

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## BALANCE SHEET AT SEPTEMBER 30, 2010

|                                                | LEDGER<br>ASSETS    | NON-LEDGER<br>ASSETS | NON-<br>ADMITTED<br>ASSETS | NET ADMITTED<br>ASSETS |
|------------------------------------------------|---------------------|----------------------|----------------------------|------------------------|
| <b>ASSETS</b>                                  |                     |                      |                            |                        |
| BONDS                                          | \$456,619           | -                    | -                          | \$456,619              |
| STOCKS                                         | 438,900             | 4,830                | -                          | 443,730                |
| CASH & SHORT-TERM INVESTMENTS                  | 11,861,549          | -                    | -                          | 11,861,549             |
| PREPAID PENSION COST                           | 469,595             | -                    | 469,595                    | -                      |
| ACCRUED INTEREST                               | -                   | 25,297               | -                          | 25,297                 |
| FURNITURE & EQUIPMENT                          | 47,174              | -                    | 47,174                     | -                      |
| EDP - EQUIPMENT & SOFTWARE                     | 479,401             | -                    | 451,486                    | 27,916                 |
| PREMIUMS RECEIVABLE                            | 139,672             | -                    | 381                        | 139,291                |
| <b>TOTAL ASSETS</b>                            | <b>\$13,892,910</b> | <b>\$30,127</b>      | <b>\$968,636</b>           | <b>\$12,954,401</b>    |
| <b>LIABILITIES</b>                             |                     |                      |                            |                        |
| POST RETIREMENT BENEFITS (other than pensions) |                     |                      | 4,181,275                  |                        |
| DEFINED BENEFIT PENSION PLAN                   |                     |                      | 722,032                    |                        |
| AMOUNTS HELD FOR OTHERS                        |                     |                      | 938,244                    |                        |
| ADVANCE PREMIUMS                               |                     |                      | 365,905                    |                        |
| RETURN PREMIUMS                                |                     |                      | 111,386                    |                        |
| OTHER PAYABLES                                 |                     |                      | 14,629                     |                        |
| CLAIM CHECKS PAYABLE                           |                     |                      | 3,103                      |                        |
| <b>TOTAL LIABILITIES</b>                       |                     |                      | <b>6,336,574</b>           |                        |
| <b>RESERVES</b>                                |                     |                      |                            |                        |
| UNEARNED PREMIUMS                              |                     |                      | 6,065,609                  |                        |
| LOSS - CASE BASIS                              |                     |                      | 1,721,623                  |                        |
| LOSS - I.B.N.R                                 |                     |                      | 501,703                    |                        |
| LOSS EXPENSE- ALLOCATED                        |                     |                      | 278,040                    |                        |
| LOSS EXPENSE- UNALLOCATED                      |                     |                      | 98,433                     |                        |
| ASSOCIATION EXPENSES                           |                     |                      | 146,523                    |                        |
| TAXES & FEES                                   |                     |                      | 37,493                     |                        |
| <b>TOTAL RESERVES</b>                          |                     |                      | <b>8,849,424</b>           |                        |
| <b>TOTAL LIABILITIES &amp; RESERVES</b>        |                     |                      | <b>15,185,998</b>          |                        |
| <b>EQUITY ACCOUNT</b>                          |                     |                      |                            |                        |
| NET EQUITY AT SEPTEMBER 30, 2010               |                     |                      |                            | <b>(2,231,597)</b>     |
| <b>TOTAL LIABILITIES PLUS EQUITY ACCOUNT</b>   |                     |                      |                            | <b>\$12,954,401</b>    |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## INCOME STATEMENT SEPTEMBER 30, 2010

|                                         | QUARTER-TO-DATE | YEAR-TO-DATE  |
|-----------------------------------------|-----------------|---------------|
| <b><u>UNDERWRITING INCOME</u></b>       |                 |               |
| PREMIUMS EARNED                         | \$3,076,641     | \$9,344,937   |
| <b><u>DEDUCTIONS</u></b>                |                 |               |
| LOSSES INCURRED                         | 1,445,626       | 4,346,804     |
| LOSS EXPENSES INCURRED                  | 558,343         | 1,263,046     |
| COMMISSIONS INCURRED                    | 272,568         | 787,930       |
| OTHER UNDERWRITING EXPENSES             | 1,012,534       | 3,419,647     |
| TAXES & FEES INCURRED                   | 14,449          | 41,558        |
| TOTAL DEDUCTIONS                        | 3,303,520       | 9,858,985     |
| UNDERWRITING LOSS                       | (226,879)       | (514,048)     |
| NET INVESTMENT INCOME EARNED            | 28,647          | 95,174        |
| *OTHER INCOME (EXPENSE) SEE NOTE BELOW: | (1,477,831)     | (1,477,831)   |
| NET LOSS                                | (1,676,063)     | (1,896,705)   |
| <b><u>EQUITY ACCOUNT</u></b>            |                 |               |
| NET EQUITY - PRIOR                      | (275,350)       | (30,281)      |
| NET LOSS FOR PERIOD                     | (1,676,063)     | (1,896,705)   |
| CHANGE IN PENSION OBLIGATION            | 207,671         | 207,671       |
| CHANGE IN NONADMITTED ASSETS            | (492,685)       | (517,112)     |
| NET UNREALIZED GAIN                     | 4,830           | 4,830         |
| CHANGE IN EQUITY                        | (1,956,247)     | (2,201,316)   |
|                                         | (\$2,231,597)   | (\$2,231,597) |

\*Note: Note: In July 2010, the Association initiated a major realignment of its organizational structure and processes.

The restructuring charges noted above primarily relate to curtailment costs associated with our pension plan and post retirement benefit obligation.

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## EQUITY ACCOUNT QTD PERIOD ENDED SEPTEMBER 30, 2010

|                                        | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|----------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b><u>INCOME RECEIVED</u></b>          |                     |                     |                     |                     |                             |                    |
| PREMIUMS WRITTEN                       | \$3,098,187         | (\$12,192)          | (\$65)              | -                   | -                           | \$3,085,930        |
| INVESTMENT INCOME RECEIVED             | 34,269              | -                   | -                   | -                   | -                           | 34,269             |
| TOTAL                                  | <u>3,132,456</u>    | <u>(12,192)</u>     | <u>(65)</u>         | <u>-</u>            | <u>-</u>                    | <u>3,120,199</u>   |
| <b><u>EXPENSES PAID</u></b>            |                     |                     |                     |                     |                             |                    |
| LOSSES PAID                            | 294,335             | 859,214             | 45,207              | -                   | (13,086)                    | 1,185,670          |
| ALLOCATED LOSS EXPENSE                 | 30,818              | 83,783              | 10,773              | 840                 | 968                         | 127,182            |
| UNALLOCATED LOSS EXPENSE               | 94,653              | 276,307             | 17,444              | -                   | -                           | 388,404            |
| INSPECTION AND RATING ISO              | 7,327               | -                   | -                   | -                   | -                           | 7,327              |
| SURVEYS & UNDERWRITING RPTS            | 27,211              | -                   | -                   | -                   | -                           | 27,211             |
| BOARDS & BUREAUS                       | 3,713               | -                   | -                   | -                   | -                           | 3,713              |
| COMMISSIONS                            | 273,696             | (1,121)             | (7)                 | -                   | -                           | 272,568            |
| ASSOCIATION EXPENSES                   | 2,472,335           | -                   | -                   | -                   | -                           | 2,472,335          |
| TAXES & FEES                           | 975                 | -                   | -                   | -                   | -                           | 975                |
| TOTAL                                  | <u>3,205,063</u>    | <u>1,218,183</u>    | <u>73,417</u>       | <u>840</u>          | <u>(12,118)</u>             | <u>4,485,385</u>   |
| <b>INCREASE (DECREASE)</b>             | <b>(72,607)</b>     | <b>(1,230,375)</b>  | <b>(73,482)</b>     | <b>(840)</b>        | <b>12,118</b>               | <b>(1,365,186)</b> |
| <b><u>DEDUCT</u></b>                   |                     |                     |                     |                     |                             |                    |
| PRIOR ACCRUED INTEREST                 | 30,919              | -                   | -                   | -                   | -                           | 30,919             |
| CURRENT NONADMITTED ASSETS             | 968,636             | -                   | -                   | -                   | -                           | 968,636            |
| TOTAL                                  | <u>999,555</u>      | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>                    | <u>999,555</u>     |
| <b><u>ADD</u></b>                      |                     |                     |                     |                     |                             |                    |
| CURRENT ACCRUED INTEREST               | 25,297              | -                   | -                   | -                   | -                           | 25,297             |
| PRIOR NONADMITTED ASSETS               | 475,952             | -                   | -                   | -                   | -                           | 475,952            |
| CHANGE IN PENSION OBLIGATION           | 207,671             | -                   | -                   | -                   | -                           | 207,671            |
| NET UNREALIZED GAIN                    | 4,830               | -                   | -                   | -                   | -                           | 4,830              |
| TOTAL                                  | <u>713,750</u>      | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>                    | <u>713,750</u>     |
| <b>EQUITY IN ASSETS OF ASSOCIATION</b> | <b>(358,412)</b>    | <b>(1,230,375)</b>  | <b>(73,482)</b>     | <b>(840)</b>        | <b>12,118</b>               | <b>(1,650,991)</b> |
| <b><u>CURRENT RESERVES</u></b>         |                     |                     |                     |                     |                             |                    |
| UNEARNED PREMIUMS                      | 5,695,083           | 370,526             | -                   | -                   | -                           | 6,065,609          |
| UNPAID LOSSES                          | 1,238,277           | 882,491             | 17,558              | 10,000              | 75,000                      | 2,223,326          |
| UNPAID LOSS EXPENSES                   | 151,343             | 167,900             | 33,451              | 14,322              | 9,457                       | 376,473            |
| UNPAID ASSOCIATION EXPENSES            | 146,523             | -                   | -                   | -                   | -                           | 146,523            |
| UNPAID TAXES & FEES                    | 37,493              | -                   | -                   | -                   | -                           | 37,493             |
| TOTAL                                  | <u>7,268,719</u>    | <u>1,420,917</u>    | <u>51,009</u>       | <u>24,322</u>       | <u>84,457</u>               | <u>8,849,424</u>   |
| <b><u>PRIOR RESERVES</u></b>           |                     |                     |                     |                     |                             |                    |
| UNEARNED PREMIUMS                      | 4,472,774           | 1,583,546           | -                   | -                   | -                           | 6,056,320          |
| UNPAID LOSSES                          | 571,545             | 1,220,201           | 86,624              | 10,000              | 75,000                      | 1,963,370          |
| UNPAID LOSSES EXPENSES                 | 61,573              | 203,300             | 40,814              | 16,536              | 11,493                      | 333,716            |
| UNPAID ASSOCIATION EXPENSES            | 166,744             | -                   | -                   | -                   | -                           | 166,744            |
| UNPAID TAXES & FEES                    | 24,019              | -                   | -                   | -                   | -                           | 24,019             |
| TOTAL                                  | <u>5,296,655</u>    | <u>3,007,047</u>    | <u>127,438</u>      | <u>26,536</u>       | <u>86,493</u>               | <u>8,544,169</u>   |
| <b>NET CHANGE IN EQUITY</b>            | <b>(2,330,476)</b>  | <b>\$355,755</b>    | <b>\$2,947</b>      | <b>\$1,374</b>      | <b>\$14,154</b>             | <b>(1,956,247)</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## EQUITY ACCOUNT YTD PERIOD ENDED SEPTEMBER 30, 2010

|                                        | POLICY YEAR<br>2010         | POLICY YEAR<br>2009       | POLICY YEAR<br>2008     | POLICY YEAR<br>2007    | POLICY YEAR<br>2006 & PRIOR | TOTAL                       |
|----------------------------------------|-----------------------------|---------------------------|-------------------------|------------------------|-----------------------------|-----------------------------|
| <b><u>INCOME RECEIVED</u></b>          |                             |                           |                         |                        |                             |                             |
| PREMIUMS WRITTEN                       | \$9,017,272                 | (\$70,508)                | (\$4,048)               | -                      | -                           | \$8,942,716                 |
| INVESTMENT INCOME RECEIVED             | 104,202                     | -                         | -                       | -                      | -                           | 104,202                     |
| TOTAL                                  | <u>9,121,474</u>            | <u>(70,508)</u>           | <u>(4,048)</u>          | <u>-</u>               | <u>-</u>                    | <u>9,046,918</u>            |
| <b><u>EXPENSES PAID</u></b>            |                             |                           |                         |                        |                             |                             |
| LOSSES PAID                            | 501,520                     | 4,004,096                 | 658,026                 | 9,243                  | (16,407)                    | 5,156,478                   |
| ALLOCATED LOSS EXPENSE                 | 68,229                      | 365,397                   | 50,308                  | 24,130                 | 21,182                      | 529,246                     |
| UNALLOCATED LOSS EXPENSE               | 115,071                     | 553,200                   | 71,746                  | 1,428                  | -                           | 741,445                     |
| INSPECTION AND RATING ISO              | 29,815                      | -                         | -                       | -                      | -                           | 29,815                      |
| SURVEYS & UNDERWRITING RPTS            | 75,481                      | -                         | -                       | -                      | -                           | 75,481                      |
| BOARDS & BUREAUS                       | 11,963                      | -                         | -                       | -                      | -                           | 11,963                      |
| COMMISSIONS                            | 794,614                     | (6,279)                   | (405)                   | -                      | -                           | 787,930                     |
| ASSOCIATION EXPENSES                   | 4,830,978                   | -                         | -                       | -                      | -                           | 4,830,978                   |
| TAXES & FEES                           | 36,951                      | 11,182                    | -                       | -                      | -                           | 48,133                      |
| TOTAL                                  | <u>6,464,622</u>            | <u>4,927,596</u>          | <u>779,675</u>          | <u>34,801</u>          | <u>4,775</u>                | <u>12,211,469</u>           |
| <b>INCREASE (DECREASE)</b>             | <b><u>2,656,852</u></b>     | <b><u>(4,998,104)</u></b> | <b><u>(783,723)</u></b> | <b><u>(34,801)</u></b> | <b><u>(4,775)</u></b>       | <b><u>(3,164,551)</u></b>   |
| <b><u>DEDUCT</u></b>                   |                             |                           |                         |                        |                             |                             |
| PRIOR ACCRUED INTEREST                 | -                           | 34,325                    | -                       | -                      | -                           | 34,325                      |
| CURRENT NONADMITTED ASSETS             | 968,636                     | -                         | -                       | -                      | -                           | 968,636                     |
| TOTAL                                  | <u>968,636</u>              | <u>34,325</u>             | <u>-</u>                | <u>-</u>               | <u>-</u>                    | <u>1,002,961</u>            |
| <b><u>ADD</u></b>                      |                             |                           |                         |                        |                             |                             |
| CURRENT ACCRUED INTEREST               | 25,297                      | -                         | -                       | -                      | -                           | 25,297                      |
| PRIOR NONADMITTED ASSETS               | -                           | 451,525                   | -                       | -                      | -                           | 451,525                     |
| CHANGE IN PENSION OBLIGATION           | 207,671                     | -                         | -                       | -                      | -                           | 207,671                     |
| NET UNREALIZED GAIN                    | 4,830                       | -                         | -                       | -                      | -                           | 4,830                       |
| TOTAL                                  | <u>237,798</u>              | <u>451,525</u>            | <u>-</u>                | <u>-</u>               | <u>-</u>                    | <u>689,323</u>              |
| <b>EQUITY IN ASSETS OF ASSOCIATION</b> | <b><u>1,926,014</u></b>     | <b><u>(4,580,904)</u></b> | <b><u>(783,723)</u></b> | <b><u>(34,801)</u></b> | <b><u>(4,775)</u></b>       | <b><u>(3,478,189)</u></b>   |
| <b><u>CURRENT RESERVES</u></b>         |                             |                           |                         |                        |                             |                             |
| UNEARNED PREMIUMS                      | 5,695,083                   | 370,526                   | -                       | -                      | -                           | 6,065,609                   |
| UNPAID LOSSES                          | 1,238,277                   | 882,491                   | 17,558                  | 10,000                 | 75,000                      | 2,223,326                   |
| UNPAID LOSS EXPENSES                   | 151,343                     | 167,900                   | 33,451                  | 14,322                 | 9,457                       | 376,473                     |
| UNPAID ASSOCIATION EXPENSES            | 146,523                     | -                         | -                       | -                      | -                           | 146,523                     |
| UNPAID TAXES & FEES                    | 37,493                      | -                         | -                       | -                      | -                           | 37,493                      |
| TOTAL                                  | <u>7,268,719</u>            | <u>1,420,917</u>          | <u>51,009</u>           | <u>24,322</u>          | <u>84,457</u>               | <u>8,849,424</u>            |
| <b><u>PRIOR RESERVES</u></b>           |                             |                           |                         |                        |                             |                             |
| UNEARNED PREMIUMS                      | -                           | 6,467,830                 | -                       | -                      | -                           | 6,467,830                   |
| UNPAID LOSSES                          | -                           | 1,977,195                 | 765,930                 | 75,875                 | 214,000                     | 3,033,000                   |
| UNPAID LOSSES EXPENSES                 | -                           | 222,728                   | 105,998                 | 30,480                 | 24,912                      | 384,118                     |
| UNPAID ASSOCIATION EXPENSES            | -                           | 197,281                   | -                       | -                      | -                           | 197,281                     |
| UNPAID TAXES & FEES                    | -                           | 44,068                    | -                       | -                      | -                           | 44,068                      |
| TOTAL                                  | <u>-</u>                    | <u>8,909,102</u>          | <u>871,928</u>          | <u>106,355</u>         | <u>238,912</u>              | <u>10,126,297</u>           |
| <b>NET CHANGE IN EQUITY</b>            | <b><u>(\$5,342,705)</u></b> | <b><u>\$2,907,281</u></b> | <b><u>\$37,196</u></b>  | <b><u>\$47,232</u></b> | <b><u>\$149,680</u></b>     | <b><u>(\$2,201,316)</u></b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## UNDERWRITING STATEMENT EARNED/INCURRED BASIS QTD PERIOD ENDING SEPTEMBER 30, 2010

|                                                    | 09-30-10<br>QUARTER-TO-DATE |                      |
|----------------------------------------------------|-----------------------------|----------------------|
| <b>Premiums Written</b>                            | <b>\$3,085,930</b>          |                      |
| Current Unearned Reserve                           | 6,065,609                   |                      |
| Prior Unearned Reserve                             | 6,056,320                   |                      |
| Change in Unearned Premium Reserve                 | <u>(9,289)</u>              |                      |
| <b>Net Premium Earned</b>                          |                             | <b>\$3,076,641</b>   |
| Losses Paid                                        | 1,207,791                   |                      |
| Less Salvage & Subrogation                         | <u>22,121</u>               |                      |
| <b>Net Losses Paid</b>                             | 1,185,670                   |                      |
| Current Loss Reserve                               | 2,223,326                   |                      |
| Prior Loss Reserve                                 | 1,963,370                   |                      |
| Change in Loss Reserve                             | <u>259,956</u>              |                      |
| <b>Net Losses Incurred</b>                         |                             | 1,445,626            |
| Allocated Loss Exp. Paid                           | 127,182                     |                      |
| Unallocated Loss Exp. Paid                         | <u>388,404</u>              |                      |
| <b>Total Loss Exp. Paid</b>                        | 515,586                     |                      |
| Current Loss Exp. Reserve                          | 376,473                     |                      |
| Prior Loss Exp. Reserve                            | 333,716                     |                      |
| Change in Loss Exp. Reserve                        | <u>42,757</u>               |                      |
| <b>Net Loss Exp. Incurred</b>                      |                             | 558,343              |
| <b>Total Loss &amp; Loss Exp. Incurred</b>         |                             | <b>\$2,003,969</b>   |
| Taxes & Fees Paid                                  | 975                         |                      |
| Current Reserve                                    | 37,493                      |                      |
| Prior Reserve                                      | 24,019                      |                      |
| Change in Reserve for Taxes & Fees                 | <u>13,474</u>               |                      |
| <b>Net Taxes &amp; Fees Incurred</b>               |                             | 14,449               |
| Commissions Expense Paid                           | 272,568                     |                      |
| Board Bureaus & Inspections Paid                   | 38,251                      |                      |
| Other Operating Exp. Paid                          | <u>2,472,335</u>            |                      |
| <b>Total Underwriting Exp. Paid</b>                | 2,783,154                   |                      |
| Current Reserve                                    | 146,523                     |                      |
| Prior Reserve                                      | 166,744                     |                      |
| Change in Other Underwriting Exp. Reserve          | <u>(20,221)</u>             |                      |
| <b>Other Underwriting Exp. Incurred</b>            |                             | 2,762,933            |
| <b>Total Other Underwriting Exp. Incurred</b>      |                             | <u>2,777,382</u>     |
| <b>Total Loss &amp; Underwriting Exp. Incurred</b> |                             | <b>\$4,781,351</b>   |
| <b>Underwriting Loss</b>                           |                             | <b>(\$1,704,710)</b> |
| Net Investment Income Received                     | 34,269                      |                      |
| Current Accrued Interest                           | 25,297                      |                      |
| Prior Accrued Interest                             | 30,919                      |                      |
| Change in Accrued Interest                         | <u>(5,622)</u>              |                      |
| <b>Net Investment Income Earned</b>                |                             | 28,647               |
| <b>Net Loss</b>                                    |                             | <b>(\$1,676,063)</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## UNDERWRITING STATEMENT EARNED/INCURRED BASIS YTD PERIOD ENDING SEPTEMBER 30, 2010

|                                                    | 09-30-10<br>YEAR-TO-DATE |                      |
|----------------------------------------------------|--------------------------|----------------------|
| <b>Premiums Written</b>                            | <b>\$8,942,716</b>       |                      |
| Current Unearned Reserve                           | 6,065,609                |                      |
| Prior Unearned Reserve                             | 6,467,830                |                      |
| Change in Unearned Premium Reserve                 | 402,221                  |                      |
| <b>Net Premium Earned</b>                          |                          | <b>\$9,344,937</b>   |
| Losses Paid                                        | 5,211,289                |                      |
| Less Salvage & Subrogation                         | 54,811                   |                      |
| <b>Net Losses Paid</b>                             | <b>5,156,478</b>         |                      |
| Current Loss Reserve                               | 2,223,326                |                      |
| Prior Loss Reserve                                 | 3,033,000                |                      |
| Change in Loss Reserve                             | (809,674)                |                      |
| <b>Net Losses Incurred</b>                         |                          | <b>4,346,804</b>     |
| Allocated Loss Exp. Paid                           | 529,246                  |                      |
| Unallocated Loss Exp. Paid                         | 741,445                  |                      |
| <b>Total Loss Exp. Paid</b>                        | <b>1,270,691</b>         |                      |
| Current Loss Exp. Reserve                          | 376,473                  |                      |
| Prior Loss Exp. Reserve                            | 384,118                  |                      |
| Change in Loss Exp. Reserve                        | (7,645)                  |                      |
| <b>Net Loss Exp. Incurred</b>                      |                          | <b>1,263,046</b>     |
| <b>Total Loss &amp; Loss Exp. Incurred</b>         |                          | <b>\$5,609,850</b>   |
| Taxes & Fees Paid                                  | 48,133                   |                      |
| Current Reserve                                    | 37,493                   |                      |
| Prior Reserve                                      | 44,068                   |                      |
| Change in Reserve for Taxes & Fees                 | (6,575)                  |                      |
| <b>Net Taxes &amp; Fees Incurred</b>               |                          | <b>41,558</b>        |
| Commissions Expense Paid                           | 787,930                  |                      |
| Board Bureaus & Inspections Paid                   | 117,258                  |                      |
| Other Operating Exp. Paid                          | 4,830,978                |                      |
| <b>Total Underwriting Exp. Paid</b>                | <b>5,736,166</b>         |                      |
| Current Reserve                                    | 146,523                  |                      |
| Prior Reserve                                      | 197,281                  |                      |
| Change in Other Underwriting Exp. Reserve          | (50,758)                 |                      |
| <b>Other Underwriting Exp. Incurred</b>            |                          | <b>5,685,408</b>     |
| <b>Total Other Underwriting Exp. Incurred</b>      |                          | <b>5,726,966</b>     |
| <b>Total Loss &amp; Underwriting Exp. Incurred</b> |                          | <b>\$11,336,816</b>  |
| <b>Underwriting Loss</b>                           |                          | <b>(\$1,991,879)</b> |
| Net Investment Income Received                     | 104,202                  |                      |
| Current Accrued Interest                           | 25,297                   |                      |
| Prior Accrued Interest                             | 34,325                   |                      |
| Change in Accrued Interest                         | (9,028)                  |                      |
| <b>Net Investment Income Earned</b>                |                          | <b>95,174</b>        |
| <b>Net Loss</b>                                    |                          | <b>(\$1,896,705)</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDING SEPTEMBER 30, 2010

|                                         | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|-----------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b>*SEE NOTE BELOW</b>                  |                     |                     |                     |                     |                             |                    |
| <b>WRITTEN PREMIUMS</b>                 |                     |                     |                     |                     |                             |                    |
| FIRE                                    | \$2,362,645         | (\$9,109)           | (\$36)              | -                   | -                           | \$2,353,500        |
| ALLIED                                  | 726,844             | (3,083)             | (29)                | -                   | -                           | 723,732            |
| CRIME                                   | 8,698               | -                   | -                   | -                   | -                           | 8,698              |
| <b>TOTAL</b>                            | <b>3,098,187</b>    | <b>(12,192)</b>     | <b>(65)</b>         | <b>-</b>            | <b>-</b>                    | <b>3,085,930</b>   |
| <b>CURRENT UNEARNED PREMIUM RESERVE</b> |                     |                     |                     |                     |                             |                    |
| <b>@ 09-30-10</b>                       |                     |                     |                     |                     |                             |                    |
| FIRE                                    | 4,357,016           | 287,641             | -                   | -                   | -                           | 4,644,657          |
| ALLIED                                  | 1,322,828           | 81,994              | -                   | -                   | -                           | 1,404,822          |
| CRIME                                   | 15,239              | 891                 | -                   | -                   | -                           | 16,130             |
| <b>TOTAL</b>                            | <b>5,695,083</b>    | <b>370,526</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>                    | <b>6,065,609</b>   |
| <b>PRIOR UNEARNED PREMIUM RESERVE</b>   |                     |                     |                     |                     |                             |                    |
| <b>@ 06-30-10</b>                       |                     |                     |                     |                     |                             |                    |
| FIRE                                    | 3,435,797           | 1,221,692           | -                   | -                   | -                           | 4,657,489          |
| ALLIED                                  | 1,025,623           | 357,531             | -                   | -                   | -                           | 1,383,154          |
| CRIME                                   | 11,354              | 4,323               | -                   | -                   | -                           | 15,677             |
| <b>TOTAL</b>                            | <b>4,472,774</b>    | <b>1,583,546</b>    | <b>-</b>            | <b>-</b>            | <b>-</b>                    | <b>6,056,320</b>   |
| <b>EARNED PREMIUM</b>                   |                     |                     |                     |                     |                             |                    |
| FIRE                                    | 1,441,426           | 924,942             | (36)                | -                   | -                           | 2,366,332          |
| ALLIED                                  | 429,639             | 272,454             | (29)                | -                   | -                           | 702,064            |
| CRIME                                   | 4,813               | 3,432               | -                   | -                   | -                           | 8,245              |
| <b>TOTAL</b>                            | <b>\$1,875,878</b>  | <b>\$1,200,828</b>  | <b>(\$65)</b>       | <b>-</b>            | <b>-</b>                    | <b>\$3,076,641</b> |

\*Note: The Terrorism Risk Insurance Program Reauthorization Act of 2007 requires insurers to report direct earned premium for commercial business written. This amount is shown on page 8.

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON PREMIUMS YTD PERIOD ENDING SEPTEMBER 30, 2010

|                                         | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|-----------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b>*SEE NOTE BELOW</b>                  |                     |                     |                     |                     |                             |                    |
| <b>WRITTEN PREMIUMS</b>                 |                     |                     |                     |                     |                             |                    |
| FIRE                                    | \$6,916,803         | (\$49,592)          | (\$3,543)           | -                   | -                           | \$6,863,668        |
| ALLIED                                  | 2,077,075           | (20,841)            | (505)               | -                   | -                           | 2,055,729          |
| CRIME                                   | 23,394              | (75)                | -                   | -                   | -                           | 23,319             |
| <b>TOTAL</b>                            | <b>9,017,272</b>    | <b>(70,508)</b>     | <b>(4,048)</b>      | -                   | -                           | <b>8,942,716</b>   |
| <b>CURRENT UNEARNED PREMIUM RESERVE</b> |                     |                     |                     |                     |                             |                    |
| <b>@ 09-30-10</b>                       |                     |                     |                     |                     |                             |                    |
| FIRE                                    | 4,357,016           | 287,641             | -                   | -                   | -                           | 4,644,657          |
| ALLIED                                  | 1,322,828           | 81,994              | -                   | -                   | -                           | 1,404,822          |
| CRIME                                   | 15,239              | 891                 | -                   | -                   | -                           | 16,130             |
| <b>TOTAL</b>                            | <b>5,695,083</b>    | <b>370,526</b>      | -                   | -                   | -                           | <b>6,065,609</b>   |
| <b>PRIOR UNEARNED PREMIUM RESERVE</b>   |                     |                     |                     |                     |                             |                    |
| <b>@ 12-31-09</b>                       |                     |                     |                     |                     |                             |                    |
| FIRE                                    | -                   | 4,972,289           | -                   | -                   | -                           | 4,972,289          |
| ALLIED                                  | -                   | 1,477,551           | -                   | -                   | -                           | 1,477,551          |
| CRIME                                   | -                   | 17,990              | -                   | -                   | -                           | 17,990             |
| <b>TOTAL</b>                            | -                   | <b>6,467,830</b>    | -                   | -                   | -                           | <b>6,467,830</b>   |
| <b>EARNED PREMIUM</b>                   |                     |                     |                     |                     |                             |                    |
| FIRE                                    | 2,559,787           | 4,635,056           | (3,543)             | -                   | -                           | 7,191,300          |
| ALLIED                                  | 754,247             | 1,374,716           | (505)               | -                   | -                           | 2,128,458          |
| CRIME                                   | 8,155               | 17,024              | -                   | -                   | -                           | 25,179             |
| <b>TOTAL</b>                            | <b>\$3,322,189</b>  | <b>\$6,026,796</b>  | <b>(\$4,048)</b>    | -                   | -                           | <b>\$9,344,937</b> |

\*Note: The Terrorism Risk Insurance Program Reauthorization Act of 2007 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 seven quarters:

|             | <u>Commercial</u> | <u>1-4 Family Tenant-<br/>Occupied</u> | <u>Total TRIA</u> |             | <u>Commercial</u> | <u>1-4 Family Tenant-<br/>Occupied</u> | <u>Total TRIA</u> |
|-------------|-------------------|----------------------------------------|-------------------|-------------|-------------------|----------------------------------------|-------------------|
| <b>1Q09</b> | \$240,955         | \$1,128,477                            | \$1,369,432       | <b>1Q10</b> | \$201,698         | \$1,099,395                            | \$1,301,093       |
| <b>2Q09</b> | \$232,321         | \$1,099,803                            | \$1,332,124       | <b>2Q10</b> | \$195,915         | \$970,853                              | \$1,166,768       |
| <b>3Q09</b> | \$222,824         | \$1,065,251                            | \$1,288,075       | <b>3Q10</b> | \$185,585         | \$952,708                              | \$1,138,293       |
| <b>4Q09</b> | \$213,283         | \$1,029,253                            | \$1,242,536       |             |                   |                                        |                   |

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 SEPTEMBER 30, 2010

|                                                  | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b>PAID LOSSES</b>                               |                     |                     |                     |                     |                             |                    |
| <b>Net of Salvage &amp; Subrogation Received</b> |                     |                     |                     |                     |                             |                    |
| FIRE                                             | \$230,407           | \$563,136           | \$46,164            | -                   | (\$13,086)                  | \$826,621          |
| ALLIED                                           | 63,928              | 296,078             | (957)               | -                   | -                           | 359,049            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>294,335</b>      | <b>859,214</b>      | <b>45,207</b>       | <b>-</b>            | <b>(13,086)</b>             | <b>1,185,670</b>   |
| <b>CURRENT CASE BASIS RESERVES (09-30-10)</b>    |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 840,363             | 536,991             | 2,558               | -                   | 75,000                      | 1,454,912          |
| ALLIED                                           | 56,200              | 185,511             | 15,000              | 10,000              | -                           | 266,711            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>896,563</b>      | <b>722,502</b>      | <b>17,558</b>       | <b>10,000</b>       | <b>75,000</b>               | <b>1,721,623</b>   |
| <b>CURRENT I.B.N.R. RESERVES (09-30-10)</b>      |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 320,294             | 118,910             | -                   | -                   | -                           | 439,204            |
| ALLIED                                           | 21,420              | 41,079              | -                   | -                   | -                           | 62,499             |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>341,714</b>      | <b>159,989</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>                    | <b>501,703</b>     |
| <b>PRIOR LOSS RESERVES (06-30-10)</b>            |                     |                     |                     |                     |                             |                    |
| <b>(Including I.B.N.R. Reserves)</b>             |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 494,889             | 797,582             | 69,999              | -                   | 75,000                      | 1,437,470          |
| ALLIED                                           | 76,656              | 422,619             | 16,625              | 10,000              | -                           | 525,900            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>571,545</b>      | <b>1,220,201</b>    | <b>86,624</b>       | <b>10,000</b>       | <b>75,000</b>               | <b>1,963,370</b>   |
| <b>INCURRED LOSSES</b>                           |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 896,175             | 421,455             | (21,277)            | -                   | (13,086)                    | 1,283,267          |
| ALLIED                                           | 64,892              | 100,049             | (2,582)             | -                   | -                           | 162,359            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>\$961,067</b>    | <b>\$521,504</b>    | <b>(\$23,859)</b>   | <b>-</b>            | <b>(\$13,086)</b>           | <b>\$1,445,626</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON LOSSES YTD PERIOD ENDED SEPTEMBER 30, 2010

|                                                  | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b>PAID LOSSES</b>                               |                     |                     |                     |                     |                             |                    |
| <b>Net of Salvage &amp; Subrogation Received</b> |                     |                     |                     |                     |                             |                    |
| FIRE                                             | \$346,459           | \$2,634,939         | \$640,732           | \$17,500            | (\$16,027)                  | \$3,623,603        |
| ALLIED                                           | 155,061             | 1,369,157           | 17,294              | (8,257)             | (380)                       | 1,532,875          |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>501,520</b>      | <b>4,004,096</b>    | <b>658,026</b>      | <b>9,243</b>        | <b>(16,407)</b>             | <b>5,156,478</b>   |
| <b>CURRENT CASE BASIS RESERVES (09-30-10)</b>    |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 840,363             | 536,991             | 2,558               | -                   | 75,000                      | 1,454,912          |
| ALLIED                                           | 56,200              | 185,511             | 15,000              | 10,000              | -                           | 266,711            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>896,563</b>      | <b>722,502</b>      | <b>17,558</b>       | <b>10,000</b>       | <b>75,000</b>               | <b>1,721,623</b>   |
| <b>CURRENT I.B.N.R. RESERVES (09-30-10)</b>      |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 320,294             | 118,910             | -                   | -                   | -                           | 439,204            |
| ALLIED                                           | 21,420              | 41,079              | -                   | -                   | -                           | 62,499             |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>341,714</b>      | <b>159,989</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>                    | <b>501,703</b>     |
| <b>PRIOR LOSS RESERVES (12-31-09)</b>            |                     |                     |                     |                     |                             |                    |
| <b>(Including I.B.N.R. Reserves)</b>             |                     |                     |                     |                     |                             |                    |
| FIRE                                             | -                   | 1,530,569           | 726,456             | 65,875              | 214,000                     | 2,536,900          |
| ALLIED                                           | -                   | 446,626             | 39,474              | 10,000              | -                           | 496,100            |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>-</b>            | <b>1,977,195</b>    | <b>765,930</b>      | <b>75,875</b>       | <b>214,000</b>              | <b>3,033,000</b>   |
| <b>INCURRED LOSSES</b>                           |                     |                     |                     |                     |                             |                    |
| FIRE                                             | 1,507,116           | 1,760,271           | (83,166)            | (48,375)            | (155,027)                   | 2,980,819          |
| ALLIED                                           | 232,681             | 1,149,121           | (7,180)             | (8,257)             | (380)                       | 1,365,985          |
| CRIME                                            | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                     | <b>\$1,739,797</b>  | <b>\$2,909,392</b>  | <b>(\$90,346)</b>   | <b>(\$56,632)</b>   | <b>(\$155,407)</b>          | <b>\$4,346,804</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) QTD PERIOD ENDING SEPTEMBER 30, 2010

|                                                     | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL            |
|-----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|------------------|
| <b>LOSS EXPENSES PAID<br/>(ALAE AND ULAE)</b>       |                     |                     |                     |                     |                             |                  |
| FIRE                                                | \$87,726            | \$220,681           | \$22,063            | \$230               | \$968                       | \$331,668        |
| ALLIED                                              | 37,745              | 139,409             | 6,154               | 610                 | -                           | 183,918          |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                |
| <b>TOTAL</b>                                        | <b>125,471</b>      | <b>360,090</b>      | <b>28,217</b>       | <b>840</b>          | <b>968</b>                  | <b>515,586</b>   |
| <b>CURRENT LOSS EXPENSE RESERVES<br/>@ 09-30-10</b> |                     |                     |                     |                     |                             |                  |
| FIRE                                                | 141,856             | 124,789             | 4,873               | -                   | 9,457                       | 280,975          |
| ALLIED                                              | 9,487               | 43,111              | 28,578              | 14,322              | -                           | 95,498           |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                |
| <b>TOTAL</b>                                        | <b>151,343</b>      | <b>167,900</b>      | <b>33,451</b>       | <b>14,322</b>       | <b>9,457</b>                | <b>376,473</b>   |
| <b>PRIOR LOSS EXPENSE RESERVES<br/>@ 06-30-10</b>   |                     |                     |                     |                     |                             |                  |
| FIRE                                                | 53,315              | 132,887             | 32,981              | -                   | 11,493                      | 230,676          |
| ALLIED                                              | 8,258               | 70,413              | 7,833               | 16,536              | -                           | 103,040          |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                |
| <b>TOTAL</b>                                        | <b>61,573</b>       | <b>203,300</b>      | <b>40,814</b>       | <b>16,536</b>       | <b>11,493</b>               | <b>333,716</b>   |
| <b>ALAE &amp; ULAE LOSS EXPENSES<br/>INCURRED</b>   |                     |                     |                     |                     |                             |                  |
| FIRE                                                | 176,267             | 212,583             | (6,045)             | 230                 | (1,068)                     | 381,967          |
| ALLIED                                              | 38,974              | 112,107             | 26,899              | (1,604)             | -                           | 176,376          |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                |
| <b>TOTAL</b>                                        | <b>\$215,241</b>    | <b>\$324,690</b>    | <b>\$20,854</b>     | <b>(\$1,374)</b>    | <b>(\$1,068)</b>            | <b>\$558,343</b> |

# NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

## STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) YTD PERIOD ENDING SEPTEMBER 30, 2010

|                                                     | POLICY YEAR<br>2010 | POLICY YEAR<br>2009 | POLICY YEAR<br>2008 | POLICY YEAR<br>2007 | POLICY YEAR<br>2006 & PRIOR | TOTAL              |
|-----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------|
| <b>LOSS EXPENSES PAID<br/>(ALAE AND ULAE)</b>       |                     |                     |                     |                     |                             |                    |
| FIRE                                                | \$106,065           | \$492,033           | \$98,549            | \$16,705            | \$18,106                    | \$731,458          |
| ALLIED                                              | 77,235              | 426,564             | 23,505              | 8,853               | 3,076                       | 539,233            |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                        | <b>183,300</b>      | <b>918,597</b>      | <b>122,054</b>      | <b>25,558</b>       | <b>21,182</b>               | <b>1,270,691</b>   |
| <b>CURRENT LOSS EXPENSE RESERVES<br/>@ 09-30-10</b> |                     |                     |                     |                     |                             |                    |
| FIRE                                                | 141,856             | 124,789             | 4,873               | -                   | 9,457                       | 280,975            |
| ALLIED                                              | 9,487               | 43,111              | 28,578              | 14,322              | -                           | 95,498             |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                        | <b>151,343</b>      | <b>167,900</b>      | <b>33,451</b>       | <b>14,322</b>       | <b>9,457</b>                | <b>376,473</b>     |
| <b>PRIOR LOSS EXPENSE RESERVES<br/>@ 12-31-09</b>   |                     |                     |                     |                     |                             |                    |
| FIRE                                                | -                   | 172,416             | 100,536             | 26,463              | 24,912                      | 324,327            |
| ALLIED                                              | -                   | 50,312              | 5,462               | 4,017               | -                           | 59,791             |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                        | <b>-</b>            | <b>222,728</b>      | <b>105,998</b>      | <b>30,480</b>       | <b>24,912</b>               | <b>384,118</b>     |
| <b>ALAE &amp; ULAE LOSS EXPENSES<br/>INCURRED</b>   |                     |                     |                     |                     |                             |                    |
| FIRE                                                | 247,921             | 444,406             | 2,886               | (9,758)             | 2,651                       | 688,106            |
| ALLIED                                              | 86,722              | 419,363             | 46,621              | 19,158              | 3,076                       | 574,940            |
| CRIME                                               | -                   | -                   | -                   | -                   | -                           | -                  |
| <b>TOTAL</b>                                        | <b>\$334,643</b>    | <b>\$863,769</b>    | <b>\$49,507</b>     | <b>\$9,400</b>      | <b>\$5,727</b>              | <b>\$1,263,046</b> |