The following information pertaining to Employers Insurance of Wausau Mutual Holding Company is submitted to the OCI pursuant to Section 644.07(4)(b)(6).

A business plan of the mutual holding company for the first 5 years of operation.

Please see attached.

## **Employers Insurance Company of Wausau**

# Financial Statements - Assumptions<sup>1</sup>

#### **Income Statement**

Employers Insurance of Wausau (EIOW) is 16% of the Liberty Mutual Intercompany Reinsurance pool as of 1/1/2000. The company's pool participation in 1999 was 13%. All numbers are statutory.

Direct Written Premium (DWP) for 2000 is expected to be approximately \$785 million. In subsequent years, DWP is expected to grow from \$805 million in 2001 to \$1 billion in 2005. Net Written Premium (NWP) for 2000, after reinsurance through the Liberty Mutual pool, is expected to be \$1.2 billion. The pool's NWP in subsequent years is projected to grow modestly in 2001 at 2.6% and 5.6% in subsequent years. Expected underwriting ratios are summarized below.

Investment income is not pooled but is a function of the total invested assets at the company.

#### **Summary Assumptions:**

• Post-2001 annual NPW growth rate of 5.6%

•	Key ratios:	<u>2000</u>	<u>2001</u>	2002	<u>2003+</u>	
	• NWP retention:	92.8%	92.8%	92.8%	92.8%	
	<ul><li>Loss Ratio:</li></ul>	71.4%	70.0%	69.6%	69.6%	
	<ul><li>LAE Ratio:</li></ul>	15.8%	15.5%	15.5%	15.5%	
	<ul><li>Other Underwriting Exp.:</li></ul>	23.9%	22.9%	22.3%	22.3%	
	<ul><li>Dividend ratio:</li></ul>	1.5%	1.4%	1.4%	1.4%	
	<ul> <li>Total Combined ratio:</li> </ul>	112.6%	109.9%	108.9%	108.9%	

- Net investment income yield, prior to debt service, is 6.4%. Investment income on the income statement is net of annual debt service on the \$220 million surplus notes (\$9.9 million per year)
- Other income (loss) represents estimated premium balances charged off
- Realized capital gains represents a conservative estimate of annual gains to be realized, primarily from alternative (private equity) investments
- Tax assumptions include the full use of existing NOLs during the forecast period, resulting in a 2% AMT effective tax
- No dividends to parent or other surplus changes assumed

#### **Balance Sheet**

Cash and Invested Assets are not pooled items, but do reflect initial invested assets and additional assets transferred as a result of increased pool reserve amounts in 2000. Subsequent year balances increase by the amount of cash generated by the business. The premium receivable balance grows in proportion to net premium growth. Other assets are divided between pooled and non-pooled items.

Loss and LAE reserves and unearned premium reserves reflect the increased pool percentage in 2000. Other liabilities are divided between pooled and non-pooled items.

Wausau's total surplus includes a \$220 million surplus note. Surplus growth in all years represents the retained earnings of the business.

Certain Financial Statement Assumptions are based on current and historical trends and management's expectations for future performance. There can be no assurance that actual performance will be consistent with the assumptions contained herein.

### **Employers Insurance Company of Wausau**

		Projected Statutory Balance Sheet						
		Actual	(Thousands of <b>Proforma</b>	Projected				
		1999	2000	2001	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Direct Written Premium		\$776,685	\$784,689	\$804,875	\$850,074	\$897,815	\$948,242	\$1,001,506
Net Written Premium		1,110,081	1,201,928	1,232,956	1,302,204	1,375,348	1,452,607	1,534,214
Net Premiums Earned		897,572	1,158,947	1,217,979	1,273,607	1,345,130	1,420,676	1,500,473
Losses Incurred		671,420	828,053	852,874	887,039	936,790	989,336	1,044,834
Loss Adjustment Expense		152,649	182,720	189,221	197,628	208,673	220,336	232,653
Other Underwriting Expens	ses	216,077	286,993	282,371	290,362	306,620	323,790	341,922
Earnings Before Policyhol	der Dividends	(142,574)	(138,820)	(106,488)	(101,423)	(106,953)	(112,785)	(118,936)
Policyholder Dividends		15,072	16,949	17,448	18,212	19,200	20,242	21,341
Underwriting Gain (Loss	s)	(157,646)	(155,768)	(123,936)	(119,635)	(126,154)	(133,028)	(140,277)
Net Investment Income		145,296	179,669	181,678	191,063	201,275	212,379	224,335
Reserve Releases/(Strength	ien)	0	0	0	0	0	0	0
Other Income		<u>(8,975)</u>	<u>(2,404)</u>	<u>(2,466)</u>	<u>(2,604)</u>	<u>(2,751)</u>	<u>(2,905)</u>	(3,068)
Pre-Tax Operating Incom	me	(21,325)	21,496	55,277	68,824	72,371	76,446	80,991
Net Realized Capital Gains	1	89,450	33,023	25,000	25,000	25,000	25,000	25,000
Pre-Tax Income		68,125	54,520	80,277	93,824	97,371	101,446	105,991
Federal Income Taxes		<u>1</u>	<u>1,090</u>	<u>1,606</u>	<u>1,876</u>	<u>1,947</u>	<u>2,029</u>	<u>2,120</u>
Net Income (Loss)		\$68,124	\$53,429	\$78,671	\$91,948	\$95,423	\$99,417	\$103,871
		·	· /	·				
Total Surplus, Beginning o	f Year	\$574,999	\$668,805	\$722,234	\$800,906	\$892,853	\$988,277	\$1,087,694
Total Surplus, Beginning o Net Income	f Year		\$668,805					
Net Income		68,124		\$722,234 78,671 0	\$800,906 91,948 0	\$892,853 95,423 0	\$988,277 99,417 0	\$1,087,694 103,871 0
Net Income Net Unrealized Capital G	ains/(Losses)		\$668,805 53,429	78,671	91,948	95,423	99,417	103,871
Net Income Net Unrealized Capital G Capital Contributions/(D:	ains/(Losses) ividends Paid)	68,124 (2,469) 0	\$668,805 53,429	78,671 0 0	91,948	95,423 0	99,417 0	103,871 0
Net Income Net Unrealized Capital G Capital Contributions/(Di Non-cash Changes in Sur	ains/(Losses) ividends Paid) rplus	68,124 (2,469) 0 301,861	\$668,805 53,429 0 0	78,671 0 0 0	91,948 0 0 0	95,423 0 0 0	99,417 0 0 0	103,871 0 0
Net Income Net Unrealized Capital G Capital Contributions/(D	rains/(Losses) ividends Paid) rplus	68,124 (2,469) 0	\$668,805 53,429	78,671 0 0	91,948	95,423 0 0	99,417 0 0	103,871 0 0 0
Net Income Net Unrealized Capital G Capital Contributions/(Di Non-cash Changes in Sur Cash Changes in Surplus Total Surplus, End of Year	rains/(Losses) ividends Paid) rplus	68,124 (2,469) 0 301,861 (273,712) \$668,805	\$668,805 53,429 0 0 0	78,671 0 0 0 0 0 0 \$800,906	91,948 0 0 0 0	95,423 0 0 0 0	99,417 0 0 0 0	103,871 0 0 0 0
Net Income Net Unrealized Capital G Capital Contributions/(Di Non-cash Changes in Sur Cash Changes in Surplus Total Surplus, End of Year  Assumptions:	iains/(Losses) ividends Paid) rplus	68,124 (2,469) 0 301,861 (273,712) \$668,805	\$668,805 53,429 0 0 0 0 \$722,234	78,671 0 0 0 0	91,948 0 0 0 0	95,423 0 0 0 0	99,417 0 0 0 0	103,871 0 0 0 0
Net Income Net Unrealized Capital G Capital Contributions/(Di Non-cash Changes in Sur Cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation	iains/(Losses) ividends Paid) rplus . Read note	68,124 (2,469) 0 301,861 (273,712) \$668,805 <u>Actual</u>	\$668,805 53,429 0 0 0 0 \$722,234 Proforma 16%	78,671 0 0 0 0 0 \$800,906	91,948 0 0 0 0 0 \$892,853	95,423 0 0 0 0 0 \$988,277	99,417 0 0 0 0 0 \$1,087,694	103,871 0 0 0 0 0 \$1,191,565
Net Income Net Unrealized Capital G Capital Contributions/(Di Non-cash Changes in Sur Cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums G	iains/(Losses) ividends Paid) rplus . Read note	68,124 (2,469) 0 301,861 (273,712) \$668,805 <u>Actual</u> 13% 10.3%	\$668,805 53,429 0 0 0 0 \$722,234 Proforma 16% 1.0%	78,671 0 0 0 0 \$800,906 Projected 2.6%	91,948 0 0 0 0 \$892,853	95,423 0 0 0 0 <u>0</u> \$988,277	99,417 0 0 0 0 0 \$1,087,694	103,871 0 0 0 0 \$1,191,565
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Sur Cash Changes in Surplus Total Surplus, End of Year <u>Assumptions:</u> LMG Pool Participation Direct Written Premiums G NWP Retention	dains/(Losses) ividends Paid) rplus  Read note  Growth Rate	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7%	\$668,805 53,429 0 0 0 0 \$722,234 Proforma 16% 1.0% 92.8%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8%	91,948 0 0 0 0 \$892,853	95,423 0 0 0 0 \$988,277 5.6% 92.8%	99,417 0 0 0 0 0 \$1,087,694 5.6% 92.8%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year <u>Assumptions:</u> <u>LMG Pool Participation</u> Direct Written Premiums G NWP Retention Net Written Premiums Gro	dains/(Losses) ividends Paid) rplus  Read note  Growth Rate	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2%	\$668,805 53,429 0 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6%	91,948 0 0 0 0 \$892,853 5.6% 92.8% 5.6%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6%	99,417 0 0 0 0 51,087,694 5.6% 92.8% 5.6%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums G NWP Retention Net Written Premiums Gro Loss Ratio as % of EP	dains/(Losses) ividends Paid) rplus  Read note  Growth Rate	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0%	91,948 0 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums G NWP Retention Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP	dains/(Losses) ividends Paid) rplus  Read note Growth Rate  wth Rate	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0% 15.5%	91,948 0 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5%	103,871 0 0 0 \$0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expense	Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0% 15.5% 22.9%	91,948 0 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3%	103,871 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio as % of EP	Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5%	78,671 0 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4%	91,948 0 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4%	103,871 0 0 0 \$0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio as % of EP Combined Ratio	Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7% 113.0%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5% 112.6%	78,671 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4% 109.9%	91,948 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.8%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio Net Investment Income Yie	dains/(Losses) ividends Paid) rplus  Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805 Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7% 113.0% 6.3%	\$668,805 53,429 0 0 0 \$722,234 Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5% 112.6% 6.4%	78,671 0 0 0 \$800,906  Projected  2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4% 109.9% 6.4%	91,948 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.8% 6.4%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro NwP Retention Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio Net Investment Income Yie Other Income Growth Rate	dains/(Losses) ividends Paid) rplus  Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805  Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7% 113.0% 6.3% 142.4%	\$668,805 53,429 0 0 0 \$70 0 \$722,234  Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5% 112.6% 6.4% 0.0%	78,671 0 0 0 \$800,906  Projected  2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4% 109,9% 6.4% 2.6%	91,948 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	103,871 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.8% 6.4% 5.6%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums Gro NWP Retention Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio Net Investment Income Yie Other Income Growth Rate Effective Tax Rate	dains/(Losses) ividends Paid) rplus  Read note Growth Rate wth Rate se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805  Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7% 113.0% 6.3% 142.4% 0.0%	\$668,805 53,429 0 0 0 \$722,234  Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5% 112.6% 6.4% 0.0% 2.0%	78,671 0 0 0 \$800,906 Projected 2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4% 109.9% 6.4% 2.6% 2.0%	91,948 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6% 2.0%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6% 2.0%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6% 2.0%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.8% 6.4% 5.6% 2.0%
Net Income Net Unrealized Capital G Capital Contributions/(D: Non-cash Changes in Surplus Total Surplus, End of Year  Assumptions: LMG Pool Participation Direct Written Premiums G NWP Retention Net Written Premiums Gro Loss Ratio as % of EP LAE Ratio as % of EP Other Underwriting Expens Dividend Ratio as % of EP Combined Ratio Net Investment Income Yie Other Income Growth Rate	relains/(Losses) ividends Paid) replus  Read note Growth Rate  wth Rate  se Ratio as % of WP	68,124 (2,469) 0 301,861 (273,712) \$668,805  Actual 13% 10.3% 85.7% 63.2% 74.8% 17.0% 19.5% 1.7% 113.0% 6.3% 142.4%	\$668,805 53,429 0 0 0 \$70 0 \$722,234  Proforma 16% 1.0% 92.8% 8.3% 71.4% 15.8% 23.9% 1.5% 112.6% 6.4% 0.0%	78,671 0 0 0 \$800,906  Projected  2.6% 92.8% 2.6% 70.0% 15.5% 22.9% 1.4% 109,9% 6.4% 2.6%	91,948 0 0 0 \$892,853 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	95,423 0 0 0 0 \$988,277 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	99,417 0 0 0 0 \$1,087,694 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.9% 6.4% 5.6%	103,871 0 0 0 0 \$1,191,565 5.6% 92.8% 5.6% 69.6% 15.5% 22.3% 1.4% 108.8% 6.4% 5.6%

### **Employers Insurance Company of Wausau**

		Projected Statutory Balance Sheet (Thousands of Dollars)			et			
		Actual <u>1999</u>	Proforma 2000	Projected <u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Invested Assets	\$2,439,375		\$2,915,133	\$3,055,953	\$3,208,130	\$3,375,054	\$3,554,701	\$3,748,254
Premiums Receivable	207,526		282,790	290,091	306,384	323,593	341,771	360,971
Other Pooled Assets	244,488		415,816	429,734	445,343	462,375	480,586	500,081
Other Non-Pooled Assets	315,984		394,925	412,634	432,751	454,735	478,344	503,725
TOTAL ASSETS	\$3,207,373		\$4,008,664	\$4,188,411	\$4,392,607	\$4,615,757	\$4,855,402	\$5,113,031
LIABILITIES								
Loss and LAE Reserves	\$2,001,546		2,541,928	2,617,834	2,690,165	2,774,792	2,868,948	2,973,459
Unearned Premium Reserves	295,136		406,225	421,202	449,799	480,017	511,948	545,688
Other Pooled Liabilities	171,910		247,686	255,093	263,319	272,679	282,955	294,223
Other Non-Pooled Liabilities	69,976		90,591	93,378	96,472	99,993	103,858	108,096
Borrowed Money	0		0	0	0	0	0	0
TOTAL LIABILITIES CAPITAL	2,538,568		3,286,430	3,387,506	3,499,754	3,627,480	3,767,708	3,921,466
Common Stock	0		0	0	0	0	0	0
Preferred Stock	0		0	0	0	0	0	0
Surplus Notes	220,000		220,000	220,000	220,000	220,000	220,000	220,000
Surplus	448,805		502,234	580,906	672,853	768,277	867,694	971,565
TOTAL CAPITAL	668,805		722,234	800,906	892,853	988,277	1,087,694	1,191,565
LIABILITIES & CAPITAL	\$3,207,373		\$4,008,664	\$4,188,411	\$4,392,607	\$4,615,757	\$4,855,402	\$5,113,031
NWP / Surplus Ratio	1.66		1.66	1.54	1.46	1.39	1.34	1.29
Loss and LAE Reserves / Surplus	2.99		3.52	3.27	3.01	2.81	2.64	2.50
			\$0					

Assumptions:

Invested Assets reflect changes from Net

Cash Flow.

Premiums receivable reflect the growth

rate of NWP.

Other Pooled Assets are equal to the company's proportionate share of total Other Pooled Assets. The Other Non-Pooled Assets are projected to remain as a constant percentage of Total Assets.

Loss & LAE Reserves are equal to beginning reserves plus accident year losses incurred minus all accident years losses paid.

Unearned Premiums are equal to beginning UPR + NPW - NPE.

Other Pooled Liabilities are equal to the company's proportionate share of total Other Pooled Liabilities. The Other Non-Pooled Liabilities are projected to remain as a constant percentage of Total Liabilities.