

Best's Quantitative Analysis Report

OXXXX Sample Insurance Company

Best's Statement File - P/C, US

COMPANY INFORMATION & BEST'S RATINGS

AMB Financial Group Number:	OXXXX	Effective Date	Financial Strength Rating & Modifier	Financial Size Category
AMB Financial Group Name:	Sample Insurance Companies	4/9/2009	A p	XV (\$2 Billion or greater)
NAIC Number:	OXXXX	3/5/2008	A p	

QAR OVERVIEW

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FINANCIAL INDICATORS (\$000)

Year	Net Premiums Written	% Change	Pretax Oper Income/Loss	% Change	Net Income/(Loss)	% Change	Admitted Assets	% Change	Loss & LAE Reserves	% Change	Year-End Surplus	% Change
2005	7,046,397	5.2	272,659	999.9	584,140	169.4	26,011,608	8.6	11,382,727	7.4	7,924,697	9.2
2006	7,889,647	12.0	1,198,822	339.7	1,007,010	72.4	29,920,012	15.0	12,254,053	7.7	9,952,129	25.6
2007	9,589,191	21.5	458,824	(61.7)	440,504	(56.3)	34,829,205	16.4	15,167,418	23.8	11,823,300	18.8
2008	8,126,264	(15.3)	1,460,809	218.4	1,500,675	240.7	32,549,788	(6.5)	15,071,151	(0.6)	10,334,732	(12.6)
2009	7,463,633	(8.2)	(304,456)	(99.9)	(65,098)	(99.9)	34,830,437	7.0	15,125,917	0.4	12,491,553	20.9
5yr CAGR		2.2						7.8		7.4		11.5
5yr Chg		11.4						45.4		42.7		72.2

PROFITABILITY ANALYSIS (%)

Year	Return on Invested Assets (p.1)			Return on Revenue (p.1)			Return on Equity (p.1)			Underwriting & Operating Ratios (p.2)			
	Inv Yield	NII (w/ RCG)	Total ROIA	POI/NPE	NI/NPE	Total ROR	POI/PHS	NI/PHS	Total ROE	Loss & LAE	U/W Expense	Combined (A/PHDS)	Operating
2005	4.4	5.4	4.1	4.0	8.5	4.8	3.6	7.7	4.4	82.6	24.4	107.3	94.3
2006	6.9	7.3	7.8	15.9	13.3	14.7	13.4	11.3	12.5	76.4	25.7	102.5	82.0
2007	4.2	4.7	6.7	5.1	4.9	10.7	4.2	4.0	8.8	77.8	25.9	104.3	91.8
2008	7.7	7.9	(8.2)	17.3	17.8	(36.5)	13.2	13.5	(27.8)	83.5	23.1	106.9	82.1
2009	2.3	2.4	8.8	(4.1)	(0.9)	21.7	(2.7)	(0.6)	14.2	85.3	25.8	111.3	102.9
5yr Avg:													
Company	5.0	5.5	3.4	7.9	8.8	2.4	6.2	6.9	1.9	81.0	25.0	106.4	90.4
Industry	4.8	4.5	4.5	16.3	12.2	12.1	14.3	10.7	10.7	69.7	28.5	98.4	83.2
10yr Avg:													
Company	4.6	5.3	3.6	3.9	6.0	0.8	3.4	5.1	0.7	84.5	24.5	109.5	95.0
Industry	5.0	5.2	4.9	10.0	8.6	7.9	9.7	8.4	7.7	75.4	28.0	103.8	88.9

INVESTMENT AND LIQUIDITY ANALYSIS (%)

Year	Investment Portfolio (% of Invested Assets) (p.8)					Inv Leverage (% of PHS) (p.5)			Liquidity & Cash Flow Ratios (p.6)			
	L-T Bonds	Total Stocks	Cash & S-T Inv	Affiliated Inv	All Other	Common Stocks	Non-Affil Inv Lvg	Affiliated Inv	Quick Liquidity	Current Liquidity	U/W Cash Flow (%)	Oper Cash Flow (%)
2005	58.0	5.8	5.0	27.2	4.0	15.0	36.2	74.4	21.5	87.9	106.2	124.1
2006	57.2	6.9	4.8	25.8	5.4	15.0	35.4	65.0	24.4	94.7	109.8	122.2
2007	51.9	6.8	2.8	32.2	6.3	14.2	37.0	80.5	16.0	86.6	143.0	154.4
2008	41.0	1.8	5.0	44.5	7.8	2.8	30.8	116.1	10.2	65.8	90.7	112.0
2009	39.5	1.4	2.8	49.7	6.6	1.5	26.5	115.2	9.0	63.7	90.1	96.4
Industry						8.6	26.7	31.0	21.3	110.7	99.1	110.7

UNDERWRITING LEVERAGE AND LOSS RESERVE ANALYSIS (%)

Year	Underwriting Leverage Ratios (p.9)						Loss Reserve Ratios (p.12-13)					
	NPW	Net Liab	Net	Ceded	Gross	Bus Ret	Res/PHS	Res/NPE	Dev/Orig	Dev/PHS	AY Comb	(CY-AY)
2005	0.9	2.3	3.2	1.1	4.3	76.9	143.6	165.2	9.3	15.1	97.3	10.0
2006	0.8	2.0	2.8	0.9	3.6	78.5	123.1	162.0	3.8	5.1	95.4	7.1
2007	0.8	1.9	2.7	0.7	3.5	81.6	128.3	169.3	(0.3)	(0.3)	98.0	6.3
2008	0.8	2.1	2.9	0.9	3.9	73.0	145.8	178.7	1.2	1.8	107.3	(0.5)
2009	0.6	1.8	2.4	0.8	3.2	69.3	121.1	202.5	0.0	0.0	108.5	2.8
Industry	0.7	2.1	2.9	0.9	3.7	81.4	144.5	194.9				

TOP LINES (p.10): Workers' Comp (26.6%), PP Auto Liab (23.7%), Homeowners (11.9%), Auto Phys Dmg (8.3%), Other Liab (7.9%)

TOP STATES (p.3): MA (12.0%), NY (9.7%), CA (9.5%), FL (7.2%), TX (6.6%)

Composite: Commercial Casualty

SOURCES OF EARNINGS AND SURPLUS GROWTH (\$000)

Year	Net Underwriting Income	Other Income/(Expense)	Net Investment Income	Pretax Operating Income/(Loss)	Realized Capital Gain/(Loss)	Income Tax	Net Income/(Loss)
2005	(544,037)	(78,809)	895,504	272,659	197,387	(114,095)	584,140
2006	(273,534)	(78,675)	1,551,031	1,198,822	87,553	279,364	1,007,010
2007	(549,268)	(112,177)	1,120,269	458,824	130,466	148,786	440,504
2008	(508,552)	(119,026)	2,088,386	1,460,809	60,972	21,107	1,500,675
2009	(843,712)	(89,138)	628,394	(304,456)	43,858	(195,500)	(65,098)
5 Year	(2,719,102)	(477,825)	6,283,585	3,086,658	520,235	139,661	3,467,232

Year	Unrealized Capital Gain/(Loss)	Total Return	Other Surplus Gain/(Loss)	Contributed Capital	Stockholder Dividends	Change in Surplus	Year-End Surplus
2005	(253,468)	330,673	172,814	265,861	(100,000)	669,347	7,924,697
2006	106,820	1,113,831	37,179	878,586	(2,164)	2,027,432	9,952,129
2007	514,906	955,410	(159,414)	1,079,548	(4,373)	1,871,171	11,823,300
2008	(4,579,005)	(3,078,330)	(385,947)	1,986,430	(10,720)	(1,488,568)	10,334,732
2009	1,687,848	1,622,751	755,563	3,273	(224,766)	2,156,820	12,491,553
5 Year	(2,522,898)	944,334	420,194	4,213,698	(342,023)	5,236,203	

Year	Quality of Surplus			Dividend Requirement		Growth Analysis (% Change)				
	% of Year-End Surplus		Unassigned Surplus	Dividends to POI	Dividends Net Income	Net Investment Income	Pretax Operating Income	Net Income	Total Return	Year-End Surplus
2005	28.8	22.7	48.6	36.7	17.1	43.8	999.9	169.4	(44.0)	9.2
2006	31.7	18.3	49.9	0.2	0.2	73.2	339.7	72.4	236.8	25.6
2007	36.9	15.6	47.6	1.0	1.0	(27.8)	(61.7)	(56.3)	(14.2)	18.8
2008	61.4	17.9	20.7	0.7	0.7	86.4	218.4	240.7	(99.9)	(12.6)
2009	51.6	16.1	32.3	(73.8)	(99.9)	(69.9)	(99.9)	(99.9)	152.7	20.9
5yr CAGR						0.2				11.5
5yr Chg						0.9				72.2

RETURN ANALYSIS (%)

Year	Return on Invested Assets (ROIA)			Return on NPE (ROR)			Return on Surplus (ROE)		
	Net Investment Yield	Net Investment Income (Incl RCG)	Total Return (All Capital Gains)	Pretax Operating Income	Net Income	Total Return (All Capital Gains)	Pretax Operating Income	Net Income	Total Return (All Capital Gains)
2005	4.4	5.4	4.1	4.0	8.5	4.8	3.6	7.7	4.4
2006	6.9	7.3	7.8	15.9	13.3	14.7	13.4	11.3	12.5
2007	4.2	4.7	6.7	5.1	4.9	10.7	4.2	4.0	8.8
2008	7.7	7.9	(8.2)	17.3	17.8	(36.5)	13.2	13.5	(27.8)
2009	2.3	2.4	8.8	(4.1)	(0.9)	21.7	(2.7)	(0.6)	14.2
5 Year:									
Company	5.0	5.5	3.4	7.9	8.8	2.4	6.2	6.9	1.9
Industry	4.8	4.5	4.5	16.3	12.2	12.1	14.3	10.7	10.7

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PROFITABILITY ANALYSIS (CONTINUED)

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COMPOSITION OF UNDERWRITING EARNINGS (\$000)

Year	Net	Net	Pure	Loss & LAE	Commission	Other	Underwriting	Policyholder	Net	
	Premiums	Premiums								Losses (%)
2005	7,046,397	6,889,135	77.2	22.8	5,692,271	9.7	90.3	1,716,889	24,012	(544,037)
2006	7,889,647	7,561,990	80.0	20.0	5,774,921	10.9	89.1	2,026,670	33,933	(273,534)
2007	9,589,191	8,956,741	79.6	20.4	6,967,059	6.0	94.0	2,485,993	52,957	(549,268)
2008	8,126,264	8,432,913	81.1	18.9	7,045,626	(13.1)	113.1	1,875,505	20,334	(508,552)
2009	7,463,633	7,469,660	77.2	22.8	6,371,694	(9.9)	109.9	1,924,324	17,354	(843,712)
5 Year	40,115,133	39,310,440	79.1	20.9	31,851,571	1.0	99.0	10,029,381	148,590	(2,719,102)

Growth Analysis (% Change)

Year	Net	Net	Pure	Loss & LAE	Commission	Other	Underwriting	Policyholder	Net	
2005	5.2	6.8	2.4	23.4	6.6	188.6	0.1	6.8	(8.4)	(4.0)
2006	12.0	9.8	5.2	(11.1)	1.5	32.7	16.5	18.0	41.3	49.7
2007	21.5	18.4	20.0	23.1	20.6	(32.6)	29.4	22.7	56.1	(99.9)
2008	(15.3)	(5.8)	3.0	(6.3)	1.1	(99.9)	(9.3)	(24.6)	(61.6)	7.4
2009	(8.2)	(11.4)	(14.0)	9.3	(9.6)	21.9	(0.2)	2.6	(14.7)	(65.9)
5yr CAGR	2.2	3.0	2.8	6.7	3.6	(99.9)	6.4	3.7	(7.9)	10.0
5yr Chg	11.4	15.8	14.6	38.3	19.3	(99.9)	36.6	19.8	(33.8)	(61.2)

UNDERWRITING/OPERATING RATIOS (%)

Year	Pure Loss	LAE	Loss & LAE	Total		Combined		Policyholder	Combined		Net	Operating
				Commission	Other	Underwriting	Ratio		Ratio	Investment		
2005	63.8	18.8	82.6	2.4	22.0	24.4	107.0	0.3	107.3	13.0	94.3	
2006	61.1	15.3	76.4	2.8	22.9	25.7	102.1	0.4	102.5	20.5	82.0	
2007	61.9	15.9	77.8	1.5	24.4	25.9	103.7	0.6	104.3	12.5	91.8	
2008	67.8	15.8	83.5	(3.0)	26.1	23.1	106.6	0.2	106.9	24.8	82.1	
2009	65.8	19.5	85.3	(2.6)	28.3	25.8	111.1	0.2	111.3	8.4	102.9	
5yr Avg:												
Company	64.1	16.9	81.0	0.2	24.8	25.0	106.0	0.4	106.4	16.0	90.4	
Industry	55.7	13.9	69.7	11.1	17.4	28.5	98.1	0.3	98.4	15.2	83.2	

PRODUCT LINE LOSS EXPERIENCE

Rank	Product Line	2009 NPE (\$000)	Pure Net Loss Ratio (%)						Better/Worse than Industry (Points)				
			2009	2008	2007	2006	2005	5yr Avg	2009 E	2008	2007	2006	2005
1	Workers' Comp	1,992,844	74.0	72.5	73.7	71.1	73.6	72.9	(4.8)	(10.1)	(11.0)	(10.1)	(7.3)
2	PP Auto Liab	1,737,784	65.4	62.9	58.5	57.6	59.0	60.8	1.3	1.5	4.3	1.2	1.6
3	Homeowners	830,506	56.7	72.8	52.1	50.9	61.2	59.2	8.4	1.6	2.9	(1.2)	(0.5)
4	Other Liab	616,294	79.5	42.1	85.3	59.5	73.9	67.2	(23.9)	6.0	(31.9)	(7.0)	(10.7)
5	Auto Phys Dmg	608,580	50.4	58.0	55.9	52.2	51.5	53.2	7.4	2.4	1.7	3.1	4.7
6	Inland Marine	511,448	70.8	67.9	63.0	87.0	81.8	70.5	(23.1)	(13.0)	(20.7)	(44.3)	(29.6)
7	Comm Auto Liab	293,519	50.3	65.8	66.0	44.3	61.3	58.1	4.6	(11.4)	(13.4)	9.4	(6.7)
8	Fire	174,534	75.9	131.2	43.6	37.2	62.6	69.9	(34.2)	(74.5)	4.2	4.9	(13.8)
9	Rein-NPA Prop	119,593	23.9	35.9	5.0	72.2	247.4	37.3	5.1	29.3	21.9	(35.0)	(86.5)
10	Comm M.P.	108,539	119.6	111.0	21.3	90.5	76.0	80.3	(71.3)	(55.0)	22.1	(45.5)	(26.6)
	All Other	459,409	62.1	49.1	43.9	52.1	30.3	48.0	0.0	0.0	0.0	0.0	0.0
	Total	7,453,051	66.6	67.1	62.3	61.2	63.7	64.2	(6.4)	(1.9)	(6.4)	(7.9)	(1.6)

STATE DISTRIBUTION AND LOSS EXPERIENCE

Rank	State	2009 DPW (\$000)	% of Total DPW					Direct Pure Loss Ratio (%)					5yr Avg
			2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	
1	MA	422,443	12.0	11.7	13.1	15.3	18.5	68.8	61.4	61.5	30.7	87.0	62.1
2	NY	340,426	9.7	11.5	8.7	7.2	8.3	63.6	45.4	94.1	52.1	42.9	59.3
3	CA	334,043	9.5	9.5	10.0	8.7	7.6	58.4	64.3	59.0	60.8	137.4	69.9
4	FL	254,761	7.2	6.8	6.9	6.2	5.0	60.7	53.9	70.0	62.2	104.1	65.7
5	TX	231,849	6.6	7.1	7.0	7.0	6.0	18.9	155.1	80.6	30.0	120.8	80.7
6	NC	155,590	4.4	4.1	4.2	4.2	4.1	55.1	55.3	75.8	55.0	72.4	61.6
7	CN	149,168	4.2	4.4	6.0	6.7	6.6	43.7	27.6	90.6	75.0	59.1	60.4
8	MISC	148,506	4.2	4.3	4.7	5.4	6.4	36.4	31.6	(6.6)	34.3	(34.1)	11.8
9	NJ	111,262	3.2	3.4	2.7	2.8	5.0	76.6	65.6	51.4	35.7	86.3	66.0
10	PA	107,006	3.0	3.0	2.4	2.6	2.5	69.3	42.4	76.1	64.6	73.7	63.2
11	IL	91,510	2.6	2.6	2.1	1.9	2.2	63.6	61.2	296.6	121.1	123.1	121.3
12	GA	89,351	2.5	2.4	2.7	2.2	1.8	74.2	56.6	59.9	75.4	27.8	61.8
13	OH	69,602	2.0	2.0	2.4	2.0	1.1	112.5	35.6	51.2	43.1	24.5	59.5
14	VA	63,106	1.8	1.6	1.3	1.6	1.7	63.3	30.8	38.2	31.9	66.5	46.8
15	TN	62,757	1.8	1.8	0.9	0.8	1.1	78.4	51.2	73.7	164.1	75.5	76.7
16	LA	62,472	1.8	1.8	1.9	2.3	1.8	132.3	(15.7)	75.3	78.5	3.8	60.3
17	MI	52,313	1.5	1.5	1.7	1.7	1.1	64.4	44.1	77.3	54.5	92.6	64.4
18	AZ	50,818	1.4	1.3	1.6	1.4	0.8	61.0	52.8	86.6	62.6	169.2	75.1
19	WA	48,267	1.4	1.1	1.4	1.3	0.9	56.9	52.3	53.8	76.8	128.3	66.2
20	CO	43,866	1.2	1.3	1.3	1.3	0.9	56.4	50.2	61.2	46.7	40.7	52.4
	All Other	632,582	18.0	16.8	16.8	17.6	16.5	79.8	52.3	76.2	57.6	31.1	61.9
	Total	3,521,698	100.0	100.0	100.0	100.0	100.0	64.2	57.9	73.1	53.3	67.3	63.1

GROSS UNDERWRITING RATIOS

Year	Loss &	Underwriting	
	LAE	Expense	Combined
2005	123.2	91.7	214.9
2006	106.2	96.2	202.4
2007	93.9	101.4	195.3
2008	98.8	72.7	171.5
2009	100.0	74.5	174.5
Avg	103.4	85.8	189.2

LOSS ADJUSTMENT AND UNDERWRITING EXPENSE COMPOSITION (\$000)

Year	Loss Adjustment Expenses			Underwriting Expenses			Total LAE & U/W Expenses
	ALAE	ULAE	Total	Net Commissions	Other	Total	
2005	693,331	605,204	1,298,535	165,979	1,550,910	1,716,889	3,015,424
2006	533,932	620,112	1,154,044	220,283	1,806,386	2,026,670	3,180,713
2007	(132,330)	1,552,430	1,420,100	148,467	2,337,526	2,485,993	3,906,093
2008	632,470	698,739	1,331,209	(245,296)	2,120,802	1,875,505	3,206,714
2009	676,194	779,171	1,455,365	(191,457)	2,115,781	1,924,324	3,379,689

LOSS ADJUSTMENT AND UNDERWRITING EXPENSE RATIOS (%)

Year	Loss Adjustment Expenses (% of NPE)			Underwriting Expenses (% of NPW)			Total LAE & U/W Expenses (Pts)
	ALAE	ULAE	Total	Net Commissions	Other	Total	
2005	10.1	8.8	18.8	2.4	22.0	24.4	43.2
2006	7.1	8.2	15.3	2.8	22.9	25.7	40.9
2007	(1.5)	17.3	15.9	1.5	24.4	25.9	41.8
2008	7.5	8.3	15.8	(3.0)	26.1	23.1	38.9
2009	9.1	10.4	19.5	(2.6)	28.3	25.8	45.3
5yr Avg:							
Company	6.1	10.8	16.9	0.2	24.8	25.0	41.9
Industry			13.9			28.5	42.4

COMMISSION EXPENSE COMPOSITION (\$000)

Year	Direct		Assumed		Ceded		Contingent		Net Commissions	
	Amount	% of DPW	Amount	% of APW	Amount	% of CPW	Amount	% of NPW	Amount	% of NPW
2005	139,960	6.5	575,186	5.3	608,197	10.1	59,030	0.8	165,979	2.4
2006	169,740	6.9	612,115	5.0	643,599	9.6	82,027	1.0	220,283	2.8
2007	179,171	6.2	637,110	5.1	763,119	13.3	95,305	1.0	148,467	1.5
2008	177,243	5.1	453,350	3.9	932,782	13.1	56,893	0.7	(245,296)	(3.0)
2009	178,122	5.1	485,547	4.4	956,257	13.6	101,131	1.4	(191,457)	(2.6)
5yr Avg		5.8		4.7		12.0		1.0		0.2

OTHER UNDERWRITING EXPENSE COMPOSITION (\$000)

Year	Premium Taxes		Manager/Agent Allowances		Salaries		Rent/Equipment		All Other	
	Amount	% of NPW	Amount	% of NPW	Amount	% of NPW	Amount	% of NPW	Amount	% of NPW
2005	262,986	3.7	0	0.0	857,782	12.2	122,918	1.7	307,224	4.4
2006	294,945	3.7	2	0.0	1,052,595	13.3	135,347	1.7	323,498	4.1
2007	345,749	3.6	36,132	0.4	1,285,448	13.4	186,006	1.9	484,191	5.0
2008	330,118	4.1	75,681	0.9	1,045,255	12.9	159,306	2.0	510,442	6.3
2009	304,023	4.1	82,794	1.1	1,076,664	14.4	184,736	2.5	467,565	6.3
5yr Avg		3.8		0.5		13.3		2.0		5.2

ASSET COMPOSITION (\$000)

Year	Long-Term Bonds	Preferred Stock (%)	Common Stock (%)	Total Stocks	Real Estate & Mortgage	Cash & Equivalents	Short-Term Investments	Other Invested Assets	Non-Affiliated Invested Assets
2005	12,556,563	4.8	95.2	1,248,172	1,199	400,029	682,143	870,622	15,758,729
2006	14,335,788	13.6	86.4	1,725,849	211,172	656,962	550,704	1,134,489	18,614,965
2007	15,335,084	16.1	83.9	2,000,065	430,325	304,825	523,294	1,436,196	20,029,789
2008	11,057,670	38.3	61.7	473,806	549,131	298,996	1,050,309	1,559,505	14,989,417
2009	11,425,767	52.9	47.1	391,808	520,001	471,682	352,651	1,386,844	14,548,752

Year	<u>Affiliated Investments</u>				Invested Assets	<u>Other Assets</u>			Admitted Assets	
	Fixed Income (%)	Equity (%)	Real Est & Mort (%)	Total		Agents & Premium Balance	Reinsurance Recoverable	All Other		Total
2005	25.9	68.1	5.9	5,897,610	21,656,339	2,480,912	399,753	1,474,604	4,355,269	26,011,608
2006	39.0	55.3	5.7	6,466,339	25,081,304	2,628,086	740,190	1,470,432	4,838,708	29,920,012
2007	35.7	59.9	4.4	9,513,807	29,543,597	2,954,362	685,886	1,645,360	5,285,608	34,829,205
2008	31.0	65.5	3.6	11,994,861	26,984,277	3,030,520	560,301	1,974,689	5,565,511	32,549,788
2009	31.5	66.2	2.3	14,393,402	28,942,154	2,827,793	593,196	2,467,293	5,888,282	34,830,437

ASSET ALLOCATION (% OF TOTAL ADMITTED ASSETS)

Year	Long-Term Bonds	Total Stocks	Real Estate & Mortgage	Short-Term Investments		Non-Affil Invested Assets	Affiliated Invested Assets	Total Invested Assets	<u>Agents/Prem Balances</u>		Other Non-Inv Assets
				& Cash	All Other				In Course of Collection	Deferred Not Due	
2005	48.3	4.8	0.0	4.2	3.3	60.6	22.7	83.3	2.4	7.1	7.2
2006	47.9	5.8	0.7	4.0	3.8	62.2	21.6	83.8	2.4	6.4	7.4
2007	44.0	5.7	1.2	2.4	4.1	57.5	27.3	84.8	2.7	5.8	6.7
2008	34.0	1.5	1.7	4.1	4.8	46.1	36.9	82.9	3.3	6.0	7.8
2009	32.8	1.1	1.5	2.4	4.0	41.8	41.3	83.1	2.8	5.3	8.8
Industry	61.6	3.2	0.6	4.3	4.1	73.8	9.7	83.5	2.9	5.3	8.2

Asset Growth Analysis (% Change)

Year	Long-Term Bonds	Total Stocks	Non-Affil		Admitted Assets
			Invested Assets	Invested Assets	
2005	6.6	(9.3)	7.9	7.6	8.6
2006	14.2	38.3	18.1	15.8	15.0
2007	7.0	15.9	7.6	17.8	16.4
2008	(27.9)	(76.3)	(25.2)	(8.7)	(6.5)
2009	3.3	(17.3)	(2.9)	7.3	7.0
5yr CAGR	(0.6)	(22.2)	(0.1)	7.5	7.8
5yr Chg	(3.0)	(71.5)	(0.4)	43.7	45.4

Asset Leverage (% of PHS)

Year	Non-Inv Grade Bonds	Common Stocks	Real Estate/ Mortgage	Other Investments	Non-Affil		Gross Agents Balances
					Investment Leverage	Affiliated Investments	
2005	12.6	15.0	0.0	8.6	36.2	74.4	8.0
2006	9.0	15.0	2.1	9.3	35.4	65.0	7.1
2007	8.7	14.2	3.6	10.6	37.0	80.5	7.9
2008	9.0	2.8	5.3	13.7	30.8	116.1	10.4
2009	10.9	1.5	4.2	9.9	26.5	115.2	7.8
Industry	6.0	8.6	1.8	10.3	26.7	31.0	9.3

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INVESTMENT AND LIQUIDITY ANALYSIS (CONTINUED)

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QUICK AND CURRENT ASSET COMPOSITION (\$000)

Year	Short-Term Investments & Cash	Bonds < One Year	U.S. Govt Bonds 1-5 Years	Common Stock (80%)	Quick Assets	Non-Affiliated Invested Assets	Other	Current Assets	Admitted Assets
						Excluding Real Estate	Property Encumbrances		
2005	1,082,173	868,695	957,015	950,869	3,858,751	15,757,530	0	15,757,530	26,011,608
2006	1,207,666	1,448,253	886,614	1,193,338	4,735,871	18,613,853	0	18,403,793	29,920,012
2007	828,120	907,530	542,178	1,341,767	3,619,596	20,028,720	0	19,599,464	34,829,205
2008	1,349,306	574,789	79,001	233,826	2,236,922	14,988,377	0	14,440,286	32,549,788
2009	824,332	845,404	164,175	147,597	1,981,508	14,547,774	0	14,028,751	34,830,437

NET AND CURRENT LIABILITY COMPOSITION (\$000)

Year	Total Liabilities	Conditional Reserves	Encumbrances	Net U.S. Affiliated	Net Liabilities	Balances Payable	Current Liabilities	Overall Liabilities
			Less Net Affiliated Balance	Funds Withheld				
2005	18,086,911	149,117	0	0	17,937,794	596,646	17,916,823	17,937,794
2006	19,967,883	120,073	(159,008)	0	19,688,802	568,937	19,438,593	19,847,810
2007	23,005,905	116,581	(81,311)	0	22,808,013	671,120	22,627,458	22,889,324
2008	22,215,056	73,988	(72,876)	0	22,068,192	539,106	21,956,833	22,141,068
2009	22,338,884	69,876	(35,060)	0	22,233,947	497,778	22,014,526	22,269,007

CASH FLOW COMPOSITION (\$000)

Year	Premiums Collected	Benefits & Loss	Commissions	Policyholder Dividends	Underwriting Cash Flow	Investment Income	Other (Including Tax)	Operating Cash Flow
		Related Payments	and Expenses Paid					
2005	7,034,949	3,820,270	2,781,472	24,077	409,130	1,029,153	157,878	1,596,160
2006	7,925,772	4,227,408	2,955,811	32,255	710,299	1,640,061	(612,417)	1,737,943
2007	9,223,322	3,081,819	3,322,091	44,155	2,775,257	1,210,416	(299,753)	3,685,921
2008	8,113,339	5,547,776	3,364,570	32,000	(831,006)	2,229,935	(285,599)	1,113,329
2009	7,672,233	5,032,705	3,466,414	16,690	(843,576)	656,232	(124,658)	(312,002)

CASH FLOW COMPOSITION (\$000)

Year	Realized Capital Gains	Contributed	Other	Net Cash Flow
		Capital		
2005	197,387	165,861	(1,561,678)	397,729
2006	87,553	876,423	(2,576,425)	125,493
2007	130,466	1,075,175	(5,271,107)	(379,546)
2008	60,972	1,975,710	(2,628,826)	521,186
2009	43,858	(221,493)	(35,335)	(524,973)
Industry				

LIQUIDITY AND CASH FLOW RATIOS ANALYSIS (%)

Quick	Liquidity		Overall	Cash Flow	
	Current	Operating		U/W	Operating
2005	21.5	87.9	145.0	106.2	124.1
2006	24.4	94.7	150.7	109.8	122.2
2007	16.0	86.6	152.2	143.0	154.4
2008	10.2	65.8	147.0	90.7	112.0
2009	9.0	63.7	156.4	90.1	96.4
Industry	21.3	110.7	146.6		

BOND PORTFOLIO COMPOSITION**Government Bonds (Unaffiliated)**

Year	Public (%)	Private (%)	Statement Value	% of Total Bonds	MV to SV (%)	Class 1-2		Class 3-6		Multi-Class Securities				
						Avg Mat (Years)	% of SV	% of SV	% of PHS	CMO (%)	CMBS (%)	Total	% of SV	% of PHS
2005	100.0	0.0	3,238,039	24.1	0.4	7.1	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2006	99.8	0.2	3,680,898	24.3	(0.7)	6.8	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2007	99.6	0.4	2,371,502	14.9	1.8	6.9	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2008	100.0	0.0	1,072,505	8.8	10.9	8.0	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2009	100.0	0.0	1,744,168	14.7	3.6	7.7	100.0	0.0	0.0	0.0	0.0	0	0.0	0.0

Political Subdivisions, Government Agencies and Authorities (Unaffiliated)

Year	Public (%)	Private (%)	Statement Value	% of Total Bonds	MV to SV (%)	Class 1-2		Class 3-6		Multi-Class Securities				
						Avg Mat (Years)	% of SV	% of SV	% of PHS	CMO (%)	CMBS (%)	Total	% of SV	% of PHS
2005	100.0	0.0	5,367,028	39.9	(0.5)	10.6	100.0	0.0	0.0	100.0	0.0	28,991	0.5	0.4
2006	100.0	0.0	6,511,199	43.0	(0.1)	11.6	100.0	0.0	0.0	97.0	3.0	1,336,791	20.5	13.4
2007	100.0	0.0	8,035,369	50.4	0.2	12.0	100.0	0.0	0.0	96.7	3.3	1,504,279	18.7	12.7
2008	100.0	0.0	5,515,440	45.1	(2.2)	11.9	99.8	0.2	0.1	96.8	3.2	890,480	16.1	8.6
2009	100.0	0.0	5,354,504	45.1	3.7	11.4	98.9	1.1	0.5	100.0	0.0	792,312	14.8	6.3

Corporate Bonds (Unaffiliated)

Year	Public (%)	Private (%)	Statement Value	% of Total Bonds	MV to SV (%)	Class 1-2		Class 3-6		Multi-Class Securities				
						Avg Mat (Years)	% of SV	% of SV	% of PHS	CMO (%)	CMBS (%)	Total	% of SV	% of PHS
2005	88.0	12.0	4,849,535	36.0	1.3	8.1	79.4	20.6	12.6	36.8	63.2	94,927	2.0	1.2
2006	89.8	10.2	4,955,575	32.7	0.2	7.3	81.9	18.1	9.0	10.5	89.5	372,173	7.5	3.7
2007	93.9	6.1	5,543,698	34.8	(0.6)	8.2	81.5	18.5	8.7	22.2	77.8	792,911	14.3	6.7
2008	94.7	5.3	5,643,367	46.1	(7.5)	7.5	83.8	16.2	8.9	26.6	73.4	765,190	13.6	7.4
2009	91.0	9.0	4,761,925	40.1	3.1	8.0	72.7	27.3	10.4	20.4	79.6	786,765	16.5	6.3

Parent, Subsidiaries and Affiliates Bonds

Year	Public (%)	Private (%)	Statement Value	% of Total Bonds	MV to SV (%)	Class 1-2		Class 3-6		Multi-Class Securities				
						Avg Mat (Years)	% of SV	% of SV	% of PHS	CMO (%)	CMBS (%)	Total	% of SV	% of PHS
2005	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2006	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2007	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2008	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0
2009	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0

Total Bonds (Long & Short-Term)

Year	Public (%)	Private (%)	Statement Value	% of Total Bonds	MV to SV (%)	Class 1-2		Class 3-6		Multi-Class Securities				
						Avg Mat (Years)	% of SV	% of SV	% of PHS	CMO (%)	CMBS (%)	Total	% of SV	% of PHS
2005	95.7	4.3	13,454,601	100.0	0.3	8.9	92.6	7.4	12.6	51.6	48.4	123,919	0.9	1.6
2006	96.6	3.4	15,147,672	100.0	(0.2)	9.0	94.1	5.9	9.0	78.1	21.9	1,708,965	11.3	17.2
2007	97.8	2.2	15,950,568	100.0	0.2	9.9	93.6	6.4	8.7	71.0	29.0	2,297,189	14.4	19.4
2008	97.6	2.4	12,231,312	100.0	(3.1)	9.5	92.4	7.6	9.0	64.4	35.6	1,655,670	13.5	16.0
2009	96.4	3.6	11,860,597	100.0	3.5	9.5	88.5	11.5	10.9	60.3	39.7	1,579,077	13.3	12.6

INVESTMENT VALUATION AND INCOME ANALYSIS (\$000)

<u>Long-Term Bonds (Unaffiliated)</u>									
Year	Net New Purchase	<u>Capital Gains/(Losses)</u>			Year-End Statement Value	% of Total Invested Assets	Interest Earned	% of Gross Investment Income	Gross Yield (%)
		Realized	Unrealized	Total					
2005	710,249	81,401	(15,257)	66,144	12,556,563	58.0	677,953	58.5	5.7
2006	1,768,508	(511)	11,228	10,717	14,335,788	57.2	692,083	38.8	5.3
2007	924,929	343	74,024	74,367	15,335,084	51.9	785,870	57.5	5.4
2008	(3,908,764)	(103,685)	(264,965)	(368,650)	11,057,670	41.0	686,383	29.5	5.3
2009	159,817	(59,123)	267,403	208,280	11,425,767	39.5	603,878	69.4	5.5

<u>Preferred and Common Stocks (Unaffiliated)</u>									
Year	Net New Purchase	<u>Capital Gains/(Losses)</u>			Year-End Statement Value	% of Total Invested Assets	Dividends Earned	% of Gross Investment Income	Gross Yield (%)
		Realized	Unrealized	Total					
2005	(313,422)	151,431	33,815	185,246	1,248,172	5.8	54,818	4.7	4.3
2006	272,818	71,932	132,927	204,859	1,725,849	6.9	35,206	2.0	2.4
2007	184,144	101,511	(11,440)	90,071	2,000,065	6.8	53,497	3.9	2.9
2008	(780,579)	(25,457)	(720,223)	(745,680)	473,806	1.8	53,576	2.3	4.4
2009	(183,131)	79,807	21,326	101,133	391,808	1.4	15,352	1.8	3.6

<u>Other Investments (Unaffiliated)</u>									
Year	Net New Purchase	<u>Capital Gains/(Losses)</u>			Year-End Statement Value	% of Total Invested Assets	Other Investment Income	% of Gross Investment Income	Gross Yield (%)
		Realized	Unrealized	Total					
2005	1,028,958	(35,414)	(485,443)	(520,857)	1,953,994	9.0	414,702	35.8	27.8
2006	398,703	17,052	183,578	200,629	2,553,327	10.2	443,018	24.8	21.8
2007	(114,878)	25,104	231,088	256,192	2,694,641	9.1	526,991	38.6	22.3
2008	158,325	243,393	361,582	604,975	3,457,942	12.8	582,369	25.0	20.9
2009	(875,756)	23,174	125,818	148,992	2,731,178	9.4	192,899	22.2	6.4

<u>Affiliated Investments</u>									
Year	Net New Purchase	<u>Capital Gains/(Losses)</u>			Year-End Statement Value	% of Total Invested Assets	Dividends Earned	% of Gross Investment Income	Gross Yield (%)
		Realized	Unrealized	Total					
2005	151,480	(32)	213,418	213,386	5,897,610	27.2	11,418	1.0	0.2
2006	790,562	(920)	(220,912)	(221,833)	6,466,339	25.8	614,182	34.4	10.5
2007	2,822,727	3,508	221,234	224,742	9,513,807	32.2	1	0.0	0.0
2008	6,489,731	(53,280)	(3,955,398)	(4,008,678)	11,994,861	44.5	1,004,434	43.2	9.8
2009	1,125,240	0	1,273,301	1,273,301	14,393,402	49.7	58,239	6.7	0.4

<u>Total Invested Assets</u>									
Year	Net New Purchase	<u>Capital Gains/(Losses)</u>			Year-End Statement Value	% of Total Invested Assets	Interest Earned	% of Gross Investment Income	Gross Yield (%)
		Realized	Unrealized	Total					
2005	1,577,265	197,387	(253,468)	(56,081)	21,656,339	100.0	1,158,892	100.0	5.7
2006	3,230,591	87,553	106,820	194,373	25,081,304	100.0	1,784,490	100.0	8.0
2007	3,816,921	130,466	514,906	645,372	29,543,597	100.0	1,366,359	100.0	5.1
2008	1,958,713	60,972	(4,579,005)	(4,518,032)	26,984,277	100.0	2,326,762	100.0	8.6
2009	226,171	43,858	1,687,848	1,731,706	28,942,154	100.0	870,369	100.0	3.2

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UNDERWRITING LEVERAGE ANALYSIS (\$000)

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PREMIUM COMPOSITION

Year	Direct Written	Assumed		Total	Gross		Ceded		Total	Net Written	Net Earned
		Aff (%)	Non-Aff (%)		Written	Aff (%)	Non-Aff (%)				
2005	2,147,825	96.1	3.9	10,921,949	13,069,774	64.9	35.1	6,023,377	7,046,397	6,889,135	
2006	2,457,476	97.0	3.0	12,165,803	14,623,278	67.8	32.2	6,733,631	7,889,647	7,561,990	
2007	2,879,017	97.1	2.9	12,458,446	15,337,463	62.3	37.7	5,748,272	9,589,191	8,956,741	
2008	3,482,788	96.5	3.5	11,751,158	15,233,946	57.7	42.3	7,107,681	8,126,264	8,432,913	
2009	3,521,698	96.4	3.6	10,991,937	14,513,635	53.1	46.9	7,050,002	7,463,633	7,469,660	

LIABILITY COMPOSITION

Year	Loss & LAE Reserves			Unearned Premiums	Reinsurance Funds Held	All Other Liabilities	Conditional Reserves	Total Liabilities	PHS
	Loss (%)	LAE (%)	Total						
2005	83.0	17.0	11,382,727	2,792,535	2,150,117	1,612,415	149,117	18,086,911	7,924,697
2006	83.0	17.0	12,254,053	3,114,706	1,866,405	2,612,646	120,073	19,967,883	9,952,129
2007	83.0	17.0	15,167,418	3,678,689	1,878,182	2,165,034	116,581	23,005,905	11,823,300
2008	83.6	16.4	15,071,151	3,320,120	1,807,274	1,942,523	73,988	22,215,056	10,334,732
2009	83.2	16.8	15,125,917	3,293,043	1,746,563	2,103,485	69,876	22,338,884	12,491,553

Year	Gross Written (Non-Affiliated)	Premium Written Retention (%)				Liability Allocation (% of Total)					
		Direct	Assumed	Gross	Net	Loss Reserves	LAE Reserves	Total Reserves	Unearned Premiums	All Other	Total Liabilities
2005	2,568,557	83.6	16.4	100.0	76.9	52.2	10.7	62.9	15.4	21.6	100.0
2006	2,820,722	87.1	12.9	100.0	78.5	50.9	10.4	61.4	15.6	23.0	100.0
2007	3,240,407	88.8	11.2	100.0	81.6	54.7	11.2	65.9	16.0	18.1	100.0
2008	3,895,025	89.4	10.6	100.0	73.0	56.7	11.1	67.8	14.9	17.2	100.0
2009	3,921,189	89.8	10.2	100.0	69.3	56.3	11.4	67.7	14.7	17.5	100.0
Industry		94.9	5.1	100.0	81.4	54.1	12.2	66.2	18.6	15.2	100.0

GROWTH ANALYSIS (% CHANGE)

Year	Premiums Written						Loss Reserves	LAE Reserves	Total Reserves	Unearned Premiums	All Other	Total Liabilities	PHS
	Direct	Assumed	Gross	Ceded	Net	NPE							
2005	1.5	1.3	1.3	(2.8)	5.2	6.8	6.1	13.9	7.4	4.1	14.5	8.3	9.2
2006	14.4	11.4	11.9	11.8	12.0	9.8	7.6	7.7	7.7	11.5	17.6	10.4	25.6
2007	17.2	2.4	4.9	(14.6)	21.5	18.4	23.8	23.4	23.8	18.1	(9.6)	15.2	18.8
2008	21.0	(5.7)	(0.7)	23.6	(15.3)	(5.8)	0.1	(4.1)	(0.6)	(9.7)	(8.1)	(3.4)	(12.6)
2009	1.1	(6.5)	(4.7)	(0.8)	(8.2)	(11.4)	(0.2)	3.2	0.4	(0.8)	2.5	0.6	20.9
5yr CAGR	10.7	0.4	2.4	2.6	2.2	3.0	7.2	8.4	7.4	4.2	2.8	6.0	11.5
5yr Chg	66.5	1.9	12.5	13.7	11.4	15.8	41.3	49.9	42.7	22.8	14.7	33.8	72.2

UNDERWRITING LEVERAGE RATIOS

Year	Premiums Written					Net Liabilities			Net & Gross Leverage		
	Direct	Assumed	Gross	Ceded	Net	Loss & LAE Reserves	UPR & Other	Net Liabilities	Net Leverage	Ceded (p.11)	Gross Leverage
2005	0.3	1.4	1.6	0.8	0.9	1.4	0.8	2.3	3.2	1.1	4.3
2006	0.2	1.2	1.5	0.7	0.8	1.2	0.7	2.0	2.8	0.9	3.6
2007	0.2	1.1	1.3	0.5	0.8	1.3	0.6	1.9	2.7	0.7	3.5
2008	0.3	1.1	1.5	0.7	0.8	1.5	0.7	2.1	2.9	0.9	3.9
2009	0.3	0.9	1.2	0.6	0.6	1.2	0.6	1.8	2.4	0.8	3.2
Industry	0.9	1.0	1.8	1.1	0.7	1.4	0.7	2.1	2.9	0.9	3.7

PRODUCT LINE MIX

Rank	Product Line:	Net Premiums Written (\$000)					% of Net Premiums Written				
		2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
1	Workers' Comp	1,982,731	2,432,872	3,082,680	2,604,982	2,343,138	26.6	29.9	32.1	33.0	33.3
2	PP Auto Liab	1,768,516	1,719,754	1,783,063	1,454,121	1,465,511	23.7	21.2	18.6	18.4	20.8
3	Homeowners	886,908	1,045,768	1,309,462	1,058,266	847,579	11.9	12.9	13.7	13.4	12.0
4	Auto Phys Dmg	619,455	527,681	602,833	781,869	883,400	8.3	6.5	6.3	9.9	12.5
5	Other Liab	591,157	784,761	741,665	550,782	456,913	7.9	9.7	7.7	7.0	6.5
6	Inland Marine	508,143	533,836	506,881	234,557	105,394	6.8	6.6	5.3	3.0	1.5
7	Comm Auto Liab	277,198	321,638	387,928	326,239	301,706	3.7	4.0	4.0	4.1	4.3
8	Fire	163,645	193,870	245,173	192,055	146,424	2.2	2.4	2.6	2.4	2.1
9	Rein-NPA Prop	115,773	118,560	106,048	41,676	18,462	1.6	1.5	1.1	0.5	0.3
10	Comm M.P.	98,995	177,633	190,915	171,645	101,792	1.3	2.2	2.0	2.2	1.4
	All Other	451,110	269,892	632,545	473,456	376,078	6.0	3.3	6.6	6.0	5.3
	Total	7,463,633	8,126,264	9,589,191	7,889,647	7,046,397	100.0	100.0	100.0	100.0	100.0
Segment:											
	Personal	3,196,448	3,226,390	3,627,759	3,241,143	3,150,907	42.8	39.7	37.8	41.1	44.7
	Commercial	3,876,594	4,612,205	5,294,968	4,190,420	3,544,944	51.9	56.8	55.2	53.1	50.3
	Combined	191,558	232,242	282,936	216,243	163,201	2.6	2.9	3.0	2.7	2.3
	Reinsurance	188,746	175,564	143,236	76,285	54,565	2.5	2.2	1.5	1.0	0.8
	Other	10,287	(120,137)	240,292	165,556	132,780	0.1	(1.5)	2.5	2.1	1.9
	Total	7,463,633	8,126,264	9,589,191	7,889,647	7,046,397	100.0	100.0	100.0	100.0	100.0
	Property	2,430,076	2,551,782	2,941,751	2,469,612	2,101,753	32.6	31.4	30.7	31.3	29.8
	Liability	4,745,233	5,434,541	6,170,973	5,109,536	4,693,958	63.6	66.9	64.4	64.8	66.6
	Combined	89,291	84,513	92,940	68,657	63,341	1.2	1.0	1.0	0.9	0.9
	Reinsurance	188,746	175,564	143,236	76,285	54,565	2.5	2.2	1.5	1.0	0.8
	Other	10,287	(120,137)	240,292	165,556	132,780	0.1	(1.5)	2.5	2.1	1.9
	Total	7,463,633	8,126,264	9,589,191	7,889,647	7,046,397	100.0	100.0	100.0	100.0	100.0

PREMIUM DISTRIBUTION AND GROWTH ANALYSIS

Rank	Product Line:	Direct Premiums Written				Gross 2009 (\$000)	Net Premiums Written				
		2009 (\$000)	% Change		5 Year CAGR		2009 (\$000)	% Change		5 Year CAGR	Net Re- tention (%)
1	Workers' Comp	188,439	(13.5)	(61.8)	(17.5)	3,158,664	1,982,731	(18.5)	(4.1)	(0.8)	80.1
2	PP Auto Liab	336,644	9.4	19.7	3.7	2,478,127	1,768,516	2.8	9.7	1.9	94.3
3	Homeowners	16,112	(11.5)	403.6	0.0	2,071,373	886,908	(15.2)	15.2	2.9	50.2
4	Auto Phys Dmg	221,052	6.6	25.9	4.7	1,746,617	619,455	17.4	(36.2)	(8.6)	91.3
5	Other Liab	453,355	(14.8)	11.0	2.1	1,056,429	591,157	(24.7)	51.9	8.7	70.9
6	Inland Marine	1,653,605	10.9	999.9	104.1	1,718,529	508,143	(4.8)	999.9	66.1	30.4
7	Comm Auto Liab	62,400	(13.2)	(73.2)	(23.2)	442,112	277,198	(13.8)	(3.9)	(0.8)	80.7
8	Fire	7,072	(14.3)	(63.2)	(18.1)	325,728	163,645	(15.6)	35.0	6.2	60.7
9	Rein-NPA Prop	0	0.0	0.0	0.0	154,626	115,773	(2.4)	337.1	34.3	99.9
10	Comm M.P.	105,583	(8.8)	80.9	12.6	331,227	98,995	(44.3)	(13.1)	(2.8)	35.8
	All Other	477,436	(7.0)	17.8	3.3	1,030,202	451,110	67.1	51.0	8.6	96.9
	Total	3,521,698	1.1	66.5	10.7	14,513,635	7,463,633	(8.2)	11.4	2.2	69.3

REINSURANCE RECOVERABLE COMPONENTS (NET OF U.S. AFFILIATES) (\$000)

Year	Paid Losses	Unpaid Losses	IBNR Losses	Incurred		Commissions	Funds Withheld	Total
				Premiums	Reinsurances			Recoverable
2005	396,902	3,625,016	3,693,623	832,295	(1)	2,150,185	6,397,650	
2006	505,968	2,986,127	3,505,822	790,781	0	1,865,597	5,923,101	
2007	525,675	2,844,315	3,327,134	748,651	0	1,877,685	5,568,090	
2008	355,674	2,885,304	3,299,083	928,185	0	1,807,112	5,661,134	
2009	400,030	2,815,014	3,324,843	845,273	0	1,746,376	5,638,784	
2009 (%)	7.1	49.9	59.0	15.0	0.0	31.0	100.0	

<u>Ceded Reinsurance Components (Net of U.S. Affiliates) (\$000)</u>					<u>Reinsurance Dependence (% of PHS)</u>			
Year	Total	Ceded	Balances Payable	Total	Year	Ceded		
	Reinsurances Recoverable	Premiums Written		Ceded Reinsurances		Reinsurances Recoverable	Reinsurances Leverage	Surplus Aid
2005	6,397,650	2,445,228	596,646	8,842,878	2005	80.7	111.6	1.1
2006	5,923,101	2,703,943	568,937	8,627,044	2006	59.5	86.7	0.8
2007	5,568,090	3,154,283	671,120	8,722,373	2007	47.1	73.8	0.9
2008	5,661,134	4,009,179	539,106	9,670,313	2008	54.8	93.6	1.2
2009	5,638,784	4,193,868	497,778	9,832,652	2009	45.1	78.7	1.0
2009 (%)	57.0	42.7	5.1	100.0	2009 (%)	62.7	87.0	0.9

2009 CEDED REINSURANCE BY SOURCE (\$000)

Reinsurance Source:	<u>Ceded Premiums</u>		<u>Reinsurance Recoverables (\$000)</u>					Total Reinsurances Recoverable	% of Total
	Amounts	% of Total	Paid Losses	Unpaid Losses	IBNR	Unearned Premiums	Other		
U.S. Affiliates	2,856,134	40.5	193,166	2,399,003	2,741,971	1,290,174	(34,416)	6,658,730	54.1
Foreign Affiliates	884,505	12.5	380	31,819	66,165	14,997	38,676	74,685	0.6
U.S. Insurers	1,800,014	25.5	177,126	763,260	1,206,340	502,367	1,283,457	1,365,636	11.1
Pools/Associations	376,384	5.3	111,547	1,292,432	933,001	150,596	1,740	2,485,836	20.2
Other Non-U.S.	1,132,965	16.1	110,977	727,503	1,119,337	177,313	422,503	1,712,627	13.9
Total (Excluding U.S. Affiliates)	4,193,868	59.5	400,030	2,815,014	3,324,843	845,273	1,746,376	5,638,784	45.9
Grand Total	7,050,002	100.0	593,196	5,214,017	6,066,814	2,135,447	1,711,960	12,297,514	100.0

RECOVERABLES BY REINSURANCE SOURCE (\$000)

Year	U.S. Affiliates	Foreign Affiliates & U.S. Affiliates	<u>Pools and Associations</u>			All Others	Total	Grand Total Recoverables	Auth Reins Recov (%)	Unauth Reins Recov (%)
			Involuntary (%)	Voluntary (%)	Total					
2005	7,006,204	1,522,290	93.1	6.9	3,135,122	1,740,238	6,397,650	13,403,854	87.8	12.2
2006	7,847,805	1,263,382	92.8	7.2	2,888,067	1,771,652	5,923,101	13,770,906	88.1	11.9
2007	6,062,890	1,089,795	91.6	8.4	2,793,779	1,684,516	5,568,090	11,630,980	85.3	14.7
2008	6,331,865	1,262,738	91.2	8.8	2,663,391	1,735,005	5,661,134	11,992,999	85.6	14.4
2009	6,658,730	1,440,321	90.4	9.6	2,485,836	1,712,627	5,638,784	12,297,514	86.0	14.0

LOSS & LAE RESERVE COMPOSITION (\$000)

Year	Case Loss	IBNR Loss	Case ALAE	IBNR ALAE	Loss & ALAE	ULAE	Schedule P Discount & Other	Net Loss & LAE Reserves
2005	5,973,162	3,474,586	134,591	1,380,328	10,962,667	420,052	8	11,382,727
2006	5,930,359	4,239,099	148,458	1,484,011	11,801,927	452,121	5	12,254,053
2007	6,777,879	5,816,894	193,401	1,761,725	14,549,899	617,530	(11)	15,167,418
2008	6,815,471	5,789,178	161,051	1,668,121	14,433,821	637,305	25	15,071,151
2009	6,472,469	6,108,235	170,906	1,740,933	14,492,543	633,410	(36)	15,125,917

Reserve Allocation (% of Reserves)

Year	Case Loss	IBNR Loss	Case LAE	IBNR LAE	Loss & LAE	ULAE	Sch P Discount & Other	Reserves to PHS (%)	Reserves to NPE (%)
2005	52.5	30.5	1.2	12.1	96.3	3.7	0.0	143.6	165.2
2006	48.4	34.6	1.2	12.1	96.3	3.7	0.0	123.1	162.0
2007	44.7	38.4	1.3	11.6	95.9	4.1	0.0	128.3	169.3
2008	45.2	38.4	1.1	11.1	95.8	4.2	0.0	145.8	178.7
2009	42.8	40.4	1.1	11.5	95.8	4.2	0.0	121.1	202.5

LOSS RESERVE MIX AND GROWTH ANALYSIS

Rank	Reserve Line:	<u>Loss & LAE Reserves (\$000)</u>			<u>% of Total Reserves</u>			<u>2009 % Change</u>		<u>Reserves/NPE (%)</u>	
		2009	2008	2007	2009	2008	2007	Reserves	NPE	2009	2008
1	Workers' Comp	8,018,750	8,074,253	8,346,275	53.0	53.6	55.0	(0.7)	(20.1)	402.4	323.7
2	Other Liab	2,438,728	2,479,685	2,498,484	16.1	16.5	16.5	(1.7)	(17.2)	395.7	333.3
3	PP Auto Liab	1,744,462	1,665,469	1,692,910	11.5	11.1	11.2	4.7	2.6	100.4	98.3
4	Product Liab	610,385	505,337	523,940	4.0	3.4	3.5	20.8	(9.8)	631.9	471.7
5	Comm Auto Liab	519,827	590,781	598,828	3.4	3.9	3.9	(12.0)	(13.5)	177.1	174.2
6	Homeowners	346,139	492,416	394,602	2.3	3.3	2.6	(29.7)	(33.5)	41.7	39.4
7	Comm M.P.	324,752	336,454	273,581	2.1	2.2	1.8	(3.5)	(38.4)	299.2	191.0
8	Rein-NPA Liab	317,444	298,982	314,990	2.1	2.0	2.1	6.2	40.1	447.7	590.7
9	Excess Wrk Cmp	279,773	0	0	1.8	0.0	0.0	0.0	0.0	423.4	0.0
10	Fire	123,841	202,359	63,224	0.8	1.3	0.4	(38.8)	(11.0)	71.0	103.2
	All Other	401,816	425,416	460,586	2.7	2.8	3.0	(5.5)	4.7	27.4	30.4
	Total	15,125,917	15,071,151	15,167,418	100.0	100.0	100.0	0.4	(11.8)	202.9	178.4

RESERVE ALLOCATION (% OF BY LINE RESERVES)

Rank	Reserve Line:	<u>Case Loss Reserves</u>			<u>IBNR Loss Reserves</u>			<u>LAE Reserves</u>		
		2009	2008	2007	2009	2008	2007	2009	2008	2007
1	Workers' Comp	49.2	49.7	49.2	39.2	39.1	39.3	11.6	11.2	11.5
2	Other Liab	23.7	30.1	31.6	45.3	40.8	40.4	31.0	29.1	27.9
3	PP Auto Liab	51.4	51.5	51.7	32.1	30.3	27.9	16.5	18.1	20.4
4	Product Liab	10.4	15.6	13.9	56.6	49.2	47.5	33.0	35.1	38.7
5	Comm Auto Liab	47.9	44.4	47.3	37.2	40.1	37.2	14.9	15.6	15.5
6	Homeowners	45.6	48.3	50.6	31.6	35.9	30.7	22.9	15.9	18.7
7	Comm M.P.	48.8	57.8	44.9	26.3	17.0	28.2	24.9	25.2	26.9
8	Rein-NPA Liab	31.5	32.8	37.0	62.6	62.7	59.1	5.9	4.5	3.9
9	Excess Wrk Cmp	31.9	0.0	0.0	61.0	0.0	0.0	7.1	0.0	0.0
10	Fire	66.2	77.7	65.7	27.2	17.0	17.3	6.5	5.3	17.0
	All Other	37.3	39.0	36.7	41.3	41.4	40.3	21.4	19.6	23.0
	Total	42.8	45.2	44.7	40.4	38.4	38.4	16.8	16.4	17.0

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

Calendar Year	Original Reserves	Developed Reserves	Calendar Year Development					Developed Reserves To NPE (%)
			Through 2008	In 2009	Through 2009	To Original (%)	To PHS (%)	
2000	11,696,421	16,476,714	4,474,476	305,817	4,780,293	40.9	86.6	291.2
2001	12,141,140	15,987,318	3,516,088	330,090	3,846,178	31.7	85.9	273.4
2002	11,814,793	15,256,704	3,113,153	328,758	3,441,911	29.1	85.9	238.2
2003	12,027,468	14,714,820	2,333,816	353,536	2,687,352	22.3	43.9	217.7
2004	12,005,767	14,036,464	1,682,496	348,201	2,030,697	16.9	28.0	207.3
2005	12,801,272	13,995,748	844,664	349,812	1,194,476	9.3	15.1	196.3
2006	13,604,367	14,114,824	178,305	332,152	510,457	3.8	5.1	181.3
2007	14,621,436	14,583,897	(249,840)	212,301	(37,539)	(0.3)	(0.3)	178.1
2008	15,268,618	15,449,604	XXX	180,986	180,986	1.2	1.8	185.4
2009	15,515,252	15,515,252	XXX	XXX	XXX	0.0	0.0	207.7

LOSS & ALAE RESERVE TAIL ANALYSIS (BY CALENDAR YEAR) (\$000)

Calendar Year	Paid in 2009		Unpaid at Year-End 2009	
	Amount	% of Developed Reserves	Amount	% of Developed Reserves
2000	532,367	3.2	4,402,049	26.7
2001	576,723	3.6	4,640,698	29.0
2002	625,003	4.1	4,819,520	31.6
2003	721,898	4.9	5,271,914	35.8
2004	861,866	6.1	5,902,826	42.1
2005	1,086,872	7.8	6,622,893	47.3
2006	1,454,508	10.3	7,748,406	54.9
2007	2,053,419	14.1	9,419,226	64.6
2008	3,392,414	22.0	12,057,190	78.0
2009	5,350,794	34.5	15,515,252	100.0

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

Accident Year	Original Reserves	Developed Reserves	Accident Year Development				Unpaid at Year-End 2009
			Through 2008	In 2009	Through 2009	To Original (%)	
2000	2,495,928	3,139,798	646,335	(2,465)	643,870	25.8	209,952
2001	2,520,564	2,681,092	136,255	24,273	160,528	6.4	238,649
2002	2,554,693	2,595,657	42,296	(1,332)	40,964	1.6	178,822
2003	2,877,280	2,616,362	(285,696)	24,778	(260,918)	(9.1)	452,394
2004	2,990,082	2,598,784	(385,963)	(5,335)	(391,298)	(13.1)	630,912
2005	3,150,615	2,754,607	(397,619)	1,611	(396,008)	(12.6)	720,067
2006	3,259,475	2,981,414	(260,401)	(17,660)	(278,061)	(8.5)	1,125,513
2007	3,580,130	3,376,439	(83,840)	(119,851)	(203,691)	(5.7)	1,670,820
2008	4,008,274	3,976,959	XXX	(31,315)	(31,315)	(0.8)	2,637,964
2009	3,458,062	3,458,062	XXX	XXX	XXX	0.0	3,458,062

Best's Quantitative Analysis Report

OXXXX Sample Insurance Company

Best's Statement File - P/C, US

LOSS RESERVE ANALYSIS (CONTINUED)

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Reserve Line:	Loss & ALAE		One Year Development (%)			Two Year Development (%)	
	Amount	% of Total	Amount	to 2008 Reserve	to 2009 NPE	Amount	to 2007 Reserve
Homeowners/Farmowners	306,379	2.1	(64,328)	(14.1)	(7.7)	(69,772)	(19.4)
Private Passenger Auto Liability	1,629,619	11.2	(14,297)	(0.9)	(0.8)	(93,775)	(5.9)
Commercial Auto Liability	509,775	3.5	(34,658)	(6.1)	(11.8)	(15,933)	(2.8)
Workers' Compensation	7,861,350	54.2	(43,845)	(0.6)	(2.2)	(29,261)	(0.4)
Commercial Multiple Peril	308,139	2.1	6,148	1.9	5.6	(35,143)	(13.4)
Med Prof Liability (Claims Made)	1,694	0.0	0	0.0	0.0	0	0.0
Med Prof Liability (Occurrence)	450	0.0	5	1.1	0.0	376	140.3
Other Liability (Claims Made)	398,678	2.8	19,977	6.1	10.5	(27,679)	(8.5)
Other Liability (Occurrence)	2,111,120	14.6	256,858	13.4	50.9	217,272	11.1
Products Liability (Claims Made)	21,279	0.1	(2,111)	(10.9)	(29.0)	(1,648)	(11.6)
Products Liability (Occurrence)	547,351	3.8	95,977	21.3	107.4	66,362	13.8
Special Liability (Ocean,B&M,Air)	143,459	1.0	(7,805)	(5.6)	(8.8)	(10,774)	(10.5)
Property (Fire, Allied, Burglary)	233,316	1.6	(17,168)	(5.2)	(2.1)	(11,858)	(6.7)
Auto Physical Damage	6,142	0.0	(11,116)	(67.9)	(1.8)	(3,114)	(52.7)
Fidelity/Surety	15,460	0.1	(301)	(2.5)	(3.3)	(4,676)	(4.4)
Financial/Mortgage Guaranty	0	0.0	0	0.0	0.0	0	0.0
Other (Inc Credit, A&H, Warranty)	3,503	0.0	18	0.5	46.2	(44)	(1.0)
International	0	0.0	0	0.0	0.0	0	0.0
Reinsurance A (Property)	76,784	0.5	(2,148)	(2.7)	(1.8)	(5,746)	(8.8)
Reinsurance B (Liability)	314,558	2.2	(1,352)	(0.5)	(1.9)	(13,893)	(4.4)
Reinsurance C (Financial)	3,487	0.0	1,124	28.5	0.0	1,761	42.5
Totals	14,492,543	100.0	180,978	1.3	2.4	(37,545)	(0.3)

INSURANCE REGULATORY INFORMATION SYSTEM (IRIS) RATIOS

Min/		GPW/	NPW/	NPW	Surplus	2 Year	Invest-	Gross	Net	Liab/	Agents	1 Year	2 Year	EST
Max	# of	PHS	PHS	Change	Aid	Operating	ment	PHS	Chg Adj	Liquid	Balance/	Res	Res	Def
Year	Fails	-/900	-/300	-33/33	-/15	-/100	Yield	Change(1)	PHS	Assets	PHS	Dev	Dev	PHS
							4.5/10	-10/50	-10/25	-/100	-/40	-/20	-/20	-/25
2007	1	130	81	22	1	88	4.2	19	8	118	8	2	11	2
2008	4	147	79	(15)	1	88	7.7	(13)	(29)	162	10	(2)	2	(11)
2009	2	116	60	(8)	1	93	2.3	21	21	163	8	2	0	(17)