

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

BALANCE SHEET AT MARCH 31, 2003

	LEDGER ASSETS	NON- LEDGER ASSETS	NON- ADMITTED ASSETS	NET ADMITTED ASSETS
<u>ASSETS</u>				
CASH & SHORT TERM INVESTMENTS	\$8,379,177	-	-	\$8,379,177
ACCRUED INTEREST	-	10,660	-	10,660
FURNITURE & EQUIPMENT	223,962	-	223,962	-
ELECTRONIC DATA PROCESSING EQUIP.	64,489	-	-	64,489
LEASEHOLD IMPROVEMENTS	54,539	-	54,539	-
SUNDRY RECEIVABLE	4,164	-	-	4,164
TOTAL ASSETS	\$8,726,332	\$10,660	\$278,502	\$8,458,490
 <u>LIABILITIES</u>				
POST RETIREMENT BENEFITS (other than pensions)			884,216	
DEFINED BENEFIT PENSION PLAN			679,897	
AMOUNTS HELD FOR OTHERS			581,316	
ADVANCE PREMIUMS			408,538	
RETURN PREMIUMS			188,576	
OTHER LIABILITIES			21,652	
CLAIM CHECKS PAYABLE			222,010	
TOTAL LIABILITIES				2,986,204
 <u>RESERVES</u>				
UNEARNED PREMIUMS			9,211,585	
LOSS - CASE BASIS			5,985,897	
LOSS - I.B.N.R			1,366,988	
LOSS EXPENSE- ALLOCATED			439,365	
LOSS EXPENSE- UNALLOCATED			226,267	
ASSOCIATION EXPENSES			273,891	
TAXES & FEES			35,198	
TOTAL RESERVES				17,539,190
TOTAL LIABILITIES & RESERVES				20,525,394
 <u>EQUITY ACCOUNT</u>				
NET EQUITY AT MARCH 31, 2003				(12,066,904)
TOTAL LIABILITIES PLUS EQUITY ACCOUNT				\$8,458,490

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

INCOME STATEMENT AT MARCH 31, 2003

		QUARTER TO DATE
<u>UNDERWRITING INCOME</u>		
PREMIUMS EARNED		\$4,416,153
<u>DEDUCTIONS</u>		
LOSSES INCURRED	4,913,696	
LOSS EXPENSES INCURRED	595,679	
COMMISSIONS INCURRED	431,693	
OTHER UNDERWRITING EXPENSES	1,006,933	
PREMIUM TAXES INCURRED	18,465	
TOTAL DEDUCTIONS	6,966,466	
UNDERWRITING GAIN (LOSS)		(2,550,313)
<u>OTHER INCOME</u>		
NET INVESTMENT INCOME		31,695
NET GAIN (LOSS)		(2,518,618)
<u>EQUITY ACCOUNT</u>		
NET EQUITY-PRIOR		(9,552,179)
NET GAIN (LOSS) FOR PERIOD	(2,518,618)	
CHANGE IN NONADMITTED ASSETS	3,893	
CHANGE IN EQUITY	(2,514,726)	
NET EQUITY AT MARCH 31, 2003		(\$12,066,904)

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

EQUITY ACCOUNT QTD PERIOD ENDED MARCH 31, 2003

	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000	POLICY YEAR 1999 & Prior	TOTAL
<u>INCOME RECEIVED</u>						
PREMIUMS WRITTEN	\$4,741,232	(\$8,772)	(\$1,848)	-	-	\$4,730,612
INVESTMENT INCOME RECEIVED	38,119	-	-	-	-	38,119
TOTAL	4,779,351	(8,772)	(1,848)	-	-	<u>4,768,731</u>
<u>EXPENSES PAID</u>						
LOSSES PAID	19,724	2,686,650	445,340	14,870	(18,296)	3,148,288
ALLOCATED LOSS EXPENSE	3,406	211,312	50,036	5,906	15,221	285,880
UNALLOCATED LOSS EXPENSE	739	100,794	17,193	557	(278)	119,005
INSPECTION AND RATING ISO	10,961	-	-	-	-	10,961
SURVEYS & UNDERWRITING RPTS	74,478	-	-	-	-	74,478
COMMISSIONS	431,998	(121)	(185)	-	-	431,693
BOARDS & BUREAUS	4,125	-	-	-	-	4,125
ASSOCIATION EXPENSES	999,783	-	-	-	-	999,783
TAXES & FEES	23,109	6,478	-	-	-	29,587
TOTAL	1,568,323	3,005,113	512,384	21,333	(3,353)	<u>5,103,799</u>
INCREASE (DECREASE)	3,211,028	(3,013,885)	(514,232)	(21,333)	3,353	(335,069)
<u>DEDUCT</u>						
PRIOR ACCRUED INTEREST	-	17,084	-	-	-	17,084
CURRENT NONADMITTED ASSETS	278,502	-	-	-	-	278,502
TOTAL	278,502	17,084	-	-	-	<u>295,585</u>
<u>ADD</u>						
CURRENT ACCRUED INTEREST	10,660	-	-	-	-	10,660
PRIOR NONADMITTED ASSETS	-	282,394	-	-	-	282,394
TOTAL	10,660	282,394	-	-	-	<u>293,054</u>
<u>EQUITY IN ASSETS OF ASSOCIATION</u>	2,943,187	(2,748,575)	(514,232)	(21,333)	3,353	(337,600)
<u>CURRENT RESERVES</u>						
UNEARNED PREMIUMS	4,152,660	5,058,925	-	-	-	9,211,585
UNPAID LOSSES	904,923	5,822,248	397,959	151,041	76,714	7,352,885
UNPAID LOSS EXPENSES	61,490	534,563	44,253	16,796	8,531	665,632
UNPAID ASSOCIATION EXPENSES	273,891	-	-	-	-	273,891
UNPAID TAXES & FEES	35,198	-	-	-	-	35,198
TOTAL	5,428,162	11,415,735	442,212	167,837	85,244	<u>17,539,190</u>
<u>PRIOR RESERVES</u>						
UNEARNED PREMIUMS	-	8,897,126	-	-	-	8,897,126
UNPAID LOSSES	-	4,404,122	932,657	172,030	78,667	5,587,477
UNPAID LOSSES EXPENSES	-	343,248	103,712	19,130	8,748	474,837
UNPAID ASSOCIATION EXPENSES	-	356,304	-	-	-	356,304
UNPAID TAXES & FEES	-	46,320	-	-	-	46,320
TOTAL	-	14,047,121	1,036,369	191,160	87,415	<u>15,362,064</u>
NET CHANGE IN EQUITY	(\$2,484,975)	(\$117,189)	\$79,925	\$1,990	\$5,523	(\$2,514,726)

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

UNDERWRITING STATEMENT EARNED/INCURRED BASIS QTD PERIOD ENDED MARCH 31, 2003

	3-31-03 QUARTER-TO-DATE	
Premiums Written	\$4,730,612	
Current Unearned Reserve	9,211,585	
Prior Unearned Reserve	8,897,126	
Change in Unearned Premium Reserve	(314,459)	
Net Premium Earned		\$4,416,153
Losses Paid	3,176,043	
Less Salvage & Subrogation	27,755	
Net Losses Paid	3,148,288	
Current Loss Reserve	7,352,885	
Prior Loss Reserve	5,587,477	
Change in Loss Reserve	1,765,408	
Net Losses Incurred		4,913,696
Allocated Loss Exp. Paid	285,880	
Unallocated Loss Exp. Paid	119,005	
Total Loss Exp. Paid	404,884	
Current Loss Exp. Reserve	665,632	
Prior Loss Exp. Reserve	474,837	
Change in Reserve for Loss Exp.	190,795	
Net Loss Exp. Incurred		595,679
Total Loss & Loss Exp. Incurred		\$5,509,375
Taxes & Fees Paid	29,587	
Current Reserve	35,198	
Prior Reserve	46,320	
Change in Reserve for Taxes & Fees	(11,122)	
Net Taxes & Fees Incurred		18,465
Commissions Expense		431,693
Boards, Bureaus, & Underwriting Inspections Paid	89,564	
Other Operating Exp. Paid	999,783	
Current Reserve	273,891	
Prior Reserve	356,304	
Change in Other Underwriting Exp. Reserve	(82,414)	
Net Other Underwriting Exp. Incurred		1,006,933
Other Underwriting Exp. Incurred		1,457,091
Total Loss & Exp. Incurred		\$6,966,466
Underwriting Gain (Loss)		(2,550,313)
Net Investment Income Received		38,119
Current Accrued Interest	10,660	
Prior Accrued Interest	17,084	
Change in Accrued Interest	(6,424)	
Net Investment Income Earned		31,695
Net Gain (Loss)		(\$2,518,618)

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDED MARCH 31, 2003

SEE NOTE BELOW

	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000	POLICY YEAR 1999 & Prior	TOTAL
WRITTEN PREMIUMS						
FIRE	\$3,570,140	(\$9,853)	(\$1,357)	-	-	\$3,558,930
ALLIED	1,153,357	1,239	(491)	-	-	1,154,105
CRIME	17,735	(158)	-	-	-	17,577
TOTAL	4,741,232	(8,772)	(1,848)	-	-	4,730,612
CURRENT UNEARNED PREMIUM RESERVE @ 3-31-03						
FIRE	3,126,592	3,701,628	-	-	-	6,828,220
ALLIED	1,010,327	1,334,994	-	-	-	2,345,321
CRIME	15,741	22,303	-	-	-	38,044
TOTAL	4,152,660	5,058,925	-	-	-	9,211,585
PRIOR UNEARNED PREMIUM RESERVE @ 12-31-02						
FIRE	-	6,494,180	-	-	-	6,494,180
ALLIED	-	2,362,142	-	-	-	2,362,142
CRIME	-	40,804	-	-	-	40,804
TOTAL	-	8,897,126	-	-	-	8,897,126
EARNED PREMIUM						
FIRE	443,548	2,782,699	(1,357)	-	-	3,224,890
ALLIED	143,030	1,028,387	(491)	-	-	1,170,926
CRIME	1,994	18,343	-	-	-	20,337
TOTAL	\$588,572	\$3,829,429	(\$1,848)	-	-	\$4,416,153

*Note: On November 26, 2002, President Bush signed into law the Terrorism Risk Insurance Act of 2002. The Act was effective immediately. It includes State residual market insurance entities such as FAIR Plans that write commercial property insurance coverage. The Act provides residual market insurance entities that share profits and losses with private sector insurers, to report its share of direct earned premium and losses to each private sector insurance participant. At March 31, 2003, the direct earned premium for commercial business written through the FAIR Plan was \$478,783. There were no terrorism losses reported. Please use your latest NJ member participation listing to calculate your share of commercial premium. The result of this calculation should be treated as assumed earned premium for the purpose of calculating an Insurer deductible under the Act.

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSSES QTD PERIOD ENDED MARCH 31, 2003

	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000	POLICY YEAR 1999 & Prior	TOTAL
PAID LOSSES						
Net of Salvage and Subrogation Received						
FIRE	\$16,318	\$2,441,949	\$409,468	\$12,680	(\$20,183)	\$2,860,232
ALLIED	3,406	244,066	35,872	2,190	1,887	287,421
CRIME	-	635	-	-	-	635
TOTAL	19,724	2,686,650	445,340	14,870	(18,296)	3,148,288
CURRENT LOSS RESERVE (3-31-03)						
FIRE	793,677	4,992,597	368,215	158,020	76,342	6,388,852
ALLIED	109,930	814,893	29,744	(6,979)	372	947,960
CRIME	1,316	14,757	-	-	-	16,073
TOTAL	904,923	5,822,248	397,959	151,041	76,714	7,352,885
PRIOR LOSS RESERVES (12-31-02)						
FIRE	-	3,812,746	796,384	173,012	76,334	4,858,476
ALLIED	-	582,573	136,274	(982)	2,333	720,197
CRIME	-	8,804	-	-	-	8,804
TOTAL	-	4,404,122	932,657	172,030	78,667	5,587,477
INCURRED LOSSES						
FIRE	809,995	3,621,800	(18,701)	(2,312)	(20,175)	4,390,607
ALLIED	113,336	476,386	(70,658)	(3,807)	(74)	515,183
CRIME	1,316	6,589	-	-	-	7,905
TOTAL	\$924,647	\$4,104,775	(\$89,358)	(\$6,119)	(\$20,249)	\$4,913,696
I.B.N.R. (INCL. IN CURRENT RESERVES)						
	POLICY YEAR 2003	POLICY YEAR 2002	TOTAL I.B.N.R			
FIRE	\$265,027	\$737,754	\$1,002,781			
ALLIED	85,615	272,518	358,133			
CRIME	1,316	4,757	6,073			
TOTAL	\$351,958	\$1,015,029	\$1,366,988			

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) QTD PERIOD ENDED MARCH 31, 2003

	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000	POLICY YEAR 1999 & Prior	TOTAL
LOSS EXPENSES PAID (ALAE AND ULAE)						
FIRE	\$999	\$225,370	\$44,787	\$4,175	\$13,886	\$289,219
ALLIED	3,145	85,789	22,441	2,287	1,057	114,720
CRIME	-	946	-	-	-	946
TOTAL	4,145	312,105	67,228	6,463	14,943	404,884
CURRENT LOSS EXPENSE RESERVE @ 3-31-03						
FIRE	58,786	473,139	40,946	17,572	8,489	598,931
ALLIED	2,704	60,312	3,308	(776)	41	65,589
CRIME	-	1,112	-	-	-	1,112
TOTAL	61,490	534,563	44,253	16,796	8,531	665,632
PRIOR LOSS EXPENSE RESERVE @ 12-31-02						
FIRE	-	317,463	88,558	19,239	8,488	433,748
ALLIED	-	25,508	15,154	(109)	259	40,811
CRIME	-	278	-	-	-	278
TOTAL	-	343,248	103,712	19,130	8,748	474,837
ALE & ULAE LOSS EXPENSES INCURRED						
FIRE	59,785	381,046	(2,825)	2,508	13,887	454,402
ALLIED	5,849	120,594	10,595	1,621	839	139,497
CRIME	-	1,780	-	-	-	1,780
TOTAL	\$65,634	\$503,420	\$7,770	\$4,129	\$14,726	\$595,679