

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

BALANCE SHEET AT MARCH 31, 2005

	LEDGER ASSETS	NON- LEDGER ASSETS	NON- ADMITTED ASSETS	NET ADMITTED ASSETS
CASH & SHORT-TERM INVESTMENTS	\$13,850,803	-	-	\$13,850,803
ACCRUED INTEREST	-	72,230	-	72,230
FURNITURE & EQUIPMENT	122,025	-	122,025	-
EDP - EQUIPMENT & SOFTWARE	271,456	-	228,713	42,743
LEASEHOLD IMPROVEMENTS	39,372	-	39,372	-
TOTAL ASSETS	\$14,283,656	\$72,230	\$390,110	\$13,965,776

ASSETS

LIABILITIES

POST RETIREMENT BENEFITS (other than pensions)	1,504,718	
DEFINED BENEFIT PENSION PLAN	336,918	
AMOUNTS HELD FOR OTHERS	617,381	
ADVANCE PREMIUMS	558,607	
RETURN PREMIUMS	257,758	
OTHER PAYABLES	27,602	
CLAIM CHECKS PAYABLE	185,534	
TOTAL LIABILITIES		3,488,518

RESERVES

UNEARNED PREMIUMS	11,538,864	
LOSS - CASE BASIS	4,508,869	
LOSS - I.B.N.R	899,302	
LOSS EXPENSE- ALLOCATED	461,826	
LOSS EXPENSE- UNALLOCATED	135,868	
ASSOCIATION EXPENSES	301,587	
TAXES & FEES	50,945	
TOTAL RESERVES		17,897,261

TOTAL LIABILITIES & RESERVES		21,385,779
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EQUITY ACCOUNT

NET EQUITY AT MARCH 31, 2005		(7,420,003)
TOTAL LIABILITIES PLUS EQUITY ACCOUNT		\$13,965,776

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

INCOME STATEMENT AT MARCH 31, 2005

	QUARTER-TO-DATE
<u>UNDERWRITING INCOME</u>	
PREMIUMS EARNED	\$5,847,744
<u>DEDUCTIONS</u>	
LOSSES INCURRED	2,484,088
LOSS EXPENSES INCURRED	385,796
COMMISSIONS INCURRED	490,163
OTHER UNDERWRITING EXPENSES	1,078,409
TAXES & FEES INCURRED	19,395
TOTAL DEDUCTIONS	<u>4,457,851</u>
UNDERWRITING GAIN	1,389,893
<u>OTHER INCOME</u>	
NET INVESTMENT INCOME	<u>92,750</u>
NET GAIN	<u>1,482,643</u>
<u>EQUITY ACCOUNT</u>	
NET EQUITY - PRIOR	(8,838,923)
NET GAIN FOR PERIOD	1,482,643
CHANGE IN NONADMITTED ASSETS	<u>(63,723)</u>
CHANGE IN EQUITY	1,418,920
NET EQUITY AT MARCH 31, 2005	<u><u>(\$7,420,003)</u></u>

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

EQUITY ACCOUNT QTD PERIOD ENDED MARCH 31, 2005

	POLICY YEAR 2005	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001 & PRIOR	TOTAL
<u>INCOME RECEIVED</u>						
PREMIUMS WRITTEN	\$5,514,185	(\$43,525)	(\$3,624)	-	-	\$5,467,036
INVESTMENT INCOME RECEIVED	66,370	-	-	-	-	66,370
TOTAL	5,580,555	(43,525)	(3,624)	-	-	5,533,406
<u>EXPENSES PAID</u>						
LOSSES PAID	2,805	2,864,243	915,549	(94,203)	(100,000)	3,588,394
ALLOCATED LOSS EXPENSE	2,602	205,465	56,513	24,186	5,728	294,495
UNALLOCATED LOSS EXPENSE	100	102,433	33,616	38	-	136,186
INSPECTION AND RATING ISO	13,565	-	-	-	-	13,565
SURVEYS & UNDERWRITING RPTS	64,392	-	-	-	-	64,392
BOARDS & BUREAUS	3,094	-	-	-	-	3,094
COMMISSIONS	492,829	(2,327)	(339)	-	-	490,163
ASSOCIATION EXPENSES	947,740	-	-	-	-	947,740
TAXES & FEES	31,445	(1,982)	-	-	-	29,463
TOTAL	1,558,572	3,167,832	1,005,339	(69,979)	(94,272)	5,567,492
INCREASE (DECREASE)	4,021,983	(3,211,357)	(1,008,963)	69,979	94,272	(34,087)
<u>DEDUCT</u>						
PRIOR ACCRUED INTEREST	-	45,850	-	-	-	45,850
CURRENT NONADMITTED ASSETS	390,110	-	-	-	-	390,110
TOTAL	390,110	45,850	-	-	-	435,960
<u>ADD</u>						
CURRENT ACCRUED INTEREST	72,230	-	-	-	-	72,230
PRIOR NONADMITTED ASSETS	-	326,387	-	-	-	326,387
TOTAL	72,230	326,387	-	-	-	398,617
EQUITY IN ASSETS OF ASSOCIATION	3,704,103	(2,930,820)	(1,008,963)	69,979	94,272	(71,430)
<u>CURRENT RESERVES</u>						
UNEARNED PREMIUMS	4,829,843	6,709,021	-	-	-	11,538,864
UNPAID LOSSES	2,015,175	2,662,600	402,490	185,282	142,623	5,408,171
UNPAID LOSS EXPENSES	229,524	235,746	88,947	24,534	18,943	597,694
UNPAID ASSOCIATION EXPENSES	301,587	-	-	-	-	301,587
UNPAID TAXES & FEES	50,945	-	-	-	-	50,945
TOTAL	7,427,074	9,607,367	491,437	209,816	161,566	17,897,261
<u>PRIOR RESERVES</u>						
UNEARNED PREMIUMS	-	11,919,572	-	-	-	11,919,572
UNPAID LOSSES	-	4,732,722	1,387,505	230,931	161,319	6,512,477
UNPAID LOSSES EXPENSES	-	427,875	173,901	27,137	13,666	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	174,985	19,387,609
NET CHANGE IN EQUITY	(\$3,722,971)	\$4,854,963	\$61,006	\$118,231	\$107,691	\$1,418,920

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

UNDERWRITING STATEMENT EARNED/INCURRED BASIS QTD PERIOD ENDED MARCH 31, 2005

	3-31-05 QUARTER-TO-DATE	
Premiums Written	\$5,467,036	
Current Unearned Reserve	11,538,864	
Prior Unearned Reserve	11,919,572	
Change in Unearned Premium Reserve		380,708
Net Premium Earned		\$5,847,744
Losses Paid		3,812,483
Less Salvage & Subrogation		224,089
Net Losses Paid		3,588,394
Current Loss Reserve	5,408,171	
Prior Loss Reserve	6,512,477	
Change in Loss Reserve		(1,104,306)
Net Losses Incurred		2,484,088
Allocated Loss Exp. Paid		294,495
Unallocated Loss Exp. Paid		136,186
Total Loss Exp. Paid		430,681
Current Loss Exp. Reserve	597,694	
Prior Loss Exp. Reserve	642,579	
Change in Loss Exp. Reserve		(44,885)
Net Loss Exp. Incurred		385,796
Total Loss & Loss Exp. Incurred		\$2,869,884
Taxes & Fees Paid		29,463
Current Reserve	50,945	
Prior Reserve	61,013	
Change in Reserve for Taxes & Fees		(10,068)
Net Taxes & Fees Incurred		19,395
Commissions Expense Paid		490,163
Board Bureaus & Inspections Paid		81,050
Other Operating Exp. Paid		947,740
Total Underwriting Exp. Paid		1,518,953
Current Reserve	301,587	
Prior Reserve	251,968	
Change in Other Underwriting Exp. Reserve		49,619
Other Underwriting Exp. Incurred		1,568,572
Total Other Underwriting Exp. Incurred		1,587,967
Total Loss & Underwriting Exp. Incurred		\$4,457,851
Underwriting Gain		\$1,389,893
Net Investment Income Received		66,370
Current Accrued Interest	72,230	
Prior Accrued Interest	45,850	
Change in Accrued Interest		26,380
Net Investment Income Earned		92,750
Net Gain		\$1,482,643

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDED MARCH 31, 2005

*SEE NOTE BELOW	POLICY YEAR 2005	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001 & PRIOR	TOTAL
WRITTEN PREMIUMS						
FIRE	\$4,305,956	(\$38,009)	(\$2,949)	-	-	\$4,264,998
ALLIED	1,194,841	(5,139)	(675)	-	-	1,189,027
CRIME	13,388	(377)	-	-	-	13,011
TOTAL	5,514,185	(43,525)	(3,624)	-	-	5,467,036
CURRENT UNEARNED PREMIUM RESERVE @ 3-31-05						
FIRE	3,772,348	5,200,979	-	-	-	8,973,327
ALLIED	1,045,748	1,490,379	-	-	-	2,536,127
CRIME	11,747	17,663	-	-	-	29,410
TOTAL	4,829,843	6,709,021	-	-	-	11,538,864
PRIOR 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
EARNED PREMIUM						
FIRE	533,608	4,001,752	(2,949)	-	-	4,532,411
ALLIED	149,093	1,151,184	(675)	-	-	1,299,602
CRIME	1,641	14,090	-	-	-	15,731
TOTAL	\$684,342	\$5,167,026	(\$3,624)	-	-	\$5,847,744

*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>1-4 Family Tenant-</u>				<u>1-4 Family Tenant-</u>		
	<u>Commercial</u>	<u>Occupied</u>	<u>Total TRIA</u>		<u>Commercial</u>	<u>Occupied</u>	<u>Total TRIA</u>
1Q04	516,016	1,645,690	2,161,706	1Q05	471,393	1,887,597	2,358,990
2Q04	504,458	1,739,979	2,244,437				
3Q04	486,228	1,876,360	2,362,588				
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.

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSSES QTD PERIOD ENDED MARCH 31, 2005

*SEE NOTE BELOW	POLICY YEAR 2005	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001 & PRIOR	TOTAL
PAID LOSSES						
Net of Salvage & Subrogation Received						
FIRE	\$2,805	\$2,594,344	\$875,749	(\$86,288)	(\$100,000)	\$3,286,610
ALLIED	-	268,120	39,800	(7,915)	-	300,005
CRIME	-	1,779	-	-	-	1,779
TOTAL	2,805	2,864,243	915,549	(94,203)	(100,000)	3,588,394
CURRENT CASE BASIS RESERVES (3-31-05)						
FIRE	635,050	2,934,865	365,310	98,339	102,038	4,135,602
ALLIED	15,750	282,851	64,004	10,661	-	373,267
CRIME	-	-	-	-	-	-
TOTAL	650,800	3,217,716	429,314	109,000	102,038	4,508,869
CURRENT I.B.N.R. RESERVES (3-31-05)						
FIRE	1,331,356	(506,319)	(22,825)	68,821	40,585	911,618
ALLIED	33,019	(48,797)	(3,999)	7,461	-	(12,316)
CRIME	-	-	-	-	-	-
TOTAL	1,364,375	(555,116)	(26,824)	76,282	40,585	899,302
PRIOR LOSS RESERVES (12-31-04)						
(Including I.B.N.R. Reserves)						
FIRE	-	4,273,887	1,249,470	209,983	161,319	5,894,659
ALLIED	-	458,835	138,035	20,948	-	617,818
CRIME	-	-	-	-	-	-
TOTAL	-	4,732,722	1,387,505	230,931	161,319	6,512,477
INCURRED LOSSES						
FIRE	1,969,211	749,003	(31,236)	(129,111)	(118,696)	2,439,171
ALLIED	48,769	43,339	(38,230)	(10,741)	-	43,138
CRIME	-	1,779	-	-	-	1,779
TOTAL	\$2,017,980	\$794,121	(\$69,466)	(\$139,852)	(\$118,696)	\$2,484,088

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) QTD PERIOD ENDED MARCH 31, 2005

	POLICY YEAR 2005	POLICY YEAR 2004	POLICY YEAR 2003	POLICY YEAR 2002	POLICY YEAR 2001 & PRIOR	TOTAL
LOSS EXPENSES PAID (ALAE AND ULAE)						
FIRE	\$1,133	\$217,742	\$64,031	\$8,653	\$5,728	\$297,287
ALLIED	1,569	89,798	26,098	15,571	-	133,036
CRIME	-	358	-	-	-	358
TOTAL	2,702	307,898	90,129	24,224	5,728	430,681
CURRENT LOSS EXPENSE RESERVES @ 3-31-05						
FIRE	223,969	215,023	75,686	22,134	18,943	555,755
ALLIED	5,555	20,723	13,261	2,400	-	41,939
CRIME	-	-	-	-	-	-
TOTAL	229,524	235,746	88,947	24,534	18,943	597,694
PRIOR LOSS EXPENSE RESERVES @ 12-31-04						
FIRE	-	386,393	156,601	24,675	13,666	581,335
ALLIED	-	41,482	17,300	2,462	-	61,244
CRIME	-	-	-	-	-	-
TOTAL	-	427,875	173,901	27,137	13,666	642,579
ALAE & ULAE LOSS EXPENSES INCURRED						
FIRE	225,102	46,372	(16,884)	6,112	11,005	271,707
ALLIED	7,124	69,039	22,059	15,509	-	113,731
CRIME	-	358	-	-	-	358
TOTAL	\$232,226	\$115,769	\$5,175	\$21,621	\$11,005	\$385,796