#### BALANCE SHEET AT DECEMBER 31, 2004

	LEDGER ASSETS	NON-LEDGER ASSETS	NON- ADMITTED ASSETS	NET ADMITTED ASSETS
ASSETS				
CASH & CASH EQUIVALENTS	\$3,949,316	-	-	\$3,949,316
SHORT-TERM INVESTMENTS	9,495,262	-	-	9,495,262
ACCRUED INTEREST	-	45,850	-	45,850
FURNITURE & EQUIPMENT	133,544	-	133,544	-
ELECTRONIC DATA PROCESSING EQUIP.	50,694	-	-	50,694
LEASEHOLD IMPROVEMENTS	41,268	-	41,268	-
DEFERRED CHARGES	151,575		151,575	-
TOTAL ASSETS	\$13,821,659	\$45,850	\$326,387	\$13,541,122
<u>LIABILITIES</u>				
POST RETIREMENT BENEFITS (other than pensior	ns)		1,407,926	
DEFINED BENEFIT PENSION PLAN	,		335,683	
AMOUNTS HELD FOR OTHERS			374,852	
ADVANCE PREMIUMS			440,313	
RETURN PREMIUMS			323,549	
OTHER PAYABLES			43,215	
CLAIM CHECKS PAYABLE		_	66,898	
TOTAL LIABILITIES				2,992,436
RESERVES				
UNEARNED PREMIUMS			11,919,572	
LOSS - CASE BASIS			4,975,462	
LOSS - I.B.N.R			1,537,015	
LOSS EXPENSE- ALLOCATED			475,034	
LOSS EXPENSE- UNALLOCATED			167,545	
ASSOCIATION EXPENSES			251,968	
TAXES & FEES			61,013	
TOTAL RESERVES		-		19,387,609
TOTAL LIABILITIES & RESERVES				22,380,045
<u>EQUITY ACCOUNT</u> NET EQUITY AT DECEMBER 31, 2004				(8,838,923)
TOTAL LIABILITIES PLUS EQUITY ACCOUNT				\$13,541,122

### INCOME STATEMENT AT DECEMBER 31, 2004

	QUARTE	R-TO-DATE	YEAR-TO-DATE		
UNDERWRITING INCOME					
PREMIUMS EARNED		\$5,968,947		\$22,788,202	
DEDUCTIONS					
LOSSES INCURRED	2,677,822		11,946,740		
LOSS EXPENSES INCURRED	334,631		1,543,583		
COMMISSIONS INCURRED	509,394		2,141,483		
OTHER UNDERWRITING EXPENSES	965,090		4,239,312		
TAXES & FEES INCURRED	19,581		86,201		
TOTAL DEDUCTIONS		4,506,518	_	19,957,319	
UNDERWRITING GAIN		1,462,429		2,830,883	
OTHER INCOME					
NET INVESTMENT INCOME		65,164		178,340	
	-		-		
NET GAIN	_	1,527,593	_	3,009,223	
EQUITY ACCOUNT		(		<i>(</i>	
NET EQUITY - PRIOR		(10, 398, 353)	2 000 000	(11, 925, 058)	
NET GAIN FOR PERIOD	1,527,593		3,009,223		
CHANGE IN NONADMITTED ASSETS CHANGE IN PENSION OBLIGATION	(136,550)		(91,475)		
UNANGE IN PENSION OBLIGATION	168,387		168,387		
CHANGE IN EQUITY		1,559,430		3,086,135	
NET EQUITY AT DECEMBER 31, 2004	-	(\$8,838,923)	-	(\$8,838,923)	

#### EQUITY ACCOUNT QTD PERIOD ENDED DECEMBER 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
INCOME RECEIVED	2004	2003	2002	2001	2000 & FRIOR	IOIAL
PREMIUMS WRITTEN	\$5,873,127	(\$22,293)	(\$1,730)	(\$176)		\$5,848,928
INVESTMENT INCOME RECEIVED	57,377	(\$22,255)	(\$1,750)	(\$170)	-	\$5,848,528 57,377
TOTAL	5,930,504	(22,293)	(1,730)	(176)	-	5,906,305
		,	,		=	
EXPENSES PAID						
LOSSES PAID	1,029,448	1,517,042	23,626	(17,742)	(519)	2,551,855
ALLOCATED LOSS EXPENSE	122,268	100,475	18,420	7,305	3,825	252,292
UNALLOCATED LOSS EXPENSE	47,201	71,111	1,509	35	-	119,856
INSPECTION AND RATING ISO	6,387	-	-	-	-	6,387
SURVEYS & UNDERWRITING RPTS	72,478	-	-	-	-	72,478
BOARDS & BUREAUS	3,094	-	-	-	-	3,094
COMMISSIONS	511,607	(2,086)	(109)	(18)	-	509,394
ASSOCIATION EXPENSES	952,373	-	-	-	-	952,373
TAXES & FEES		-	-	-		-
TOTAL	2,744,856	1,686,542	43,446	(10,420)	3,306	4,467,729
INCREASE (DECREASE)	3,185,648	(1,708,835)	(45,176)	10,244	(3,306)	1,438,576
DEDUCT						
PRIOR ACCRUED INTEREST	38,063					38,063
CURRENT NONADMITTED ASSETS	326,387	-	-	-	-	326,387
CURRENT PENSION OBLIGATION	335,683	-	-	-	-	335,683
TOTAL	700,133	-	-	-		700,133
ADD						
CURRENT ACCRUED INTEREST	45,850					45,850
PRIOR NONADMITTED ASSETS	189,837	-	-	-	-	189,837
PRIOR PENSION OBLIGATION	109,007	504,070	-	-	-	504,070
TOTAL	235.687	504,070	-	-		739,757
101111		001,010				
EQUITY IN ASSETS OF ASSOCIATION	2,721,202	(1,204,765)	(45,176)	10,244	(3,306)	1,478,200
CURRENT RESERVES						
UNEARNED PREMIUMS	11,919,572	-	-	-	-	11,919,572
UNPAID LOSSES	4,732,722	1,387,505	230,931	144,281	17,038	6,512,477
UNPAID LOSS EXPENSES	427,875	173,901	27,137	9,793	3,873	642,579
UNPAID ASSOCIATION EXPENSES	251,968	-	-	-	- ,	251,968
UNPAID TAXES & FEES	61,013	-	-	-	-	61,013
TOTAL	17,393,150	1,561,406	258,068	154,074	20,911	19,387,609
PRIOR RESERVES						
UNEARNED PREMIUMS	11,391,540	648,051				12,039,591
UNPAID LOSSES	2,363,752	3,652,990	151,616	151,115	67,037	6,386,510
UNPAID LOSSES UNPAID LOSSES EXPENSES	2,565,752 501,101	120,253	41,677	10,973	6,092	6,386,310 680,096
UNPAID LOSSES EXPENSES UNPAID ASSOCIATION EXPENSES	321,210	120,200	41,077	10,373		321,210
UNPAID ASSOCIATION EXPENSES UNPAID TAXES & FEES	41,432	-	-	-	-	521,210 41,432
TOTAL	14,619,035	4,421,294	193,293	162,088	73,129	19,468,839
NET CHANGE IN EQUITY	(\$52,913)	\$1,655,123	(\$109,951)	\$18,258	\$48,912	\$1,559,430
MET OHRIGE IN EQUIT	(992,913)	φ1,000,140	(#103,331)	φ10,400	φ±0, <b>31</b> 4	φ1,000,40U

#### EQUITY ACCOUNT YTD PERIOD ENDED DECEMBER 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
INCOME RECEIVED						
PREMIUMS WRITTEN	\$24,042,900	(\$76,282)	(\$7,428)	(\$426)	(\$477)	\$23,958,287
INVESTMENT INCOME RECEIVED	141,238	-	-	-	-	141,238
TOTAL	24,184,138	(76,282)	(7,428)	(426)	(477)	24,099,525
EXPENSES PAID						
LOSSES PAID	1,927,305	8,772,401	1,894,058	(17,664)	98,709	12,674,809
ALLOCATED LOSS EXPENSE	249,006	677,290	136,430	10,304	14,301	1,087,332
UNALLOCATED LOSS EXPENSE	86,217	366.882	73,506	284	3,972	530,860
INSPECTION AND RATING ISO	33,906		-		-	33,906
SURVEYS & UNDERWRITING RPTS	331,372	-	-	-	-	331.372
BOARDS & BUREAUS	13,200	-	-	-	-	13,200
COMMISSIONS	2,172,197	(29,983)	(641)	(43)	(48)	2,141,483
ASSOCIATION EXPENSES	3,902,314	-	-		-	3,902,314
TAXES & FEES	66,012	20,311	-	-	-	86,323
TOTAL	8,781,529	9,806,901	2,103,353	(7,119)	116,934	20,801,599
INCREASE (DECREASE)	15,402,609	(9,883,183)	(2,110,781)	6,693	(117,411)	3,297,926
	10,102,000	(0,000,100)	(2,110,701)	0,000	(11,11)_	5,251,520
DEDUCT						
PRIOR ACCRUED INTEREST	-	8,748	-	-	-	8,748
CURRENT NONADMITTED ASSETS	326,387	-	-	-	-	326,387
CURRENT PENSION OBLIGATION	335,683	-				335,683
TOTAL	662,070	8,748	-	-		670,818
ADD						
CURRENT ACCRUED INTEREST	45,850	-	-	-	-	45,850
PRIOR NONADMITTED ASSETS	-	234,912	-	-	-	234,912
PRIOR PENSION OBLIGATION	-	504,070	-	-	-	504,070
TOTAL	45,850	738,982	-	-		784,832
EQUITY IN ASSETS OF ASSOCIATION	14,786,389	(9,152,949)	(2,110,781)	6,693	(117,411)	3,411,940
CURRENT RESERVES						
UNEARNED PREMIUMS	11,919,572	_	_	_	-	11,919,572
UNPAID LOSSES	4,732,722	1,387,505	230,931	144,281	17,038	6,512,477
UNPAID LOSSES UNPAID LOSS EXPENSES	4,732,722	1,337,905	250,551	9,793	3,873	642,579
UNPAID ASSOCIATION EXPENSES	251,968	110,001	21,101	-	-	251,968
UNPAID TAXES & FEES	61,013	_	_	-	_	61,013
TOTAL	17,393,150	1,561,406	258,068	154,074	20,911	19,387,609
					_	
PRIOR RESERVES						
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 TOTAL	-	61,135	- 2,229,186	- 106,508	178,840	61,135
IUIAL		16,547,270	2,229,100	106,008	170,040	19,061,804
NET CHANGE IN EQUITY	(\$2,606,761)	\$5,832,915	(\$139,663)	(\$40,873)	\$40,518	\$3,086,135

#### UNDERWRITING STATEMENT EARNED/INCURRED BASIS QTD PERIOD ENDING DECEMBER 31, 2004

Commissions Expense Paid509,394Board Bureaus & Inspections Paid81,959Other Operating Exp. Paid952,373Total Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Reserve(69,242)Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,494,065Total Loss & Underwriting Exp. Incurred\$4,506,518Underwriting Gain57,377Net Investment Income Received38,063Change in Accrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest7,787		QUA	12-31-04 RTER-TO-DATE	
Prior Unearned Reserve12,039,591Change in Unearned Premium Reserve2,614,046Net Premium Earned2,614,046Lesse Salvage & Subrogation62,191Net Losses Paid2,551,855Current Loss Reserve6,512,477Prior Loss Reserve6,386,510Change in Loss Reserve2,677,822Motat Loss Exp. Paid119,556Total Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Reserve680,096Total Loss Exp. Reserve680,096Prior Loss Exp. Reserve61,013Prior Reserve61,013Prior Reserve61,013Prior Reserve61,013Prior Reserve992,373Current Reserve11,432Change in Reserve for Taxes & Fees11,432Corrent Reserve61,013Prior Reserve992,373Other Operating Exp. Paid509,394Board Bureaus & Inspections Paid509,394Board Bureaus & Inspections Paid509,2373Total Underwriting Exp. Paid952,373Total Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred38,063Prior Accrued Interest3	Premiums Written		\$5,848,928	
Change in Unearned Premium Reserve Net Premium Earned       120,019       \$5,968,947         Losses Paid       2,614,046       62,191         Losses Salvage & Subrogation       2,551,855       2,677,822         Current Loss Reserve       6,512,477       6,386,510         Prior Loss Reserve       6,326,510       2,677,822         Allocated Loss Exp. Paid       1125,967       2,677,822         Unallocated Loss Exp. Paid       2125,967       2,677,822         Unallocated Loss Exp. Paid       314,631       334,631         Current Loss Exp. Reserve       680,096       637,517         Net Loss Exp. Reserve       680,096       334,631         Total Loss Exp. Incurred       334,631       334,631         Total Loss Exp. Incurred       334,631       334,631         Total Loss Exp. Incurred       61,013       -         Total Loss Exp. Incurred       11,453       -         Commissions Expense Paid       9,952,373       -         Corrent Reserve       251,968       -       -         Prior Reserve       251,968       -       -         Other Underwriting Exp. Incurred       1,643,726       -       -         Current Reserve       251,968       -       - <t< td=""><td>Current Unearned Reserve</td><td>11,919,572</td><td></td><td></td></t<>	Current Unearned Reserve	11,919,572		
Net Premium Earned\$5,968,947Losses Paid2,614,046Losses Salvage & Subrogation62,191Net Losses Paid2,551,855Current Loss Reserve6,512,477Prior Loss Reserve6,386,510Change in Loss Reserve125,967Net Losses Incurred125,967Allocated Loss Exp. Paid252,292Unallocated Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve642,579Prior Loss Exp. Reserve642,579Prior Loss Exp. Reserve642,579Change in Loss Exp. Reserve642,579Net Loss Exp. Incurred334,631Total Loss Exp. Incurred334,631Total Loss Exp. Reserve61,013Prior Reserve19,581Ourrent Reserve19,581Net Taxes & Fees19,581Ourrent Reserve1,543,726Current Reserve251,968Prior Reserve251,968Prior Reserve251,968Prior Reserve251,968Prior Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred31,462,429Change in Other Underwriting Exp. Incurred31,462,429Change in Other Underwriting Exp. Incurred31,462,429Charle in Other Underwriting Exp. Incurred31,462,429Total Loss & Underwriting Exp. Incurred31,462,429 <t< td=""><td>Prior Unearned Reserve</td><td>12,039,591</td><td></td><td></td></t<>	Prior Unearned Reserve	12,039,591		
Losses Paid Less Salvage & Subrogation Net Losses Paid 2,614,046 62,191 2,551,855 Current Loss Reserve 6,512,477 6,386,510 2,551,855 Current Loss Reserve 6,512,477 6,386,510 2,552,292 Change in Loss Reserve 642,579 Prior Loss Exp. Paid Total Loss Exp. Paid Total Loss Exp. Paid Current Reserve 642,579 Prior Loss Exp. Reserve 642,579 Prior Reserve 642,579 Prior Loss Exp. Reserve 642,579 Prior Loss Exp. Reserve 642,579 Prior Reserve 75,104 75,104 75,104 75,104 75,104 75,10 75,			120,019	
Less Salvage & Subrogation62,191Net Loss es Paid2,551,855Current Loss Reserve6,512,477Prior Loss Reserve6,386,510Change in Loss Reserve2,677,822Mocated Loss Exp. Paid252,292Unallocated Loss Exp. Paid252,292Unallocated Loss Exp. Reserve642,579Orter Loss Exp. Reserve680,096Change in Loss Exp. Reserve680,096Change in Loss Exp. Reserve61,013Total Loss & Loss Exp. Incurred334,631Total Loss & Kees Paid334,631Current Reserve61,013Prior Reserve61,013Prior Reserve41,432Change in Loss e Kees Song Net Frees Paid509,394Roard Bureaus & Inspections Paid592,373Other Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred57,377Qurrent Accrued Interest38,063Prior Acrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest36,063Change in Accrued Interest36,063Net Investment Income Earned65,164 <td>Net Premium Earned</td> <td></td> <td></td> <td>\$5,968,947</td>	Net Premium Earned			\$5,968,947
Net Losses Paid2,551,855Current Loss Reserve6,512,477Prior Loss Reserve6,386,510Change in Loss Reserve2,677,822Allocated Loss Exp. Paid252,292Unallocated Loss Exp. Paid119,856Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Change in Loss & Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred19,581Total Loss & Loss Exp. Incurred19,581Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Stars & Fees Paid509,394Board Bureaus & Inspections Paid509,394Other Underwriting Exp. Paid1,543,726Current Reserve321,210Prior Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred57,377Urderwriting Gain57,377Net Investment Income Received38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest65,164			2,614,046	
Current Loss Reserve6,512,477Prior Loss Reserve125,967Net Losses Incurred252,292Allocated Loss Exp. Paid119,856Total Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Net Loss Exp. Reserve680,096Net Loss Exp. Reserve334,631Total Loss & Loss Exp. Incurred334,631Taxes & Fees Paid334,631Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees41,432Commissions Expense Paid509,394Board Bureaus & Inspections Paid81,959Other Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Loss Wunderwriting Exp. Incurred1,474,484Total Lose Studerwriting Gain57,377Net Investment Income Received38,063Change in Accrued Interest38,063Change in Accrued Interest38,063<			· · · · ·	
Prior Loss Reserve6,386,510Change in Loss Reserve125,967Net Losses Incurred252,292Unallocated Loss Exp. Paid252,292Unallocated Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Change in Loss Exp. Reserve680,096Change in Loss Exp. Reserve61,013Net Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred33,012,453Current Reserve61,013Prior Reserve61,013Prior Reserve19,581Net Taxes & Fees19,581Commissions Expense Paid509,394Board Bureaus & Inspections Paid509,394Other Operating Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,474,486Total Lose & Underwriting Exp. Incurred1,474,486Total Lose & Underwriting Exp. Incurred1,474,486Total Lose & Underwriting Exp. Incurred1,474,486Stal,606,518\$1,462,429Net Investment Income Received38,063Change in Accrued Interest38,063Change	Net Losses Paid		2,551,855	
Change in Loss Reserve     125,967     2,677,822       Allocated Loss Exp. Paid     119,856     2119,856       Current Loss Exp. Reserve     642,579     9       Prior Loss Exp. Reserve     680,096     372,148       Current Loss Exp. Reserve     680,096     334,631       Total Loss & Loss Exp. Incurred     334,631     334,631       Total Loss & Loss Exp. Incurred     334,631     344,631       Taxes & Fees Paid     61,013     344,631       Current Reserve     61,013     19,581       Prior Reserve     61,013     19,581       Change in Reserve for Taxes & Fees     19,581     19,581       Net Taxes & Fees Incurred     509,394     19,581       Commissions Expense Paid     509,394     19,581       Board Bureaus & Inspections Paid     509,394     19,581       Current Reserve     952,373     19,581       Prior Reserve     321,210     1,543,726       Current Reserve     321,210     1,474,484       Prior Reserve     321,210     1,474,484       Total Underwriting Exp. Incurred     57,377     1,474,484       Underwriting Gain     57,377     1,474,484       Net Investment Income Received     57,377     45,850       Prior Accrued Interest     38,063     7,787   <		6,512,477		
Net Losses Incurred2,677,822Allocated Loss Exp. Paid252,292Unallocated Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Change in Loss Exp. Reserve680,096Net Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred334,631Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred992,373Total Underwriting Exp. Paid992,273Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,494,065Yotal Loss & Underwriting Exp. Incurred57,377Other Underwriting Exp. Incurred57,377Underwriting Gain57,377Net Investment Income Received38,063Change in Accrued Interest38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest56,164	Prior Loss Reserve	6,386,510		
Allocated Loss Exp. Paid Unallocated Loss Exp. Paid Unallocated Loss Exp. Paid Total Loss Exp. Paid Current Loss Exp. Reserve Change in Loss Exp. Reserve Net Loss Exp. Incurred Total Loss & Loss Exp. Incurred Total Current Reserve Change in Reserve for Taxes & Fees Net Taxes & Fees Incurred Commissions Expense Paid Commissions Expense Paid Current Accured Interwriting Exp. Incurred Total Loss & Underwriting Exp. Incurred Total Loss & U			125,967	
Unallocated Loss Exp. Paid       119,856         Total Loss Exp. Reserve       642,579         Prior Loss Exp. Reserve       680,096         Change in Loss Exp. Reserve       680,096         Net Loss Exp. Incurred       334,631         Total Loss & Loss Exp. Incurred       83,012,453         Total Loss & Loss Exp. Incurred       61,013         Prior Reserve       61,013         Current Reserve for Taxes & Fees       19,581         Commissions Expense Paid       509,394         Board Bureaus & Inspections Paid       509,394         Other Operating Exp. Paid       1,543,726         Current Reserve       251,968         Prior Reserve       321,210         Change in Other Underwriting Exp. Incurred       1,474,484         Total Other Underwriting Exp. Incurred       57,377         Vunderwriting Gain       \$1,462,429         Net Investment Income Recei				2,677,822
Total Loss Exp. Paid372,148Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Change in Loss Exp. Reserve680,096Net Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred334,631Taxes & Fees Paid61,013Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred509,394Board Bureaus & Inspections Paid509,394Board Bureaus & Inspections Paid952,373Other Operating Exp. Paid1,543,726Current Reserve251,968Prior Reserve2251,968Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred57,377Vet Investment Income Received57,377Current Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest36,063Prior Accrued Interest36,063Prior Accrued Interest36,063 <td>•</td> <td></td> <td>252,292</td> <td></td>	•		252,292	
Current Loss Exp. Reserve642,579Prior Loss Exp. Reserve680,096Change in Loss Exp. Incurred334,631Total Loss & Loss Exp. Incurred83,012,453Taxes & Fees Paid61,013Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred509,394Board Bureaus & Inspections Paid509,394Other Operating Exp. Paid952,373Total Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred(69,242)Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,449,065Yotal Other Underwriting Exp. Incurred1,449,065Yotal Other Underwriting Exp. Incurred57,377Other Underwriting Exp. Incurred57,377Current Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest7,787Net Investment Income Earned7,787	-		119,856	
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Change in Loss Exp. Reserve       (37,517)         Net Loss Exp. Incurred       334,631         Total Loss & Loss Exp. Incurred       \$3,012,453         Taxes & Fees Paid       .         Current Reserve       61,013         Prior Reserve       41,432         Change in Reserve for Taxes & Fees Incurred       19,581         Net Taxes & Fees Incurred       509,394         Board Bureaus & Inspections Paid       81,959         Other Operating Exp. Paid       952,373         Total Underwriting Exp. Paid       1,543,726         Current Reserve       251,968         Prior Reserve       321,210         Other Underwriting Exp. Incurred       1,474,484         Total Other Underwriting Exp. Incurred       1,474,484         Total Other Underwriting Exp. Incurred       \$4,660,618         Vider Writing Exp. Incurred       \$4,660,618         Value Writing Exp. Incurred       \$4,660,618         Vider Underwriting Exp. Incurred       \$1,474,484         Total Loss & Underwriting Exp. Incurred       \$1,474,484         Total Loss & Underwriting Exp. Incurred       \$1,474,484         Total Loss & Underwriting Exp. Incurred       \$1,494,065         Wet Investment Income Received       \$7,377         Change in Accr	Current Loss Exp. Reserve	642,579		
Net Loss Exp. Incurred Total Loss & Loss Exp. Incurred334,631Taxes & Fees Paid\$3,012,453Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees Net Taxes & Fees Incurred19,581Commissions Expense Paid Board Bureaus & Inspections Paid Other Operating Exp. Paid509,394 952,373Current Reserve Other Operating Exp. Paid952,373 1,543,726Current Reserve Other Underwriting Exp. Reserve Other Underwriting Exp. Incurred Total Loss & Underwriting Gain57,377Net Investment Income Received Change in Accrued Interest Net Investment Income Earned7,787Other Underest Change in Accrued Interest Net Investment Income Earned65,164		680,096		
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Current Reserve61,013Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred509,394Commissions Expense Paid509,394Board Bureaus & Inspections Paid952,373Other Operating Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,474,484Total Loss & Underwriting Exp. Incurred1,494,065Underwriting Gain57,377Net Investment Income Received38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest65,164				\$3,012,453
Prior Reserve41,432Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred19,581Commissions Expense Paid509,394Board Bureaus & Inspections Paid509,394Other Operating Exp. Paid952,373Total Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Reserve(69,242)Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,494,065Yotal Loss & Underwriting Exp. Incurred\$1,494,065Underwriting Gain\$1,462,429Net Investment Income Received38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest65,164	Taxes & Fees Paid		-	
Change in Reserve for Taxes & Fees19,581Net Taxes & Fees Incurred19,581Commissions Expense Paid509,394Board Bureaus & Inspections Paid509,394Other Operating Exp. Paid952,373Total Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Incurred(69,242)Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred\$4,506,518Underwriting Gain\$1,462,429Net Investment Income Received38,063Change in Accrued Interest38,063Prior Accrued Interest38,063Change in Accrued Interest36,063Net Investment Income Earned65,164	Current Reserve	61,013		
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Other Operating Exp. Paid952,373Total Underwriting Exp. Paid1,543,726Current Reserve251,968Prior Reserve321,210Change in Other Underwriting Exp. Reserve(69,242)Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,494,065Total Loss & Underwriting Exp. Incurred\$4,506,518Underwriting Gain57,377Net Investment Income Received38,063Change in Accrued Interest38,063Change in Accrued Interest38,063Change in Accrued Interest65,164			509,394	
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Change in Other Underwriting Exp. Reserve       (69,242)         Other Underwriting Exp. Incurred       1,474,484         Total Other Underwriting Exp. Incurred       1,494,065         Total Loss & Underwriting Exp. Incurred       \$4,506,518         Underwriting Gain       \$1,462,429         Net Investment Income Received       57,377         Current Accrued Interest       38,063         Change in Accrued Interest       7,787         Net Investment Income Earned       65,164		251,968		
Other Underwriting Exp. Incurred1,474,484Total Other Underwriting Exp. Incurred1,494,065Total Loss & Underwriting Exp. Incurred\$4,506,518Underwriting Gain\$1,462,429Net Investment Income Received\$7,377Current Accrued Interest45,850Prior Accrued Interest38,063Change in Accrued Interest7,787Net Investment Income Earned65,164	Prior Reserve	321,210		
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Net Investment Income Received     57,377       Current Accrued Interest     45,850       Prior Accrued Interest     38,063       Change in Accrued Interest     7,787       Net Investment Income Earned     65,164				
Current Accrued Interest     45,850       Prior Accrued Interest     38,063       Change in Accrued Interest     7,787       Net Investment Income Earned     65,164	Underwriting Gain			\$1,462,429
Prior Accrued Interest 38,063 Change in Accrued Interest 7,787 Net Investment Income Earned 65,164			57,377	
Change in Accrued Interest 7,787 Net Investment Income Earned 65,164		45,850		
Net Investment Income Earned 65,164	Prior Accrued Interest	38,063		
			7,787	
Not Coin	Net Investment Income Earned			65,164
	Not Coin			\$1 E97 E09

#### UNDERWRITING STATEMENT EARNED/INCURRED BASIS YTD PERIOD ENDING DECEMBER 31, 2004

	Y	12-31-04 TEAR-TO-DATE	
Premiums Written		\$23,958,287	
Current Unearned Reserve	11,919,572		
Prior Unearned Reserve	10,749,487		
Change in Unearned Premium Reserve	_	(1, 170, 085)	
Net Premium Earned			\$22,788,202
Losses Paid		12,771,485	
Less Salvage & Subrogation	_	96,676	
Net Losses Paid		12,674,809	
Current Loss Reserve	6,512,477		
Prior Loss Reserve	7,240,546		
Change in Loss Reserve	_	(728,069)	
Net Losses Incurred			11,946,740
Allocated Loss Exp. Paid		1,087,332	
Unallocated Loss Exp. Paid		530,860	
Total Loss Exp. Paid		1,618,192	
Current Loss Exp. Reserve	642,579		
Prior Loss Exp. Reserve	717,188		
Change in Loss Exp. Reserve		(74,609)	
Net Loss Exp. Incurred			1,543,583
Total Loss & Loss Exp. Incurred			\$13,490,323
Taxes & Fees Paid		86,323	
Current Reserve	61,013		
Prior Reserve	61,135		
Change in Reserve for Taxes & Fees	_	(122)	
Net Taxes & Fees Incurred			86,201
Commissions Expense Paid		2,141,483	
Board Bureaus & Inspections Paid		378,478	
Other Operating Exp. Paid		3,902,314	
Total Underwriting Exp. Paid		6,422,275	
Current Reserve	251,968		
Prior Reserve	293,448		
Change in Other Underwriting Exp. Reserve	_	(41,480)	
Other Underwriting Exp. Incurred			6,380,795
Total Other Underwriting Exp. Incurred			6,466,996
Total Loss & Underwriting Exp. Incurred			\$19,957,319
Underwriting Gain			\$2,830,883
Net Investment Income Received		141,238	
Current Accrued Interest	45,850		
Prior Accrued Interest	8,748		
Change in Accrued Interest	_	37,102	
Net Investment Income Earned			178,340
Net Gain			\$3,009,223

### STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDING DECEMBER 31, 2004

*SEE NOTE BELOW	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
WRITTEN PREMIUMS						
FIRE	\$4,566,777	(\$16,742)	(\$1,011)	(\$115)	-	\$4,548,909
ALLIED	1,291,269	(5,542)	(719)	(61)	-	1,284,947
CRIME	15,081	(9)	-	-	-	15,072
TOTAL	5,873,127	(22,293)	(1,730)	(176)	-	5,848,928
CURRENT UNEARNED PREMIUM RESERVE @ 12-31-04						
FIRE	9,240,740	-	-	-	-	9,240,740
ALLIED	2,646,702	-	-	-	-	2,646,702
CRIME	32,130	-	-	-	-	32,130
TOTAL	11,919,572	-	-	-	-	11,919,572
PRIOR UNEARNED PREMIUM RESERVE @ 9-30-04						
FIRE	8,815,076	$495,\!257$	-	-	-	9,310,333
ALLIED	2,544,509	151,008	-	-	-	2,695,517
CRIME	31,955	1,786	-	-	-	33,741
TOTAL	11,391,540	648,051	-	-	-	12,039,591
EARNED PREMIUM						
FIRE	4,141,113	478,515	(1,011)	(115)	-	4,618,502
ALLIED	1,189,076	145,466	(719)	(61)	-	1,333,762
CRIME	14,906	1,777	-	-	-	16,683
TOTAL	\$5,345,095	\$625,758	(\$1,730)	(\$176)	-	\$5,968,947

\*Note: The Terrorism Risk Insurance Act of 2002 requires insurers to report direct earned premium for commercial business written. This amount is shown on page 8.

#### STATISTICAL REPORT ON PREMIUMS YTD PERIOD ENDING DECEMBER 31, 2004

*SEE NOTE BELOW	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
WRITTEN PREMIUMS						
FIRE	\$18,638,532	(\$55,792)	(\$5,540)	(\$297)	(\$350)	\$18,576,553
ALLIED	5,338,093	(20,009)	(1,868)	(129)	(127)	5,315,960
CRIME	66,275	(481)	(20)	-	-	65,774
TOTAL	24,042,900	(76,282)	(7,428)	(426)	(477)	23,958,287
CURRENT UNEARNED PREMIUM RESERVE						
@ 12-31-04						
FIRE	9,240,740	-	-	-	-	9,240,740
ALLIED	2,646,702	-	-	-	-	2,646,702
CRIME	32,130	-	-	-	-	32,130
TOTAL	11,919,572	-	-	-		11,919,572
PRIOR UNEARNED PREMIUM RESERVE @ 12-31-03						
FIRE	-	8,106,000	-	-	-	8,106,000
ALLIED	-	2,607,627	-	-	-	2,607,627
CRIME	-	35,860	-	-	-	35,860
TOTAL	-	10,749,487	-	-		10,749,487
EARNED PREMIUM						
FIRE	9,397,792	8,050,208	(5,540)	(297)	(350)	17,441,813
ALLIED	2,691,391	2,587,618	(1,868)	(129)	(127)	$5,\!276,\!885$
CRIME	34,145	35,379	(20)	-	-	69,504
TOTAL	\$12,123,328	\$10,673,205	(\$7,428)	(\$426)	(\$477)	\$22,788,202

\*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 eight quarters:

	<u>1</u>	-4 Family Tenant-	Total TRIA			<u>1-4 Family Tenant-</u>	Total TRIA
	<b>Commercial</b>	<b>Occupied</b>	<u>10tai IItiA</u>		<b>Commercial</b>	<b>Occupied</b>	<u>10tai 1 MIA</u>
1Q03	478,783	1,343,200	1,821,983	1Q04	516,016	1,645,690	2,161,706
2Q03	487,924	1,418,672	1,906,596	2Q04	504,458	1,739,979	2,244,437
3Q03	509,815	1,518,349	2,028,164	3Q04	486,228	1,876,360	2,362,588
4Q03	508,338	1,585,267	2,093,605	4Q04	480,810	1,957,527	2,438,337

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.

### STATISTICAL REPORT ON LOSSES QTD PERIOD ENDING DECEMBER 31, 2004

*SEE NOTE BELOW	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
PAID LOSSES						
Net of Salvage and Subrogation Received						
FIRE	\$874,364	\$1,375,564	\$30,716	-	(\$500)	2,280,144
ALLIED	155,084	141,478	(7,090)	(17,742)	(19)	271,711
CRIME	-	-	-	-	-	-
TOTAL	1,029,448	1,517,042	23,626	(17,742)	(519)	2,551,855
CURRENT CASE BASIS RESERVES (12-31-0	)4)					
FIRE	3,142,158	1,159,352	96,839	85,000	17,038	4,500,387
ALLIED	337,335	128,079	9,661	-	-	475,075
CRIME	-	-	-	-	-	-
TOTAL	3,479,493	1,287,431	106,500	85,000	17,038	4,975,462
CURRENT I.B.N.R. RESERVES (12-31-04)						
FIRE	1,131,729	90,118	113,144	59,281	-	1,394,272
ALLIED	121,500	9,956	11,287	-	-	142,743
CRIME	-	-	-	-	-	-
TOTAL	1,253,229	100,074	124,431	59,281	-	1,537,015
PRIOR LOSS RESERVES (9-30-04)						
(Including IBNR Reserves)						
FIRE	2,062,944	3,420,626	138,499	150,400	67,037	5,839,506
ALLIED	297,233	232,364	13,117	715	-	543,429
CRIME	3,575	-	-	-	-	3,575
TOTAL	2,363,752	3,652,990	151,616	151,115	67,037	6,386,510
INCURRED LOSSES						
FIRE	3,085,307	(795, 592)	102,200	(6,119)	(50, 499)	2,335,297
ALLIED	316,686	47,149	741	(18,457)	(19)	346,100
CRIME	(3,575)	-	-	-	-	(3,575)
TOTAL	\$3,398,418	(\$748,443)	\$102,941	(\$24,576)	(\$50,518)	\$2,677,822

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

### STATISTICAL REPORT ON LOSSES YTD PERIOD ENDING DECEMBER 31, 2004

*SEE NOTE BELOW	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
PAID LOSSES						
Net of Salvage and Subrogation Received						
FIRE	\$1,570,145	\$7,346,518	\$1,724,132	(\$5,675)	\$98,785	\$10,733,905
ALLIED	357,160	1,424,654	169,926	(11,989)	(76)	1,939,675
CRIME	-	1,229	-	-	-	1,229
TOTAL	1,927,305	8,772,401	1,894,058	(17,664)	98,709	12,674,809
CURRENT CASE BASIS RESERVES (12-31-	04)					
FIRE	3,142,158	1,159,352	96,839	85,000	17,038	4,500,387
ALLIED	337,335	128,079	9,661	-	-	475,075
CRIME	-	-	-	-	-	-
TOTAL	3,479,493	1,287,431	106,500	85,000	17,038	4,975,462
CURRENT I.B.N.R. RESERVES (12-31-04)						
FIRE	1,131,729	90,118	113,144	59,281	-	1,394,272
ALLIED	121,500	9,956	11,287	-	-	142,743
CRIME	-	-	-	-	-	-
TOTAL	1,253,229	100,074	124,431	59,281	-	1,537,015
PRIOR LOSS RESERVES (12-31-03)						
(Including IBNR Reserves)						
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
TOTAL	-	5,008,777	1,978,509	94,531	158,729	7,240,546
INCURRED LOSSES						
FIRE	5,844,032	4,740,829	108,528	52,589	(42,906)	10,703,072
ALLIED	815,995	437,038	37,952	(20,503)	(76)	1,270,406
CRIME		(26,738)		-	-	(26,738)
TOTAL	\$6,660,027	\$5,151,129	\$146,480	\$32,086	(\$42,982)	\$11,946,740

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

#### STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) QTD PERIOD ENDING DECEMBER 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
LOSS EXPENSES PAID (ALAE AND ULAE)						
FIRE	\$97,676	\$120,955	\$6,068	\$550	\$3,107	\$228,356
ALLIED	71,305	50,631	13,861	6,790	717	143,304
CRIME	488	-	-	-	-	488
TOTAL	169,469	171,586	19,929	7,340	3,824	372,148
CURRENT LOSS EXPENSE RESERVES @ 12-31-04						
FIRE	386,393	156,601	$24,\!675$	9,793	3,873	581,335
ALLIED	41,482	17,300	2,462	-	-	61,244
CRIME	-	-	-	-	-	-
TOTAL	427,875	173,901	27,137	9,793	3,873	642,579
PRIOR LOSS EXPENSE RESERVES @ 9-30-04						
FIRE	437,331	112,604	38,071	10,909	6,092	605,007
ALLIED	63,012	7,649	3,606	64	-	74,331
CRIME	758	-	-	-	-	758
TOTAL	501,101	120,253	41,677	10,973	6,092	680,096
ALAE & ULAE LOSS EXPENSES INCURRED						
FIRE	46,738	164,952	(7, 328)	(566)	888	204,684
ALLIED	49,775	60,282	12,717	6,726	717	130,217
CRIME	(270)	-	-	-	-	(270)
TOTAL	\$96,243	\$225,234	\$5,389	\$6,160	\$1,605	\$334,631

#### STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) YTD PERIOD ENDING DECEMBER 31, 2004

	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001	POLICY YEAR 2000 & PRIOR	TOTAL
LOSS EXPENSES PAID						
(ALAE AND ULAE)						
FIRE	\$166,077	\$645,059	\$140,073	\$2,385	\$17.556	\$971,150
ALLIED	168,658	392,811	69,863	8,203	717	640,252
CRIME	488	6,302	-	-		6,790
TOTAL	335,223	1,044,172	209,936	10,588	18,273	1,618,192
CURRENT LOSS EXPENSE RESERVES						
@ 12-31-04						
FIRE	386,393	156,601	$24,\!675$	9,793	3,873	581,335
ALLIED	41,482	17,300	2,462	-	-	61,244
CRIME	-	-	-	-	-	-
TOTAL	427,875	173,901	27,137	9,793	3,873	642,579
PRIOR LOSS EXPENSE RESERVES @ 12-31-03						
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
TOTAL	-	434,423	250,677	11,977	20,111	717,188
ALAE & ULAE LOSS EXPENSES INCURRED						
FIRE	552,470	463,793	(66, 554)	1,280	1,318	952,307
ALLIED	210,140	316,406	52,950	7,124	717	587,337
CRIME	488	3,451	-	-	-	3,939
TOTAL	\$763,098	\$783,650	(\$13,604)	\$8,404	\$2,035	\$1,543,583