

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## BALANCE SHEET AT MARCH 31, 2004

	LEDGER ASSETS	NON-LEDGER ASSETS	NON- ADMITTED ASSETS	NET ADMITTED ASSETS
<b><u>ASSETS</u></b>				
CASH & SHORT TERM INVESTMENTS	\$9,850,901	-	-	\$9,850,901
ACCRUED INTEREST	-	10,038	-	10,038
FURNITURE & EQUIPMENT	172,931	-	172,931	-
ELECTRONIC DATA PROCESSING EQUIP.	52,339	-	-	52,339
LEASEHOLD IMPROVEMENTS	46,956	-	46,956	-
<b>TOTAL ASSETS</b>	<b>\$10,123,127</b>	<b>\$10,038</b>	<b>219,887</b>	<b>\$9,913,278</b>
<b><u>LIABILITIES</u></b>				
POST RETIREMENT BENEFITS (other than pensions)			1,290,907	
DEFINED BENEFIT PENSION PLAN			505,031	
AMOUNTS HELD FOR OTHERS			294,617	
ADVANCE PREMIUMS			446,013	
RETURN PREMIUMS			263,742	
OTHER PAYABLES			20,528	
CLAIM CHECKS PAYABLE			54,430	
<b>TOTAL LIABILITIES</b>				<b>2,875,268</b>
<b><u>RESERVES</u></b>				
UNEARNED PREMIUMS			11,049,613	
LOSS - CASE BASIS			6,198,400	
LOSS - I.B.N.R			1,364,184	
LOSS EXPENSE- ALLOCATED			524,501	
LOSS EXPENSE- UNALLOCATED			226,568	
ASSOCIATION EXPENSES			330,322	
TAXES & FEES			50,114	
<b>TOTAL RESERVES</b>				<b>19,743,702</b>
<b>TOTAL LIABILITIES &amp; RESERVES</b>				<b>22,618,970</b>
<b><u>EQUITY ACCOUNT</u></b>				
NET EQUITY AT MARCH 31, 2004				<b>(12,705,692)</b>
<b>TOTAL LIABILITIES PLUS EQUITY ACCOUNT</b>				<b>\$9,913,278</b>

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## INCOME STATEMENT AT MARCH 31, 2004

		QUARTER-TO-DATE
<b><u>UNDERWRITING INCOME</u></b>		
PREMIUMS EARNED		\$5,376,116
<b><u>DEDUCTIONS</u></b>		
LOSSES INCURRED	4,105,799	
LOSS EXPENSES INCURRED	474,152	
COMMISSIONS INCURRED	521,248	
OTHER UNDERWRITING EXPENSES	1,077,760	
TAXES & FEES INCURRED	22,314	
TOTAL DEDUCTIONS	6,201,273	
UNDERWRITING GAIN (LOSS)		(825,157)
<b><u>OTHER INCOME</u></b>		
NET INVESTMENT INCOME		29,500
NET GAIN (LOSS)		(795,657)
<b><u>EQUITY ACCOUNT</u></b>		
NET EQUITY - PRIOR		(11,925,058)
NET GAIN (LOSS) FOR PERIOD	(795,657)	
CHANGE IN NONADMITTED ASSETS	15,023	
CHANGE IN EQUITY	(780,634)	
NET EQUITY AT MARCH 31, 2004		(\$12,705,692)

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## EQUITY ACCOUNT QTD PERIOD ENDED MARCH 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
<b>INCOME RECEIVED</b>						
PREMIUMS WRITTEN	\$5,561,680	\$118,641	(\$4,079)	-	-	\$5,676,242
INVESTMENT INCOME RECEIVED	28,210	-	-	-	-	28,210
TOTAL	5,589,890	118,641	(4,079)	-	-	5,704,452
<b>EXPENSES PAID</b>						
LOSSES PAID	33,631	2,253,579	1,441,591	(4,175)	59,135	3,783,761
ALLOCATED LOSS EXPENSE	4,433	215,145	77,523	982	981	299,063
UNALLOCATED LOSS EXPENSE	1,252	84,007	53,686	56	2,207	141,208
INSPECTION AND RATING ISO	12,017	-	-	-	-	12,017
SURVEYS & UNDERWRITING RPTS	92,969	-	-	-	-	92,969
BOARDS & BUREAUS	3,506	-	-	-	-	3,506
COMMISSIONS	533,610	(11,993)	(369)	-	-	521,248
ASSOCIATION EXPENSES	932,394	-	-	-	-	932,394
TAXES & FEES	27,756	5,579	-	-	-	33,335
TOTAL	1,641,568	2,546,317	1,572,431	(3,137)	62,323	5,819,502
<b>INCREASE (DECREASE)</b>	<b>3,948,322</b>	<b>(2,427,676)</b>	<b>(1,576,510)</b>	<b>3,137</b>	<b>(62,323)</b>	<b>(115,050)</b>
<b>DEDUCT</b>						
PRIOR ACCRUED INTEREST	-	8,748	-	-	-	8,748
CURRENT NONADMITTED ASSETS	219,887	-	-	-	-	219,887
TOTAL	219,887	8,748	-	-	-	228,635
<b>ADD</b>						
CURRENT ACCRUED INTEREST	10,038	-	-	-	-	10,038
PRIOR NONADMITTED ASSETS	-	234,912	-	-	-	234,912
TOTAL	10,038	234,912	-	-	-	244,950
<b>EQUITY IN ASSETS OF ASSOCIATION</b>	<b>3,738,473</b>	<b>(2,201,512)</b>	<b>(1,576,510)</b>	<b>3,137</b>	<b>(62,323)</b>	<b>(98,736)</b>
<b>CURRENT RESERVES</b>						
UNEARNED PREMIUMS	4,864,930	6,184,683	-	-	-	11,049,613
UNPAID LOSSES	235,344	6,459,078	641,510	112,289	114,362	7,562,583
UNPAID LOSS EXPENSES	315,873	280,591	112,832	26,691	15,082	751,069
UNPAID ASSOCIATION EXPENSES	330,322	-	-	-	-	330,322
UNPAID TAXES & FEES	50,114	-	-	-	-	50,114
TOTAL	5,796,583	12,924,352	754,342	138,980	129,444	19,743,701
<b>PRIOR RESERVES</b>						
UNEARNED PREMIUMS	-	10,749,487	-	-	-	10,749,487
UNPAID LOSSES	-	5,008,777	1,978,509	94,531	158,729	7,240,546
UNPAID LOSSES EXPENSES	-	434,423	250,677	11,977	20,111	717,188
UNPAID ASSOCIATION EXPENSES	-	293,448	-	-	-	293,448
UNPAID TAXES & FEES	-	61,135	-	-	-	61,135
TOTAL	-	16,547,270	2,229,186	106,508	178,840	19,061,804
<b>NET CHANGE IN EQUITY</b>	<b>(\$2,058,110)</b>	<b>\$1,421,406</b>	<b>(\$101,666)</b>	<b>(\$29,335)</b>	<b>(\$12,927)</b>	<b>(\$780,634)</b>

**NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION**

**UNDERWRITING STATEMENT  
EARNED/INCURRED BASIS  
QTD PERIOD ENDED MARCH 31, 2004**

	<b>3-31-04 QUARTER-TO-DATE</b>	
<b>Premiums Written</b>		<b>\$5,676,242</b>
Current Unearned Reserve	11,049,613	
Prior Unearned Reserve	10,749,487	
Change in Unearned Premium Reserve		<u>(300,126)</u>
<b>Net Premium Earned</b>		<b>\$5,376,116</b>
Losses Paid		3,791,762
Less Salvage & Subrogation		<u>8,001</u>
<b>Net Losses Paid</b>		<b>3,783,761</b>
Current Loss Reserve	7,562,584	
Prior Loss Reserve	7,240,546	
Change in Loss Reserve		<u>322,038</u>
<b>Net Losses Incurred</b>		<b>4,105,799</b>
Allocated Loss Exp. Paid		299,063
Unallocated Loss Exp. Paid		<u>141,208</u>
<b>Total Loss Exp. Paid</b>		<b>440,271</b>
Current Loss Exp. Reserve	751,069	
Prior Loss Exp. Reserve	717,188	
Change in Loss Exp. Reserve		<u>33,881</u>
<b>Net Loss Exp. Incurred</b>		<b>474,152</b>
<b>Total Loss &amp; Loss Exp. Incurred</b>		<b>\$4,579,951</b>
Taxes & Fees Paid		33,335
Current Reserve	50,114	
Prior Reserve	61,135	
Change in Reserve for Taxes & Fees		<u>(11,021)</u>
<b>Net Taxes &amp; Fees Incurred</b>		<b>22,314</b>
Commissions Expense Paid		521,248
Board Bureaus & Inspections Paid		108,492
Other Operating Exp. Paid		<u>932,394</u>
<b>Total Underwriting Exp. Paid</b>		<b>1,562,134</b>
Current Reserve	330,322	
Prior Reserve	293,448	
Change in Other Underwriting Exp. Reserve		<u>36,874</u>
<b>Other Underwriting Exp. Incurred</b>		<b>1,599,008</b>
<b>Total Other Underwriting Exp. Incurred</b>		<b>1,621,322</b>
<b>Total Loss &amp; Underwriting Exp. Incurred</b>		<b>\$6,201,273</b>
<b>Underwriting Gain (Loss)</b>		<b>(\$825,157)</b>
Net Investment Income Received		28,210
Current Accrued Interest	10,038	
Prior Accrued Interest	8,748	
Change in Accrued Interest		<u>1,290</u>
<b>Net Investment Income Earned</b>		<b>29,500</b>
<b>Net Gain (Loss)</b>		<b>(\$795,657)</b>

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDED MARCH 31, 2004

\*SEE NOTE BELOW

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
<b>WRITTEN PREMIUMS</b>						
FIRE	\$4,325,157	\$91,475	(\$3,288)	-	-	\$4,413,344
ALLIED	1,219,583	27,184	(791)	-	-	1,245,976
CRIME	16,940	(18)	-	-	-	16,922
<b>TOTAL</b>	<b>5,561,680</b>	<b>118,641</b>	<b>(4,079)</b>	<b>-</b>	<b>-</b>	<b>5,676,242</b>
<b>CURRENT UNEARNED PREMIUM RESERVE @ 3-31-04</b>						
FIRE	3,783,158	4,674,519	-	-	-	8,457,677
ALLIED	1,066,928	1,490,507	-	-	-	2,557,435
CRIME	14,844	19,657	-	-	-	34,501
<b>TOTAL</b>	<b>4,864,930</b>	<b>6,184,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,049,613</b>
<b>PRIOR UNEARNED PREMIUM RESERVE @ 12-31-03</b>						
FIRE	-	8,106,000	-	-	-	8,106,000
ALLIED	-	2,607,627	-	-	-	2,607,627
CRIME	-	35,860	-	-	-	35,860
<b>TOTAL</b>	<b>-</b>	<b>10,749,487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,749,487</b>
<b>EARNED PREMIUM</b>						
FIRE	541,999	3,522,956	(3,288)	-	-	4,061,667
ALLIED	152,655	1,144,304	(791)	-	-	1,296,168
CRIME	2,096	16,185	-	-	-	18,281
<b>TOTAL</b>	<b>\$696,750</b>	<b>\$4,683,445</b>	<b>(\$4,079)</b>	<b>-</b>	<b>-</b>	<b>\$5,376,116</b>

\*Note: The Terrorism Risk Insurance Act of 2002 requires residual market insurance entities that share profits and losses with private sector insurers, to report its share of direct earned premium and losses for commercial property insurance coverage to each private sector insurance participant. In July 2003, the Treasury broadened the definition of "commercial risk" to include 1-4 family tenant-occupied dwellings. The schedule shown below summarizes both commercial and 1-4 family-tenant occupied dwelling direct earned premium for the last five quarters:

	<u>Commercial</u>	<u>1-4 Family Tenant- Occupied</u>	<u>Total TRIA</u>		<u>Commercial</u>	<u>1-4 Family Tenant- Occupied</u>	<u>Total TRIA</u>
<b>1Q03</b>	478,783	1,343,200	1,343,200	<b>1Q04</b>	516,016	1,645,690	2,161,706
<b>2Q03</b>	487,924	1,418,672	1,418,672				
<b>3Q03</b>	509,815	1,518,349	1,518,349				
<b>4Q03</b>	508,338	1,585,267	1,585,267				

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, 2004

*SEE NOTE BELOW	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
<b>PAID LOSSES</b>						
Net of Salvage and Subrogation Received						
FIRE	\$8,987	\$1,626,410	\$1,371,608	(\$4,175)	\$59,150	\$3,061,980
ALLIED	24,644	625,940	69,983	-	(15)	720,552
CRIME	-	1,229	-	-	-	1,229
<b>TOTAL</b>	<b>33,631</b>	<b>2,253,579</b>	<b>1,441,591</b>	<b>(4,175)</b>	<b>59,135</b>	<b>3,783,761</b>
<b>CURRENT CASE BASIS RESERVES (3-31-04)</b>						
FIRE	161,500	4,739,112	388,217	86,015	93,733	5,468,577
ALLIED	31,391	545,839	137,574	6,019	-	720,823
CRIME	-	9,000	-	-	-	9,000
<b>TOTAL</b>	<b>192,891</b>	<b>5,293,951</b>	<b>525,791</b>	<b>92,034</b>	<b>93,733</b>	<b>6,198,400</b>
<b>CURRENT I.B.N.R. RESERVES (3-31-04)</b>						
FIRE	35,544	1,043,015	85,441	18,931	20,629	1,203,560
ALLIED	6,909	120,132	30,278	1,325	-	158,643
CRIME	-	1,981	-	-	-	1,981
<b>TOTAL</b>	<b>42,453</b>	<b>1,165,128</b>	<b>115,719</b>	<b>20,256</b>	<b>20,629</b>	<b>1,364,184</b>
<b>PRIOR LOSS RESERVES (12-31-03)</b>						
<b>(Including IBNR Reserves)</b>						
FIRE	-	3,855,159	1,825,587	86,017	158,729	5,925,492
ALLIED	-	1,125,651	152,922	8,514	-	1,287,087
CRIME	-	27,967	-	-	-	27,967
<b>TOTAL</b>	<b>-</b>	<b>5,008,777</b>	<b>1,978,509</b>	<b>94,531</b>	<b>158,729</b>	<b>7,240,546</b>
<b>INCURRED LOSSES</b>						
FIRE	206,031	3,553,378	19,679	14,754	14,783	3,808,625
ALLIED	62,944	166,260	84,913	(1,170)	(15)	312,931
CRIME	-	(15,757)	-	-	-	(15,757)
<b>TOTAL</b>	<b>\$268,975</b>	<b>\$3,703,881</b>	<b>\$104,592</b>	<b>\$13,584</b>	<b>\$14,768</b>	<b>\$4,105,799</b>

\*Note: Beginning January 1, 2004, the Association engaged the services of a consulting actuary to provide IBNR and loss adjustment expense reserves.

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSS EXPENSES  
(INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES)  
QTD PERIOD ENDED MARCH 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
<b>LOSS EXPENSES PAID (ALAE AND ULAE)</b>						
FIRE	\$1,318	\$148,427	\$91,952	\$784	\$3,186	\$245,667
ALLIED	4,368	145,663	39,257	254	-	189,542
CRIME	-	5,062	-	-	-	5,062
<b>TOTAL</b>	<b>5,686</b>	<b>299,152</b>	<b>131,209</b>	<b>1,038</b>	<b>3,186</b>	<b>440,271</b>
<b>CURRENT LOSS EXPENSE RESERVES @ 3-31-04</b>						
FIRE	264,468	251,183	83,309	24,947	15,036	638,943
ALLIED	51,405	28,931	29,523	1,744	46	111,649
CRIME	-	477	-	-	-	477
<b>TOTAL</b>	<b>315,873</b>	<b>280,591</b>	<b>112,832</b>	<b>26,691</b>	<b>15,082</b>	<b>751,069</b>
<b>PRIOR LOSS EXPENSE RESERVES @ 12-31-03</b>						
FIRE	-	337,867	231,302	10,898	20,111	600,178
ALLIED	-	93,705	19,375	1,079	-	114,159
CRIME	-	2,851	-	-	-	2,851
<b>TOTAL</b>	<b>-</b>	<b>434,423</b>	<b>250,677</b>	<b>11,977</b>	<b>20,111</b>	<b>717,188</b>
<b>ALAE &amp; ULAE LOSS EXPENSES INCURRED</b>						
FIRE	265,786	61,743	(56,041)	14,833	(1,889)	284,432
ALLIED	55,773	80,889	49,405	919	46	187,032
CRIME	-	2,688	-	-	-	2,688
<b>TOTAL</b>	<b>\$321,559</b>	<b>\$145,320</b>	<b>(\$6,636)</b>	<b>\$15,752</b>	<b>(\$1,843)</b>	<b>\$474,152</b>