

ORISKA INSURANCE COMPANY

Statutory Financial Statements

December 31, 2008 and 2007

(With Independent Auditor's Report Thereon)

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ORISKA INSURANCE COMPANY
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS - STATUTORY BASIS
AS OF DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ADMITTED ASSETS		
Investments		
Bonds	\$ 5,893,845	\$ 4,102,167
Preferred stock	1,152,710	-
Equity securities	1,799,241	3,937,655
Real estate	-	1,023,000
	8,845,796	9,062,822
Total investments	8,845,796	9,062,822
Cash and short-term investments	1,420,253	1,358,273
Accrued interest	74,102	44,956
Premium and agents' balances	918,085	7,085,072
Reinsurance receivable on paid losses	246,490	225,058
Net deferred tax asset	188,000	65,000
Federal income tax recoverable	757,527	553,539
Receivable from parent, subsidiaries and affiliates	18,594	-
Other receivable	100,000	73,920
Deductibles receivable	(133,952)	(105,516)
	12,434,895	18,363,124
TOTAL ADMITTED ASSETS	\$ 12,434,895	\$ 18,363,124
LIABILITIES AND SURPLUS		
Liabilities		
Unpaid losses	\$ 6,170,569	\$ 8,453,391
Loss adjustment expenses	1,531,115	1,919,296
Commissions payable	35,052	59,934
Other expenses	389,752	1,102,871
Taxes, licenses and fees (excluding federal income taxes)	71,675	5,958
Unearned premiums	97,123	2,795,388
Ceded reinsurance payable	-	210,159
Amounts withheld or retained by Company for account of others	6,781	6,883
Remittances and items not allocated	(253)	40,453
Provision for reinsurance	105,755	2,194
Payable to parent, subsidiaries and affiliates	71,580	81,587
	8,479,149	14,678,114
Total liabilities	8,479,149	14,678,114
Surplus		
Common capital stock	1,500,000	1,500,000
Paid-in and contributed surplus	8,559,068	8,559,068
Unassigned surplus	(6,103,322)	(6,374,058)
	3,955,746	3,685,010
Surplus	3,955,746	3,685,010
TOTAL LIABILITIES AND SURPLUS	\$ 12,434,895	\$ 18,363,124

See accompanying notes to financial statements

ORISKA INSURANCE COMPANY
STATEMENTS OF INCOME AND CHANGES IN SURPLUS - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
UNDERWRITING INCOME		
Premiums earned	\$ 3,509,476	\$ 6,048,112
Deductions		
Losses	(46,364)	972,861
Loss adjustment expenses	78,549	1,025,754
Other underwriting expenses	<u>4,394,249</u>	<u>3,721,329</u>
Net underwriting income (loss)	(916,958)	328,168
INVESTMENT INCOME		
Investment income (net of fees)	362,829	341,069
Net realized gain on investments	<u>729,141</u>	<u>303,512</u>
Net investment income	1,091,970	644,581
OTHER INCOME		
Net gain from agents' or premium balances charged off	518,205	145,947
Finance and service charges not included in premiums	4,868	-
Miscellaneous income	<u>5,091</u>	<u>2,994</u>
Total other income	<u>528,164</u>	<u>148,941</u>
NET INCOME BEFORE FEDERAL INCOME TAXES	703,176	1,121,690
Federal income taxes incurred	<u>(209,377)</u>	<u>671,551</u>
NET INCOME	<u>\$ 912,553</u>	<u>\$ 450,139</u>
CAPITAL AND SURPLUS ACCOUNT		
Surplus as regards policyholders, December 31 prior year	\$ 3,685,010	\$ 3,416,793
GAINS AND (LOSSES) IN SURPLUS		
Net income	912,553	450,139
Change in net unrealized gain or loss	(1,959,854)	(268,484)
Change in provision for reinsurance	(103,561)	390,620
Change in net deferred income tax	346,366	179,751
Change in nonadmitted assets	1,075,232	(1,183,809)
Paid in surplus	<u>-</u>	<u>700,000</u>
Change in surplus as regards policyholders for the year	<u>270,736</u>	<u>268,217</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 3,955,746</u>	<u>\$ 3,685,010</u>

See accompanying notes to financial statements

ORISKA INSURANCE COMPANY
STATEMENTS OF CASH FLOWS - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FROM OPERATIONS		
Premiums collected net of reinsurance	\$ 6,886,157	\$ 2,787,655
Net investment income	221,851	303,322
Miscellaneous income	528,164	148,940
Benefits and loss related payments	(2,256,890)	(1,249,647)
Commissions, expenses paid and aggregate write-ins for deductions	(5,533,264)	(4,117,663)
Federal and foreign income taxes paid	5,389	(1,974)
	(148,593)	(2,129,367)
CASH FROM INVESTMENTS		
Proceeds from investments sold, matured or repaid:		
Bonds	1,420,812	1,547,577
Stocks	3,339,250	770,763
Real estate	1,023,000	-
	5,783,062	2,318,340
Cost of investments acquired		
Bonds	3,204,979	1,911,487
Stocks	3,588,795	723,955
Real estate	-	643,945
	6,793,774	3,279,387
Net cash from investments	(1,010,712)	(961,047)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
Other applications	1,221,285	(325,704)
Net cash from financing and miscellaneous sources	1,221,285	(325,704)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
Net change in cash and short-term investments	61,980	(3,416,118)
Cash and short-term investments:		
Beginning of year	1,358,273	4,774,391
End of period	\$ 1,420,253	\$ 1,358,273

See accompanying notes to financial statements

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Oriska Insurance Company, (the Company), is presented to assist in understanding the Company's financial statements. The financial statements and notes are the representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to statutory accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of operations

The Company is a New York corporation licensed as a property and casualty insurer. The Company provided insurance coverage for surety, disability, group health and accident and workers' compensation. The Company is owned 100% by Oriska Corporation (a New York corporation). Oriska Corporation is an 82% owned subsidiary of IPA Acquisitions, Inc. (a California corporation). The former President of the Company is the principal stockholder of IPA Acquisitions, Inc. The Company is licensed in New York, Pennsylvania, Georgia, West Virginia, Tennessee, North Carolina and the District of Columbia.

During 2002, the Company began writing workers' compensation insurance for the professional employer organization (PEO) industry. As a result of the new PEO market, the Company significantly reduced the writings in other lines of business beginning in 2003. Workers' compensation represented 88% of net written premiums in 2007. All workers' compensation policies were cancelled by policyholders or the Company in 2008.

The significant accounting policies followed by the Company are summarized as follows:

Use of estimates

The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include premiums earned and unpaid losses and loss adjustment expenses reserves. Each of these estimates may differ from amounts ultimately realized.

Basis of presentation

The financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the New York Insurance Department. Prescribed statutory accounting practices include state laws, regulations, and general administrative rules, as well as a variety of publications of the National Association of Insurance Commissioners (NAIC). Permitted statutory accounting practices encompass all accounting practices that are not prescribed. The New York Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of an insurance company and for determining its solvency under the New York Insurance Law. The NAIC *Accounting Practices and Procedures Manual* ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of New York.

The Codification of statutory accounting principles was approved with a provision allowing for commissioner discretion in determining appropriate statutory accounting for insurers. Accordingly, such discretion will continue to allow prescribed or permitted accounting practices that may differ from state to state. The Company's adoption date for the Codification was January 1, 2001, and is consistent with state adoption.

Cash and short-term investments

For the purpose of presentation in the Company's statements of cash flow, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments

Investment grade United States government securities and other fixed income securities are reported at amortized cost, and premiums or discounts to the par value are amortized under the effective interest method. Non-investment grade bonds are carried at fair value. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold, using the specific identification method. Realized capital losses include write downs for impairments considered to be other than temporary. Unrealized gains and losses are based on the difference between book value and fair value of each security. Gains and losses on equities are credited or charged to surplus, whereas realized gains and losses flow through the Company's annual operations.

Fair value for cash, short-term investments, receivables, and payables approximate their carrying value. For investments in perpetual preferred stocks and common stocks, fair values are based on values provided by the Securities Valuation Office of the NAIC or by broker/dealer market quotes. Investments in redeemable preferred stocks are carried at cost.

Real estate held for sale is stated at the lower of cost or fair value and net of encumbrances and estimated selling costs.

Net investment income earned consists primarily of interest and dividends less investment related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis.

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

The Company does not anticipate investment income as a factor in premium deficiency calculations.

Recognition of premium revenues and related expenses

Premiums and reinsurance contracts are generally recognized on a pro rata basis over the policy term. The unearned premium reserve is established to cover the portion of premiums not yet earned.

Expense incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

Insurance liabilities

The liability for losses and loss adjustment expenses includes an amount determined from loss reports, individual cases, and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in earnings currently. The reserve for losses and loss adjustment expenses is reported net of receivables for salvage and subrogation.

Unpaid losses and loss adjustment expenses are reported at undiscounted value for the years ended December 31, 2008 and 2007.

Reinsurance

In the normal course of business, the Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy.

Estimated reinsurance recoveries from reinsurance carriers are netted with unpaid losses and loss adjustment expenses. At December 31, 2008 and 2007, these amounts totaled \$2,085,000 and \$1,827,000, respectively. Recoveries are estimated on the assumption that all claims reserves will be exhausted through the payment of claims.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reinsurance (Continued)

Contingent liability exists with respect to reinsurance that would become an actual liability in the event the reinsuring companies might be unable to meet their obligations to the Company under existing reinsurance agreements. The provision for reinsurance was \$105,755 and \$2,194 as of December 31, 2008 and 2007, respectively and any increase or decrease between years is recorded directly to surplus.

Amounts paid for reinsurance contracts are expensed over the period during which insured events are covered by the reinsurance contracts. The Company has no reinsurance in force for workers' compensation for periods after April 30, 2006. The Company does not have reinsurance for surety, health, fidelity, and disability.

Income taxes

The Company files its own tax return.

Deferred income tax provisions are based on the asset and liability method. Deferred federal taxes have been provided for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Such differences are related principally to the discounting of loss reserves, unrealized gains and losses on equity securities and the unearned premium reserve.

The Company is a taxable entity under IRS Section 831.

The Company is charged various state assessments and premium tax.

NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES, CASH AND SHORT-TERM INVESTMENTS

Investments are presented in the financial statements at amortized cost as follows:

	2008			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Market value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 5,288,408	\$ 176,886	\$ (3,523)	\$ 5,461,771
States, territories and possessions	369,843	1,701	(3,054)	368,490
Special revenue	34,884	4,916	-	39,800
Industrial and miscellaneous loans	200,710	-	(21,917)	178,793
Preferred stocks	965,644	187,066	-	1,152,710
Common stocks	3,026,491	3,240	(1,230,490)	1,799,241
Total	<u>\$ 9,885,980</u>	<u>\$ 373,809</u>	<u>\$ (1,258,984)</u>	<u>\$ 9,000,805</u>

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES, CASH AND SHORT-TERM INVESTMENTS (CONTINUED)

	2007			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Market value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 3,501,242	\$ 51,992	\$ (76)	\$ 3,553,158
States, territories and possessions	159,930	5,516	-	165,446
Industrial and miscellaneous loans	440,995	-	(5,435)	435,560
Common stocks	3,019,082	1,134,350	(215,777)	3,937,655
Total	<u>\$ 7,121,249</u>	<u>\$ 1,191,858</u>	<u>\$ (221,288)</u>	<u>\$ 8,091,819</u>

Investments of no single issuer, except for investments in U.S. government and U.S. government agencies were greater than 10% of capital and surplus as December 31, 2008. Investments of no single issuer, except for investments in U.S. government and U.S. government agencies, investment in real estate, and Bank of America were greater than 10% of capital and surplus as of December 31, 2007.

Gross realized gains on sales of securities were:

	2008	2007
<i>Gross realized gains:</i>		
Debt securities	\$ 5,638	\$ 303,259
Common stocks	723,503	253
Total	<u>\$ 729,141</u>	<u>\$ 303,512</u>

Major categories of net investment income are summarized as follows:

	2008	2007
Fixed maturities	\$ 137,658	\$ 218,210
Preferred stocks	22,919	-
Common stocks	71,432	76,752
Cash and short-term investments	86,082	70,172
Accrued interest on tax overpayments	107,635	-
Gross investment income	<u>425,726</u>	<u>365,134</u>
Less management fees	<u>(62,897)</u>	<u>(24,065)</u>
Investment income (net of expenses)	<u>\$ 362,829</u>	<u>\$ 341,069</u>

The amortized cost and estimated fair value of bonds at December 31, 2008 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2 – INVESTMENTS IN MARKETABLE SECURITIES, CASH AND SHORT-TERM INVESTMENTS (CONTINUED)

	2008	
	Amortized cost	Fair value
Due in one year or less	\$ 1,323,160	\$ 1,341,069
Due after one year through five years	3,483,907	3,640,559
Due after five years through ten years	886,125	869,311
Due greater than ten years	200,653	197,916
	<hr/>	<hr/>
Total	\$ 5,893,845	\$ 6,048,855

Cash, cash equivalents and short-term investments of the Company at December 31, 2008 and 2007 consist of the following:

	2008	2007
Checking accounts and certificates of deposit	\$ 782,014	\$ 574,725
Money market funds	638,239	783,548
	<hr/>	<hr/>
Total	\$ 1,420,253	\$ 1,358,273

Under insurance regulations, the Company is required to deposit high quality investments with the various regulatory authorities to secure its obligations to policyholders. These invested assets cannot be sold without the prior approval of insurance regulators. As of December 31, 2008 and 2007, the carrying value of these invested assets totaled \$2,736,937 and \$2,642,245, respectively.

Real estate held for sale: During 2003, in partial settlement of unpaid insurance premiums from an insured, the Company accepted title to improved real estate in a troubled debt restructuring under SSAP No. 36. The Company entered into a contract to sell the property on March 3, 2008. Accordingly, it is classified as “Held for Sale” as of 2007. This investment is carried at fair market value as of December 31, 2003 less selling costs at December 31, 2002.

In order to release the real estate, Oriska Corporation paid the mortgage balance in the amount of \$660,000 during 2007. An additional sum of \$40,000 was paid by Oriska Corporation. The Company presents these payments in its financial statements as paid in surplus in the amount of \$ 700,000 at December 31, 2007.

The property was sold in June 2008 for total proceeds of \$2,567,711. After selling expenses, the Company was to receive net proceeds of \$1,875,000. At December 31, 2008, net proceeds of \$1,545,199 had been received. A balance of \$200,000 was in dispute at December 31, 2008. Management has agreed to settle for \$100,000 as of March 25, 2009.

NOTE 3 – REINSURANCE ACTIVITY

The Company limits the maximum net loss which can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks to other insurers or reinsurers by entering into excess of loss and quota share reinsurance contracts. Excess of loss reinsurance contracts cede a portion of retained losses over minimum amounts ranging from \$100,000 to \$1,000,000, depending upon the line of business. Ceded reinsurance is treated as the risk and liability of the assuming companies.

In conjunction with the purchase of ICA by IPA, there was a 100% quota share treaty with ICA, an affiliate, on business written to one specific policyholder.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 3 – REINSURANCE ACTIVITY (CONTINUED)

The Company entered into excess of loss reinsurance agreements effective December 31, 2004 to December 31, 2005, covering all workers' compensation losses in excess of \$1,000,000 per occurrence up to a limit of \$10,000,000 per occurrence. These agreements are with various Lloyd's syndicates. This policy was extended through April 30, 2006.

There are no current reinsurance policies in force.

The Company has three reinsurance entities that have not been rated and two reinsurers have been rated B+ by AMBest.

The effect of the Company's reinsurance on premiums written and premiums earned in 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Premiums written:		
Direct	\$ 593,790	\$ 4,876,222
Ceded	217,421	42,442
Net premiums written	<u>\$ 811,211</u>	<u>\$ 4,918,664</u>
Premiums earned:		
Direct	\$ 3,293,340	\$ 6,007,837
Ceded	216,136	40,275
Net premiums earned	<u>\$ 3,509,476</u>	<u>\$ 6,048,112</u>

Amounts recoverable from reinsurers at December 31, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Dornico Rein. Co.	\$ 63,000	\$ 102,000
Swiss Reinsurance America Corp.	-	725,000
Everest Rein. Co.	517,000	192,000
Folks America Rein. Co.	50,000	474,000
GE Reinsurance Corp.	625,000	-
General Security National Insurance Co.	69,000	55,000
Houston Cas. Co.	311,000	131,000
TIG Reinsurance Co.	32,000	-
Lumbermens Mut. Cas. Co.	95,000	76,000
Odyssey America Rein. Co.	135,000	94,000
USF Reinsurance Co.	2,000	-
Transatlantic Rein. Co.	55,000	46,000
Trenwick Amer. Rein. Corp.	40,000	33,000
Practorian Ins. Co.	29,000	37,000
Lloyd's Syndicate 2001	14,000	-
Scor Reinsurance Co.	48,000	72,000
	<u>\$ 2,085,000</u>	<u>\$ 2,037,000</u>

The reinsurance contracts do not relieve the Company from its obligations to policyholders. In the event that any or all of the reinsuring companies might be unable to meet their obligations under existing reinsurance agreements, the Company would be liable for defaulted amounts.

As of December 31, 2008 and 2007, the Company did not accrue any additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in the financial statements as a result of existing contractual arrangements.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 4 – LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in the liability for unpaid losses and loss adjustment expense is summarized as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 12,176,687	\$ 12,270,165
Less reinsurance recoverables on unpaid losses	<u>1,804,000</u>	<u>1,026,000</u>
Net balance, beginning of year	<u>10,372,687</u>	<u>11,244,165</u>
Incurred related to:		
Current year	2,465,000	2,960,000
Prior years	<u>(3,054,003)</u>	<u>(510,478)</u>
Total incurred	<u>(589,003)</u>	<u>2,449,522</u>
Paid related to:		
Current year	718,000	902,000
Prior years	<u>1,364,000</u>	<u>2,419,000</u>
Total paid	<u>2,082,000</u>	<u>3,321,000</u>
Net balance, end of year	7,701,684	10,372,687
Plus reinsurance recoverables on unpaid losses	<u>1,832,000</u>	<u>1,804,000</u>
Balance, end of year	<u>\$ 9,533,684</u>	<u>\$ 12,176,687</u>

NOTE 5 – INCOME TAXES

The U.S. Federal statutory income tax rate applicable to ordinary income is 34% for 2008 and 2007. The tax effects of temporary differences that give rise to the net deferred tax asset at December 31, 2008 and 2007 consist of:

<i>December 31,</i>	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Unrealized gains (losses) on equity securities	\$ 318,276	\$ (367,188)
Discounting of unearned premium reserve	6,799	195,677
Discounting of loss reserves	502,875	652,653
Other	<u>1,103</u>	<u>1,545</u>
Total deferred tax assets	<u>829,053</u>	<u>482,687</u>
Nonadmitted deferred tax assets	<u>(641,053)</u>	<u>(417,687)</u>
Net admitted deferred tax asset	<u>\$ 188,000</u>	<u>\$ 65,000</u>

The Company incurred Federal income taxes of \$(209,377) and \$671,551 in 2008 and 2007, respectively.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 5 – INCOME TAXES (CONTINUED)

The following provides a reconciliation of 2008 taxable income to financial statement income:

	2008
Financial statement net income	\$ 912,555
Federal income tax	(209,377)
Change in discount on loss reserves	(413,958)
20% change in unearned premium reserve	(539,652)
50% travel and entertainment	2,913
Tax exempt interest	(11,438)
Dividends received deduction	(66,046)
85% tax exempt interest	11,623
Other	1,563
Taxable income	\$ (311,817)

NOTE 6 – OTHER RECEIVABLES

Other receivables for the year ended December 31, 2008 include a receivable from the dispute in sale of real estate held in escrow of \$100,000. Other receivable for the year ended December 31, 2007 was a state tax recoverable of \$73,920.

NOTE 7 – CAPITAL COMMON STOCK

The capital stock of the Company is comprised of common stock that is voting, \$15,000 par value, and 100 shares are authorized, issued, and outstanding.

The maximum amount of dividends that may be paid by property and casualty insurance companies without prior approval by the State of New York Insurance Commissioner is subject to restrictions related to statutory surplus and net income.

The Company did not declare or pay any dividends in 2008 or 2007.

NOTE 8 – RISK BASED CAPITAL

Property and casualty insurance companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by the insurance company is to be determined based on the various risk factors related to it. At December 31, 2008, the Company met the RBC requirements. At December 31, 2007, the Company did not meet the RBC requirements.

NOTE 9 – AFFILIATE AND RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of Oriska Corporation; a New York corporation. Oriska Corporation is 82% owned by IPA Acquisition, Inc., a privately held California corporation owned 100% by James Kernan. The Company is affiliated with Insurance Company of the Americas (ICA) (NAIC No. 33030) a privately held Florida corporation 100% owned by IPA Acquisitions, Inc. In addition, James Kernan is 100% owner of Nor-Eastern Holdings, Inc. (Nor-Eastern), a Delaware corporation. Nor-Eastern is the 100% owner of Reinsurance Company of America, Inc. (RCA) (NAIC No. 26549), an Illinois corporation, and RCA is 100% owner of Financial Benefits Insurance Company (FBI) (NAIC No. 15440).

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 9 – AFFILIATE AND RELATED PARTY TRANSACTIONS (CONTINUED)

Beginning January 1, 2005, the Company entered into an expense sharing agreement with Oriska Corporation, ICA, IPA, RCA, FBI, and Nor-Eastern. Under this agreement, Oriska Corporation provides all services necessary for the day-to-day operation of the other companies. Expenses for each company are allocated based on a time-study conducted by Oriska Corporation. Under the expense sharing agreement the Company paid \$1,127,296 and \$913,003, during 2008 and 2007, respectively. At December 31, 2008 and 2007, amounts totaling \$71,580 and \$81,587 were due to Oriska Corporation, respectively.

In 2003, OIC assumed reinsurance from ICA. OIC assumed this coverage by replacing an existing unrelated reinsurer. At December 31, 2008 and 2007, no amounts for reinsurance recoverables were due to ICA. In relation to these amounts recoverable, OIC provided a trust account in the amount of \$535,000 and \$537,000 for 2008 and 2007, respectively. No provision for reinsurance was recorded at December 31, 2008 and 2007.

MAI is a related party providing agency services to the Company. In 2008 and 2007, the Company incurred \$467,985 and \$238,128 in commissions to MAI. Commissions payable to MAI were \$34,765 and \$59,799 at December 31, 2008 and 2007, respectively.

During 2008 and 2007, the Company incurred legal fees of \$402,484 and \$920,553, respectively, for services provided by a law firm in which the Company's former President has an ownership interest. The amount paid in 2008 includes \$0 and \$185,280 to KPG for the former President's services for the year ended December 31, 2008 and 2007, respectively. Also during 2008 and 2007, the Company incurred consulting fees of \$380 and \$5,065 for services provided by an engineering firm in which the Company's former President has an ownership interest. Amounts totaling \$52,701 and \$0 were due to the law firm and engineering firm at December 31, 2008, respectively. Amounts totaling \$258,204 and \$3,625 were due to the law firm and engineering firm at December 31, 2007, respectively.

The Company's President is also the ultimate controlling person of First Managed Care Option, Inc., Active Care, Inc., ABSCO Ltd. Corp., Euro-Commerce, FIA Excess and Surplus, Inc., The Whitewood Agency, Ltd., Active Care Plus, Inc., Yadkin River Development Co., LLC, Highlander Capital Group, Inc. Global Solutions Insurance Services, Inc. and First Indemnity of America Insurance Company. There were no amounts paid to or from these companies during 2008 and no amounts due to these companies as of December 31, 2008.

NOTE 10 – CONTINGENCIES

In the normal course of its operations, the Company is involved in litigation related to certain claims and subject to assessments from certain required underwriting and guaranty associations. In the opinion of management, the disposition of these matters will not have a material adverse effect on the Company's financial position.

The Company was a plaintiff in a lawsuit with a policyholder with regards to claims in the state of California where the Company was not licensed to write coverage. This case progressed during 2008 with numerous discussions, meetings, conferences, and filing a motion with the Court. The action was dismissed based on a settlement agreement with the Department of Insurance of the State of California. The attorney for the defendants applied for attorney fees of approximately \$77,726; however the motion was denied and is on appeal. The settlement required a payment of \$2,401,978 by the defendant to the Company and reimbursement to the Company of 70% of the funds in excess of \$2,140,000 that were paid by the Company on claims wrongfully issued to the defendants' employers by reason of defendants' misrepresentation. District Court granted judgment in favor of the Company and dismissed the case. The motion of the defendant to reopen the claim was denied. The defendants have appealed the matter and the matter is still pending. Management of the Company is vigorously opposing the appeals. If sustained, whether or not the judgment is collectible is undeterminable due to the unknown financial stability of the defendants. As of April 27, 2009, a contingent liability exposure against the Company for attorneys' fees has been dismissed.

The Company was a defendant in a lawsuit with an independent insurance agency. The plaintiff claimed the Company breached its obligation to provide insurance coverage. The litigation was dismissed on November 16, 2007.

The Company was a defendant in litigation in which the plaintiff accused the Company of failure to return funds which were allegedly deposited with the Company as collateral for workers' compensation coverage. The state of Connecticut discharged the Company of any liability in 2007 ruling that the Company was not the insurance carrier for the plaintiff.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE – 10 CONTINGENCIES (CONTINUED)

The Company sought payment of both its pre-petition and post-petition claims in the amounts of \$840,011 and \$273,470, respectively, in connection with Cema Construction Corp. filing Chapter 11 in the United States Bankruptcy Court for the Eastern Division of New York. The Company vigorously pursued payment. This matter was settled in June of 2008. See Note 2 – Real Estate Held for Sale.

On January 30, 2008, the Company's owner and former President was indicted by the US District Court for counts of mail fraud and wire fraud. On February 4, 2008, the President of the Company resigned from his position.

Effective February 4, 2008, Patrick J. Lynch Sr. assumed the role of the Company's President.

On April 15, 2008, one of the Company's third party administrators terminated its agreement with the Company. The Company subsequently contracted with another third party administrator to handle these claims.

The Company is involved in litigation concerning a public work construction project for which the Company issued a payment and performance bond for the roofing contractor. The Company became a defendant after the owner School District was sued for wrongful termination of the construction manager. All of the parties involved asserted claims against the Company charging roof completion failure caused water infiltration that led to extensive building damage. This matter has been settled for \$110,000.

The Company brought suit to recover premiums and other amounts due from a policyholder. The defendant has a counter claim seeking a return of amounts allegedly paid to the Company for collateral reserves. Discovery has commenced, and the Company is seeking an audit of the defendant's records as part of the litigation. Management is unable to assess the extent of the Company's loss exposure if any.

The Company is one of the claimants along with ICA and RCA in litigation to recover unearned fees, overpayments and damages caused by wrongful termination of a third-party claims administration agreement. A contingent liability exposure of \$129,902 in which the defendant asserts the right to recover from the claimants. Although not yet determined with certainty what portion is being claimed from the Company, management has determined that the portion is a small fraction. Management also believes the counterclaim is without merit.

NOTE 11 – CONCENTRATION OF RISK

Financial instruments that potentially subject the Company to credit risk consist principally of cash, premiums and agents' balances in the course of collection, deductible receivables on paid losses and reinsurance receivable on paid losses. All workers' compensation policies were cancelled by the policyholders or the Company in 2008. All health policies were cancelled by the Company. In 2009, surety and disability are the only lines of business the Company will be writing.

The Company maintains its cash balances in statewide financial institutions. The Company consistently maintains cash balances over the FDIC limit of \$100,000 and \$250,000 for December 31, 2007 and 2008, respectively. At December 31, 2008 and 2007, the Company had \$0 and \$75,425 over FDIC limits. Certain money market funds included in cash and cash equivalents are not insured by FDIC.

The Company writes a significant portion of its business through Monument Agency Inc. (MAI). In 2008 and 2007, premiums written through MAI represented 62% and 99% of total direct written premiums.

One of the policyholders that represents 35% of gross written premium in 2007 did not renew its policy during 2008. The remaining workers' compensation policyholders cancelled their policies in 2008 which represented the majority of the Company's premiums.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 12 – HIGH DEDUCTIBLE POLICIES

The Company writes insurance policies that generally include high deductibles up to \$1,000,000 and is exposed to credit risk arising from such policies. The known reserves for these deductibles were reviewed by the Company's independent actuary. At December 31, 2008 and 2007, the amount of reserve credits taken by the Company for high deductibles on known claim reserves was approximately \$4,337,888 and \$4,219,886, respectively, and the amount billed and recoverable on paid claims (net nonadmitted amounts) was \$(133,952) and \$(117,261), respectively.

The Company reviews financial viability of its policyholders, collectability of reimbursements for deductibles and the suitability of deductible plans to its policyholders. Reimbursement of deductible payments is uncollectible if the policyholder fails to meet its financial commitments. Management is of the opinion that this contingency will not have a near-term impact on the Company's financial condition, and management has provided financial flexibility for the payment of the deductible obligation over the long term. Furthermore, the Company obtained a credit risk analysis which consisted of a review of the credit risk associated with large deductible workers' compensation insurance collateral of the Company's insureds as of December 31, 2007. This analysis assisted management in its assessment. The Company did not receive an analysis in 2008.

IPA received funds from the issuance of surplus notes and preferred stock of the Company. IPA has received \$2,481,622 plus interest of \$933,739 in surplus notes and loans with no notes from the Company's policyholders. The issuance of these notes by IPA potentially has the effect of shifting credit risk exposure from the policyholder to IPA in the event of a default by the policyholder to the extent of the surplus note, loan balance, or value of preferred stock. A significant amount of IPA's assets are represented by investments in privately held insurance companies, including OIC and its affiliates. The principal and interest, while due on demand, can only be paid out of dividends paid by the insurance subsidiaries. The repayment of this debt and all dividends are subject to approval by the applicable Departments of Insurance. The Company is not directly obligated or a guarantor of these surplus notes or other obligations of IPA or affiliated companies.

At December 31, 2008 and 2007, the Company held directly, or in trust, amounts totaling \$7,057,100 and \$12,920,903, respectively, as collateral. The Company also held, as additional collateral, the assignment of surplus notes issued by its ultimate parent, IPA and no consideration was given for this as part of establishment of reserve credits.

Management believes that the Company has sufficient liquidity and financial flexibility so that the possibility of a future lack of liquidity to meet credit exposure is not probable. Accordingly, no provision for any liability that may result from this situation has been made in the financial statements.

At December 31, 2008 and 2007, the Company held interests in bank accounts, real estate, and other assets of insureds as collateral against this risk exposure. However, the Company is not able to reasonably determine the value of some of those security interests, because the collateral agreements do not provide that minimum cash balances be maintained, nor do they provide for effective monitoring of the cash balances.

The following is a summary of the amounts on deposit from and billed to the policyholders for reserve and loss funds at December 31, 2008:

	2008
Amounts billed for known claims reserves	\$ 4,337,885
Amounts held in a trust for the benefit for the Company	<u>7,057,100</u>
Amounts due from (to) policyholders for known claims reserves	\$ (2,719,215)
Amounts due from policyholders for unknown claims reserves	<u>\$ 12,569,261</u>
Amounts due from policyholders for all claims reserves	<u>\$ 9,850,046</u>
Total reserve credit against loss reserves	<u><u>\$ 9,409,969</u></u>

**ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 12 – HIGH DEDUCTIBLE POLICIES (CONTINUED)

Two policies for certain former insureds require collateral for case reserves and IBNR for years 2002-2004 and 2008. Case reserves were required to be collateralized according to the policy during years 2005-2007. The collateral held by the Company for these policies was \$2,352,510 under the required amount at December 31, 2008.

However, according to SSAP No. 65, this amount is not necessarily required to be recognized in the Company's financial statements. This matter is in the process of being litigated by the policyholders and the Company. The court has issued an order to show cause that will require the policyholders to place additional collateral into the trust accounts during 2009 of approximately \$3.2 million.

NOTE 13– REGULATORY ACTIONS

On July 27, 2006, the Superintendent of Insurance of the State of New York issued an Order to Show Cause and temporarily put the Company into receivership. The receivership ended as of December 14, 2007.

The New York State Insurance Department conducted an exam through September 30, 2005. The report was issued on December 5, 2007 and was accepted by the Company.

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 14 – RECONCILIATION TO ANNUAL STATEMENT

The following is a reconciliation of surplus reported in these financial statements to surplus reported in the Company's Annual Statements:

	<u>2008</u>	<u>2007</u>
Total surplus per Annual Statement	<u>\$ 3,892,913</u>	<u>\$ 3,601,283</u>
Decrease in nonadmit deferred tax asset	(74,908)	-
Increase (decrease) in federal income tax recoverable	90,040	65,390
Decrease in remittances and items not allocated	-	25,607
Increase (decrease) in gross deferred tax asset	32,905	(15,000)
Decrease in cash	(6,197)	(753,358)
Increase in payable to PSA	(56,967)	-
Increase in preferred stock	187,067	-
Decrease in common stock	(187,067)	-
Increase in premium receivable	-	709,766
Increase in state income tax recoverable	77,960	51,322
Increase in other receivable	100,000	-
Decrease in unpaid losses	(100,000)	-
Net increase (decrease) in surplus	<u>62,833</u>	<u>83,727</u>
Total surplus per audited financial statements	<u>\$ 3,955,746</u>	<u>\$ 3,685,010</u>
	<u>2008</u>	<u>2007</u>
Net income (loss) per Annual Statement	<u>\$ 842,405</u>	<u>\$ 717,591</u>
Increase (decrease) in premiums earned	132,114	(132,111)
Increase in losses	(75,913)	75,913
Increase in other underwriting expenses	(261,688)	(12,016)
Decrease in investment income earned	107,635	(148,848)
Increase in realized gains from investments	-	148,848
Decrease in state income tax expense	77,960	-
Decrease in federal income tax expense	90,040	(199,238)
Net increase (decrease) in net income	<u>70,148</u>	<u>(267,452)</u>
Net income per audited financial statements	<u>\$ 912,553</u>	<u>\$ 450,139</u>

ORISKA INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 15 – SUSEQUENT EVENTS

On March 20, 2008, the owner of the Company pled guilty to knowingly and willfully permitting a convicted felon to be engaged in the business of insurance in violation of Title 18 United States Code Section 1033 (e)(1) (b). Sentencing is pending.

Of the premium receivable of \$918,085 included on the statement of admitted assets, liabilities, and surplus – statutory basis at December 31, 2008, a total of \$884,151 of this amount is in litigation. As of the date of this report, none of the amounts in litigation have been collected. As of March 31, 2008, the total of \$884,151 of this receivable is over 90 days past due.

A Form A filing has been made with the respective state insurance departments regarding the sale of ICA, a related company. See Note 9.

On May 1, 2009, various officers and directors resigned from their positions.

SUPPLEMENTARY INFORMATION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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MONTGOMERY, ALABAMA 36117
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FAX: 866-250-3251
WWW.TAYLORCHANDLER.COM

INDEPENDENT AUDITOR'S QUALIFICATION LETTER

Board of Directors
Oriska Insurance Company
Oriskany, New York

We have audited the statutory financial statements of the Oriska Insurance Company for the year ended December 31, 2008 and have issued our report dated May 15, 2009. In connection therewith, we advise you as follows:

1. We are independent with respect to the Oriska Insurance Company and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants and the Rules of Professional Conduct of the State Boards of Public Accountants in which we are registered.
2. The personnel assigned to the audit of the financial statements of Oriska Insurance Company have the competence, as required by Section 201 of the Code of Professional Conduct of the American Institute of Certified Public Accountants, to perform such audits. The engagement partner is experienced in auditing insurance entities. Staff personnel, whom have had experience in auditing financial statements of insurance entities, were assigned to perform tasks commensurate with their experience. The engagement partner is a certified public accountant.
3. We consent to the filing of this letter and of our opinion referred to in the above statutory basis financial statements with the New York State Insurance Department, and that the Commissioner will be relying on this information in the monitoring and regulation of the financial position of the insurers.
4. The working papers prepared in the course of the audit of the financial statements will be retained by us for at least seven years and upon instruction from the Company, will be made available for review by the New York State Insurance Department.
5. We are properly licensed by the New York Board of Accountancy and all members of our firm who are CPAs are members in good standing with the American Institute of Certified Public Accountants.
6. We are in compliance with the requirements of Section 7 of the NAIC's Annual Statement Instructions regarding qualifications of independent certified public accountants.

TaylorChandler LLC
TaylorChandler, LLC
Certified Public Accountants

May 15, 2009
Montgomery, Alabama

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	4,356,650	42.4	4,356,650	42.4
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....	926,409	9.0	926,409	9.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	369,843	3.6	369,843	3.6
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	34,884	0.3	34,884	0.3
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....	5,350	0.1	5,350	0.1
1.512 Issued or guaranteed by FNMA and FHLMC.....		0.0		0.0
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	200,711	2.0	200,711	2.0
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	202,245	2.0	202,245	2.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....	1,152,710	11.2	1,152,710	11.2
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	1,596,996	15.6	1,596,996	15.6
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash, cash equivalents and short-term investments.....	1,420,253	13.8	1,420,253	13.8
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	10,266,051	100.0	10,266,051	100.0



SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2008

(To be filed by April 1)

Of Oriska Insurance Company

Address (City, State, Zip Code): Oriskany NY 13424

NAIC Group Code.....3384

NAIC Company Code.....30175

Employer's ID Number.....16-1418092

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$.....12,434,895

2. Ten largest exposures to a single issuer/borrower/investment.

	1	2	3	4
	<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01	Washington Mutual Fund.....	Unaffiliated Common Stock.....	\$.....202,245	.....1.626 %
2.02	Bank of America.....	Unaffiliated Bond.....	\$.....200,711	.....1.614 %
2.03	Morgan Stanley.....	Unaffiliated Preferred Stock.....	\$.....149,300	.....1.201 %
2.04	Citicorp.....	Unaffiliated Preferred Stock.....	\$.....145,400	.....1.169 %
2.05	JP Morgan Chase.....	Unaffiliated Preferred Stock.....	\$.....135,450	.....1.089 %
2.06	Bank of New York.....	Unaffiliated Preferred Stock.....	\$.....133,860	.....1.076 %
2.07	Metlife.....	Unaffiliated Preferred Stock.....	\$.....132,000	.....1.062 %
2.08	Bank of Amreica.....	Unaffiliated Preferred Stock.....	\$.....123,000	.....0.989 %
2.09	Wlls Fargo.....	Unaffiliated Preferred Stock.....	\$.....120,300	.....0.967 %
2.10	Barrick Gold Corp.....	Unaffiliated Common Stock.....	\$.....113,987	.....0.917 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

		1	2
<u>Bonds</u>			
3.01	NAIC-1.....	\$.....6,532,084	.....52.530 %
3.02	NAIC-2.....	\$.....	.....0.000 %
3.03	NAIC-3.....	\$.....	.....0.000 %
3.04	NAIC-4.....	\$.....	.....0.000 %
3.05	NAIC-5.....	\$.....	.....0.000 %
3.06	NAIC-6.....	\$.....	.....0.000 %
<u>Preferred Stocks</u>			
3.07	P/RP-1.....	\$.....858,010	.....6.900 %
3.08	P/RP-2.....	\$.....294,700	.....2.370 %
3.09	P/RP-3.....	\$.....	.....0.000 %
3.10	P/RP-4.....	\$.....	.....0.000 %
3.11	P/RP-5.....	\$.....	.....0.000 %
3.12	P/RP-6.....	\$.....	.....0.000 %

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?		Yes [X] No []
If response to 4.01 above is yes, responses are not required for interrogatories 5-10.			
4.02	Total admitted assets held in foreign investments	\$.....324,549	.....2.610 %
4.03	Foreign-currency-denominated investments	\$.....	.....0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	\$.....	.....0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

		1	2
5.01	Countries rated NAIC-1.....	\$.....	.....0.000 %
5.02	Countries rated NAIC-2.....	\$.....	.....0.000 %
5.03	Countries rated NAIC-3 or below.....	\$.....	.....0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign rating:

		1	2
Countries rated NAIC-1:			
6.01	Country 1: .....	\$.....	.....0.000 %
6.02	Country 2: .....	\$.....	.....0.000 %
Countries rated NAIC-2:			
6.03	Country 1: .....	\$.....	.....0.000 %
6.04	Country 2: .....	\$.....	.....0.000 %
Countries rated NAIC-3 or below:			
6.05	Country 1: .....	\$.....	.....0.000 %
6.06	Country 2: .....	\$.....	.....0.000 %

		1	2	
7.	Aggregate unhedged foreign currency exposure:			\$.....0.000 %
8.	Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:	1	2	
8.01	Countries rated NAIC-1.....			\$.....0.000 %
8.02	Countries rated NAIC-2.....			\$.....0.000 %
8.03	Countries rated NAIC-3 or below.....			\$.....0.000 %
9.	Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign rating:			
	Countries rated NAIC-1:	1	2	
9.01	Country 1:			\$.....0.000 %
9.02	Country 2:			\$.....0.000 %
	Countries rated NAIC-2:			
9.03	Country 1:			\$.....0.000 %
9.04	Country 2:			\$.....0.000 %
	Countries rated NAIC-3 or below:			
9.05	Country 1:			\$.....0.000 %
9.06	Country 2:			\$.....0.000 %
10.	Ten largest non-sovereign (i.e. non-governmental) foreign issues:			
	1	2		
	<u>Issuer</u>	<u>NAIC Rating</u>	3	4
10.01	.....			\$.....0.000 %
10.02	.....			\$.....0.000 %
10.03	.....			\$.....0.000 %
10.04	.....			\$.....0.000 %
10.05	.....			\$.....0.000 %
10.06	.....			\$.....0.000 %
10.07	.....			\$.....0.000 %
10.08	.....			\$.....0.000 %
10.09	.....			\$.....0.000 %
10.10	.....			\$.....0.000 %
11.	Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:			
11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
	If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.			
11.02	Total admitted assets held in Canadian Investments			\$.....0.000 %
11.03	Canadian currency-denominated investments			\$.....0.000 %
11.04	Canadian-denominated insurance liabilities			\$.....0.000 %
11.05	Unhedged Canadian currency exposure			\$.....0.000 %
12.	Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.			
12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
	If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
	1	2	3	
12.02	Aggregate statement value of investments with contractual sales restrictions:			\$.....0.000 %
	Largest three investments with contractual sales restrictions:			
12.03	.....			\$.....0.000 %
12.04	.....			\$.....0.000 %
12.05	.....			\$.....0.000 %
13.	Amounts and percentages of admitted assets held in the ten largest equity interests:			
13.01	Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
	If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	1	2	3	
	<u>Name of Issuer</u>			
13.02	.....			\$.....0.000 %
13.03	.....			\$.....0.000 %
13.04	.....			\$.....0.000 %
13.05	.....			\$.....0.000 %
13.06	.....			\$.....0.000 %
13.07	.....			\$.....0.000 %
13.08	.....			\$.....0.000 %
13.09	.....			\$.....0.000 %
13.10	.....			\$.....0.000 %
13.11	.....			\$.....0.000 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:
 14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
 If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities:		\$.....	.....0.000 %
Largest three investments held in nonaffiliated, privately placed equities:			
14.03 .....		\$.....	.....0.000 %
14.04 .....		\$.....	.....0.000 %
14.05 .....		\$.....	.....0.000 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:
 15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
 If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02 Aggregate statement value of investments held in general partnership interests:		\$.....	.....0.000 %
Largest three investments in general partnership interests:			
15.03 .....		\$.....	.....0.000 %
15.04 .....		\$.....	.....0.000 %
15.05 .....		\$.....	.....0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:
 16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
 If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1	2	3
<u>Type (Residential, Commercial, Agricultural)</u>			
16.02 .....		\$.....	.....0.000 %
16.03 .....		\$.....	.....0.000 %
16.04 .....		\$.....	.....0.000 %
16.05 .....		\$.....	.....0.000 %
16.06 .....		\$.....	.....0.000 %
16.07 .....		\$.....	.....0.000 %
16.08 .....		\$.....	.....0.000 %
16.09 .....		\$.....	.....0.000 %
16.10 .....		\$.....	.....0.000 %
16.11 .....		\$.....	.....0.000 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	Loans
16.12 Construction loans.....	\$.....0.000 %
16.13 Mortgage loans over 90 days past due.....	\$.....0.000 %
16.14 Mortgage loans in the process of foreclosure.....	\$.....0.000 %
16.15 Mortgage loans foreclosed.....	\$.....0.000 %
16.16 Restructured mortgage loans.....	\$.....0.000 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	<u>Loan-to-Value</u>		<u>Residential</u>		<u>Commercial</u>		<u>Agricultural</u>	
	1	2	3	4	5	6		
17.01 above 95%.....	\$.....	.....0.000 %	\$.....	.....0.000 %	\$.....	.....0.000 %
17.02 91% to 95%.....	\$.....	.....0.000 %	\$.....	.....0.000 %	\$.....	.....0.000 %
17.03 81% to 90%.....	\$.....	.....0.000 %	\$.....	.....0.000 %	\$.....	.....0.000 %
17.04 71% to 80%.....	\$.....	.....0.000 %	\$.....	.....0.000 %	\$.....	.....0.000 %
17.05 below 70%.....	\$.....	.....0.000 %	\$.....	.....0.000 %	\$.....	.....0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:
 18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
 If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

Description	2	3
18.02 .....	\$.....	.....0.000 %
18.03 .....	\$.....	.....0.000 %
18.04 .....	\$.....	.....0.000 %
18.05 .....	\$.....	.....0.000 %
18.06 .....	\$.....	.....0.000 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No []
 If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:		\$.....	.....0.000 %
Largest three investments held in mezzanine real estate loans.			
19.03 .....		\$.....	.....0.000 %
19.04 .....		\$.....	.....0.000 %
19.05 .....		\$.....	.....0.000 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.02 Repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.03 Reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.04 Dollar repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.05 Dollar reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	<u>Owned</u>		<u>Written</u>	
	1	2	3	4
21.01 Hedging.....	\$.....	0.000 %	\$.....	0.000 %
21.02 Income generation.....	\$.....	0.000 %	\$.....	0.000 %
21.03 Other.....	\$.....	0.000 %	\$.....	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....