles

No significant change since the 12/31/06 Annual Statement.

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

No significant change since the 12/31/06 Annual Statement.

32. Asbestos/Environmental Reserves

No significant change since the 12/31/06 Annual Statement.

33. Subscriber Savings Accounts

N/A.

34. Multiple Peril Crop Insurance

N/A.

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	1,783,669	2,127,955	3,861,877	598,815	19,040,032	21,869,602
2. Alaska	AK	Yes	203,388	223,498		169,247	2,431,488	1,754,684
3. Arizona	AZ	Yes	2,207,637	1,741,799	101,886	288,272	10,654,472	8,314,243
4. Arkansas	AR	Yes	2,258,038	1,814,196	98,138	65,028	6,701,588	5,896,208
5. California	CA	Yes	28,686,506	29,653,693	2,699,799	5,088,850	68,982,247	59,544,683
6. Colorado	CO	Yes	2,175,736	2,292,702	505,778	795,112	10,064,995	9,044,412
7. Connecticut	CT	Yes	5,871,343	5,332,732	727,312	917,988	18,995,118	11,656,857
8. Delaware	DE	Yes	636,044	550,094	370,163	263,262	3,058,846	3,368,561
9. District of Columbia	DC	Yes	604,315	198,217	17,605	27,436	1,347,614	1,022,947
10. Florida	FL	Yes	2,896,868	2,460,075	5,099,336	5,713,159	66,750,998	57,695,323
11. Georgia	GA	Yes	8,905,022	9,872,320	714,350	1,437,203	33,067,464	30,175,927
12. Hawaii	HI	Yes	778,879	766,533	(646)	8,951	969,362	733,177
13. Idaho	ID	Yes	657,413	662,599			820,404	647,868
14. Illinois	IL	Yes	15,977,208	18,100,340	8,692,432	5,706,980	131,881,944	115,040,188
15. Indiana	IN	Yes	3,906,587	3,841,835	305,385	593,749	14,388,491	8,802,360
16. Iowa	IA	Yes	2,506,847	2,576,429	447,441	192,017	6,258,022	5,502,658
17. Kansas	KS	Yes	4,533,715	5,404,632	352,956	91,514	11,466,813	10,168,152
18. Kentucky	KY	Yes	2,070,328	2,084,331	1,399,135	1,051,674	17,362,396	17,034,150
19. Louisiana	LA	Yes	8,805,785	8,601,624	2,501,710	2,219,100	40,764,322	35,303,666
20. Maine	ME	Yes	2,241,157	1,993,889	529,435	499,246	16,270,416	15,913,546
21. Maryland	MD	Yes	4,594,374	4,244,284	1,005,932	677,733	13,617,151	10,666,205
22. Massachusetts	MA	Yes	3,939,944	3,915,397	1,709,010	1,951,948	26,734,052	23,890,249
23. Michigan	MI	Yes	6,644,085	6,660,843	1,252,699	4,131,346	31,636,976	27,142,299
24. Minnesota	MN	Yes	1,070,439	1,123,774	16,364	226,834	2,704,340	1,998,652
25. Mississippi	MS	Yes	4,450,737	3,860,292	761,620	704,390	29,366,435	12,088,955
26. Missouri	MO	Yes	10,750,842	12,888,858	3,097,844	1,705,196	44,997,667	44,695,711
27. Montana	MT	Yes	941,370	1,075,860	225,735	71,766	2,228,268	2,082,749
28. Nebraska	NE	Yes	849,187	838,150	124,585	91,013	4,468,788	4,521,769
29. Nevada	NV	Yes	6,220,896	3,122,691	452,685	360,647	14,628,653	10,556,026
30. New Hampshire	NH	Yes	1,502,820	1,650,779			1,911,555	1,689,207
31. New Jersey	NJ	Yes	5,917,757	6,087,064	1,043,102	1,176,889	29,018,997	27,443,719
32. New Mexico	NM	Yes	3,020,367	2,743,650	114,342	314,799	5,005,501	3,373,479
33. New York	NY	Yes	23,603,797	24,354,078	1,626,166	868,046	67,168,917	51,239,161
34. North Carolina	NC	Yes	4,873,999	5,724,446	1,467,640	2,660,124	18,364,185	19,128,946
35. North Dakota	ND	Yes	3,148	3,520			1,068	3,685
36. Ohio	OH	Yes	10,564,803	10,567,730	4,374,669	3,410,814	71,234,189	68,382,397
37. Oklahoma	OK	Yes	2,740,935	2,581,564	1,152,943	346,614	13,367,228	9,157,220
38. Oregon	OR	Yes	1,583,802	3,247,088	(76,719)	50,768	3,933,965	3,929,916
39. Pennsylvania	PA	Yes	13,921,971	14,502,542	13,590,414	5,035,932	54,619,134	49,191,706
40. Rhode Island	RI	Yes	541,425	786,690			733,225	599,856
41. South Carolina	SC	Yes	2,676,271	1,417,771	116,540	140,893	7,932,835	6,200,357
42. South Dakota	SD	Yes	1,111,649	938,741	25,232	26,954	3,057,238	2,622,634
43. Tennessee	TN	Yes	5,583,208	6,227,845	587,768	436,215	16,177,948	14,716,721
44. Texas	TX	Yes	9,139,893	8,590,728	1,347,897	1,413,046	44,226,909	37,056,916
45. Utah	UT	Yes	766,940	841,189	1,285	191,622	4,501,468	4,324,133
46. Vermont	VT	Yes	671,977	707,087	17,712	20,680	1,148,143	731,026
47. Virginia	VA	Yes	7,761,080	6,281,552	661,527	1,026,232	14,951,702	12,360,712
48. Washington	WA	Yes	7,966,513	7,607,779	1,789,699	3,075,638	38,255,169	33,241,899
49. West Virginia	WV	Yes	211,263	284,516	149,560	399,315	3,699,605	3,647,148
50. Wisconsin	WI	Yes	1,769,705	1,822,788	68,827	140,230	6,222,425	3,622,556
51. Wyoming	WY	Yes	1,858	2,841			1,617	778
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	Yes	3,555,744				1,910,762	
58. Aggregate Other Alien	OT	X X X					36,741	58,336
59. Totals	(a) 51		246,659,284	245,001,630	65,129,170	56,383,287	1,059,139,888	909,854,335
DETAILS OF WRITE-INS								
5801. Bermuda		X X X					36,741	58,336
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					36,741	58,336

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