

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

BALANCE SHEET AT MARCH 31, 2014

| | LEDGER ASSETS | NON- ADMITTED ASSETS | NET ADMITTED ASSETS |
|--|---------------------|----------------------------|------------------------|
| <u>ASSETS</u> | | | |
| BONDS | \$1,111,110 | - | \$1,111,110 |
| STOCKS | 978,597 | - | 978,597 |
| CASH & SHORT-TERM INVESTMENTS | 8,539,762 | - | 8,539,762 |
| PREPAID EXPENSES | 82,871 | 82,871 | - |
| ACCRUED INTEREST | 12,111 | - | 12,111 |
| FURNITURE & EQUIPMENT | 2,494 | 2,494 | - |
| EDP - EQUIPMENT & SOFTWARE | 237,836 | 180,343 | 57,493 |
| PREMIUMS RECEIVABLE | 146,572 | - | 146,572 |
| TOTAL ASSETS | \$11,111,353 | \$265,708 | \$10,845,645 |
| <u>LIABILITIES</u> | | | |
| POST RETIREMENT BENEFITS (other than pensions) | | 5,225,339 | |
| DEFINED BENEFIT PENSION PLAN | | 14,667 | |
| AMOUNTS HELD FOR OTHERS | | 245,771 | |
| PAYABLE FOR SECURITIES | | 1,213 | |
| ADVANCE PREMIUMS | | 369,911 | |
| RETURN PREMIUMS | | 123,584 | |
| OTHER PAYABLES | | 14,736 | |
| CLAIM CHECKS PAYABLE | | 27,653 | |
| TOTAL LIABILITIES | | | 6,022,874 |
| <u>RESERVES</u> | | | |
| UNEARNED PREMIUMS | | 5,327,341 | |
| LOSS - CASE BASIS | | 1,684,779 | |
| LOSS - I.B.N.R | | 717,434 | |
| LOSS EXPENSE- ALLOCATED | | 196,704 | |
| LOSS EXPENSE- UNALLOCATED | | 128,378 | |
| ASSOCIATION EXPENSES | | 146,624 | |
| TAXES & FEES | | 20,832 | |
| TOTAL RESERVES | | | 8,222,092 |
| TOTAL LIABILITIES & RESERVES | | | 14,244,966 |
| <u>EQUITY ACCOUNT</u> | | | |
| NET EQUITY AT MARCH 31, 2014 | | | (3,399,321) |
| TOTAL LIABILITIES PLUS EQUITY ACCOUNT | | | \$10,845,645 |

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

INCOME STATEMENT MARCH 31, 2014

| | QUARTER-TO-DATE | |
|--|-----------------|----------------------|
| <u>UNDERWRITING INCOME</u> | | |
| PREMIUMS EARNED | | \$2,660,701 |
| <u>DEDUCTIONS</u> | | |
| LOSSES INCURRED | 972,828 | |
| LOSS EXPENSES INCURRED | 254,688 | |
| COMMISSIONS INCURRED | 211,554 | |
| OTHER UNDERWRITING EXPENSES | 961,949 | |
| TAXES & FEES INCURRED | 18,389 | |
| TOTAL DEDUCTIONS | | 2,419,408 |
| UNDERWRITING GAIN | | 241,293 |
| <u>INVESTMENT INCOME</u> | | |
| NET INVESTMENT INCOME EARNED | 14,050 | |
| NET REALIZED CAPITAL LOSS | (1,723) | |
| NET INVESTMENT GAIN | | 12,327 |
| <u>OTHER INCOME</u> | | |
| INSTALLMENT SERVICE FEE | 4,952 | |
| OTHER INCOME | 12 | |
| TOTAL OTHER INCOME | | 4,964 |
| NET GAIN | | 258,584 |
| <u>EQUITY ACCOUNT</u> | | |
| NET EQUITY - PRIOR | | (3,626,002) |
| NET GAIN FOR PERIOD | 258,584 | |
| CHANGE IN NONADMITTED ASSETS | (46,172) | |
| CHANGE IN NET UNREALIZED CAPITAL GAINS | 14,269 | |
| CHANGE IN EQUITY | | 226,681 |
| NET EQUITY AT MARCH 31, 2014 | | (\$3,399,321) |

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

EQUITY ACCOUNT QTD PERIOD ENDED MARCH 31, 2014

| | POLICY YEAR 2014 | POLICY YEAR 2013 | POLICY YEAR 2012 | POLICY YEAR 2011 | TOTAL |
|--|----------------------|---------------------|---------------------|---------------------|------------------|
| <u>INCOME RECEIVED</u> | | | | | |
| PREMIUMS WRITTEN | \$2,585,048 | (\$67,576) | (\$3,619) | - | \$2,513,853 |
| OTHER INCOME (includes installment service fees) | 4,964 | - | - | - | 4,964 |
| INVESTMENT INCOME RECEIVED | 15,201 | - | - | - | 15,201 |
| NET REALIZED CAPITAL LOSS | (1,723) | - | - | - | (1,723) |
| TOTAL | 2,603,490 | (67,576) | (3,619) | - | 2,532,295 |
| <u>EXPENSES PAID</u> | | | | | |
| LOSSES PAID | 12,473 | 673,008 | 457,804 | 2,027 | 1,145,312 |
| ALLOCATED LOSS EXPENSE | 4,995 | 75,264 | 48,243 | 11,515 | 140,017 |
| UNALLOCATED LOSS EXPENSE | 2,099 | 113,247 | 77,543 | 748 | 193,637 |
| INSPECTION AND RATING ISO | 16,041 | - | - | - | 16,041 |
| SURVEYS & UNDERWRITING RPTS | 22,458 | - | - | - | 22,458 |
| BOARDS & BUREAUS | 4,125 | - | - | - | 4,125 |
| COMMISSIONS | 218,031 | (6,115) | (362) | - | 211,554 |
| ASSOCIATION EXPENSES | 948,150 | - | - | - | 948,150 |
| TAXES & FEES | 25,162 | 11,265 | - | - | 36,427 |
| TOTAL | 1,253,534 | 866,669 | 583,228 | 14,290 | 2,717,721 |
| INCREASE (DECREASE) | 1,349,956 | (934,245) | (586,847) | (14,290) | (185,426) |
| <u>DEDUCT</u> | | | | | |
| PRIOR ACCRUED INTEREST | - | 13,262 | - | - | 13,262 |
| CURRENT NONADMITTED ASSETS | 265,708 | - | - | - | 265,708 |
| TOTAL | 265,708 | 13,262 | - | - | 278,970 |
| <u>ADD</u> | | | | | |
| CURRENT ACCRUED INTEREST | 12,111 | - | - | - | 12,111 |
| PRIOR NONADMITTED ASSETS | - | 219,537 | - | - | 219,537 |
| NET UNREALIZED GAIN | 14,269 | - | - | - | 14,269 |
| TOTAL | 26,380 | 219,537 | - | - | 245,917 |
| <u>EQUITY IN ASSETS OF ASSOCIATION</u> | 1,110,628 | (727,970) | (586,847) | (14,290) | (218,479) |
| <u>CURRENT RESERVES</u> | | | | | |
| UNEARNED PREMIUMS | 2,273,735 | 3,053,606 | - | - | 5,327,341 |
| UNPAID LOSSES | 151,906 | 1,969,934 | 264,373 | 16,000 | 2,402,213 |
| UNPAID LOSS EXPENSES | 28,687 | 237,695 | 58,700 | - | 325,082 |
| UNPAID ASSOCIATION EXPENSES | 146,624 | - | - | - | 146,624 |
| UNPAID TAXES & FEES | 20,832 | - | - | - | 20,832 |
| TOTAL | 2,621,784 | 5,261,235 | 323,073 | 16,000 | 8,222,092 |
| <u>PRIOR RESERVES</u> | | | | | |
| UNEARNED PREMIUMS | - | 5,474,189 | - | - | 5,474,189 |
| UNPAID LOSSES | - | 1,864,775 | 647,541 | 62,381 | 2,574,697 |
| UNPAID LOSSES EXPENSES | - | 268,976 | 88,997 | 46,075 | 404,048 |
| UNPAID ASSOCIATION EXPENSES | - | 175,450 | - | - | 175,450 |
| UNPAID TAXES & FEES | - | 38,870 | - | - | 38,870 |
| TOTAL | - | 7,822,260 | 736,538 | 108,456 | 8,667,254 |
| NET CHANGE IN EQUITY | (\$1,511,156) | \$1,833,055 | (\$173,382) | \$78,166 | \$226,681 |

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

UNDERWRITING STATEMENT EARNED/INCURRED BASIS QTD PERIOD ENDING MARCH 31, 2014

| | 03-31-14 QUARTER-TO-DATE | |
|--|-----------------------------|--------------------|
| Premiums Written | \$2,513,853 | |
| Current Unearned Reserve | 5,327,341 | |
| Prior Unearned Reserve | 5,474,189 | |
| Change in Unearned Premium Reserve | 146,848 | |
| Net Premium Earned | | \$2,660,701 |
| Losses Paid | 1,150,749 | |
| Less Salvage & Subrogation | 5,437 | |
| Net Losses Paid | 1,145,312 | |
| Current Loss Reserve | 2,402,213 | |
| Prior Loss Reserve | 2,574,697 | |
| Change in Loss Reserve | (172,484) | |
| Net Losses Incurred | | 972,828 |
| Allocated Loss Exp. Paid | 140,017 | |
| Unallocated Loss Exp. Paid | 193,637 | |
| Total Loss Exp. Paid | 333,654 | |
| Current Loss Exp. Reserve | 325,082 | |
| Prior Loss Exp. Reserve | 404,048 | |
| Change in Loss Exp. Reserve | (78,966) | |
| Net Loss Exp. Incurred | | 254,688 |
| Total Loss & Loss Exp. Incurred | | \$1,227,516 |
| Taxes & Fees Paid | 36,427 | |
| Current Reserve | 20,832 | |
| Prior Reserve | 38,870 | |
| Change in Reserve for Taxes & Fees | (18,038) | |
| Net Taxes & Fees Incurred | | 18,389 |
| Commissions Expense Paid | 211,554 | |
| Board Bureaus & Inspections Paid | 42,625 | |
| Other Operating Exp. Paid | 948,150 | |
| Total Underwriting Exp. Paid | 1,202,329 | |
| Current Reserve | 146,624 | |
| Prior Reserve | 175,450 | |
| Change in Other Underwriting Exp. Reserve | (28,826) | |
| Other Underwriting Exp. Incurred | | 1,173,503 |
| Total Other Underwriting Exp. Incurred | | 1,191,892 |
| Total Loss & Underwriting Exp. Incurred | | \$2,419,408 |
| Underwriting Gain | | \$241,293 |
| Net Investment Income Received | 15,201 | |
| Current Accrued Interest | 12,111 | |
| Prior Accrued Interest | 13,262 | |
| Change in Accrued Interest | (1,151) | |
| Net Investment Income Earned | | 14,050 |
| Net Realized Capital Loss | | (1,723) |
| Net Investment Gain | | 12,327 |
| Othe Income (includes installment service fees) | | 4,964 |
| Net Gain | | \$258,584 |

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON PREMIUMS QTD PERIOD ENDING MARCH 31, 2014

| | POLICY YEAR 2014 | POLICY YEAR 2013 | POLICY YEAR 2012 | POLICY YEAR 2011 | TOTAL |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|
| *SEE NOTE BELOW | | | | | |
| WRITTEN PREMIUMS | | | | | |
| FIRE | \$1,952,278 | (\$48,572) | (\$2,863) | - | \$1,900,843 |
| ALLIED | 625,815 | (18,949) | (756) | - | 606,110 |
| CRIME | 6,955 | (55) | - | - | 6,900 |
| TOTAL | 2,585,048 | (67,576) | (3,619) | - | 2,513,853 |
| CURRENT UNEARNED PREMIUM RESERVE | | | | | |
| @ 03-31-14 | | | | | |
| FIRE | 1,717,554 | 2,278,568 | - | - | 3,996,122 |
| ALLIED | 550,188 | 765,295 | - | - | 1,315,483 |
| CRIME | 5,993 | 9,743 | - | - | 15,736 |
| TOTAL | 2,273,735 | 3,053,606 | - | - | 5,327,341 |
| PRIOR UNEARNED PREMIUM RESERVE | | | | | |
| @ 12-31-13 | | | | | |
| FIRE | - | 4,085,069 | - | - | 4,085,069 |
| ALLIED | - | 1,371,534 | - | - | 1,371,534 |
| CRIME | - | 17,586 | - | - | 17,586 |
| TOTAL | - | 5,474,189 | - | - | 5,474,189 |
| EARNED PREMIUM | | | | | |
| FIRE | 234,724 | 1,757,929 | (2,863) | - | 1,989,790 |
| ALLIED | 75,627 | 587,290 | (756) | - | 662,161 |
| CRIME | 962 | 7,788 | - | - | 8,750 |
| TOTAL | \$311,313 | \$2,353,007 | (\$3,619) | - | \$2,660,701 |

*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 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> |
| 1Q13 | \$138,025 | \$813,752 | \$951,777 | 1Q14 | \$120,676 | \$826,530 | \$947,206 |
| 2Q13 | \$134,123 | \$827,225 | \$961,348 | | | | |
| 3Q13 | \$132,159 | \$841,132 | \$973,291 | | | | |
| 4Q13 | \$128,345 | \$837,518 | \$965,863 | | | | |

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, 2014

| | POLICY YEAR 2014 | POLICY YEAR 2013 | POLICY YEAR 2012 | POLICY YEAR 2011 | TOTAL |
|--|---------------------|---------------------|---------------------|---------------------|------------------|
| PAID LOSSES | | | | | |
| Net of Salvage & Subrogation Received | | | | | |
| FIRE | \$8,325 | \$562,654 | \$369,273 | (\$234) | \$940,018 |
| ALLIED | 4,148 | 110,354 | 88,531 | 2,261 | 205,294 |
| CRIME | - | - | - | - | - |
| TOTAL | 12,473 | 673,008 | 457,804 | 2,027 | 1,145,312 |
| CURRENT CASE BASIS RESERVES (03-31-14) | | | | | |
| FIRE | 102,045 | 916,194 | 190,756 | - | 1,208,995 |
| ALLIED | 3,500 | 382,667 | 73,617 | 16,000 | 475,784 |
| CRIME | - | - | - | - | - |
| TOTAL | 105,545 | 1,298,861 | 264,373 | 16,000 | 1,684,779 |
| CURRENT I.B.N.R. RESERVES (03-31-14) | | | | | |
| FIRE | 44,824 | 473,363 | - | - | 518,187 |
| ALLIED | 1,537 | 197,710 | - | - | 199,247 |
| CRIME | - | - | - | - | - |
| TOTAL | 46,361 | 671,073 | - | - | 717,434 |
| PRIOR LOSS RESERVES (12-31-13) | | | | | |
| (Including I.B.N.R. Reserves) | | | | | |
| FIRE | - | 1,771,755 | 584,078 | 52,263 | 2,408,096 |
| ALLIED | - | 93,020 | 63,463 | 10,118 | 166,601 |
| CRIME | - | - | - | - | - |
| TOTAL | - | 1,864,775 | 647,541 | 62,381 | 2,574,697 |
| INCURRED LOSSES | | | | | |
| FIRE | 155,194 | 180,456 | (24,049) | (52,497) | 259,104 |
| ALLIED | 9,185 | 597,711 | 98,685 | 8,143 | 713,724 |
| CRIME | - | - | - | - | - |
| TOTAL | \$164,379 | \$778,167 | \$74,636 | (\$44,354) | \$972,828 |

NEW JERSEY INSURANCE UNDERWRITING ASSOCIATION

STATISTICAL REPORT ON LOSS EXPENSES (INCLUDES ALLOCATED AND UNALLOCATED LOSS EXPENSES) QTD PERIOD ENDING MARCH 31, 2014

| | POLICY YEAR 2014 | POLICY YEAR 2013 | POLICY YEAR 2012 | POLICY YEAR 2011 | TOTAL |
|---|---------------------|---------------------|---------------------|---------------------|------------------|
| LOSS EXPENSES PAID (ALAE AND ULAE) | | | | | |
| FIRE | \$4,366 | \$132,439 | \$87,586 | \$6,246 | \$230,637 |
| ALLIED | 2,728 | 56,072 | 38,200 | 6,017 | 103,017 |
| CRIME | - | - | - | - | - |
| TOTAL | 7,094 | 188,511 | 125,786 | 12,263 | 333,654 |
| CURRENT LOSS EXPENSE RESERVES @ 03-31-14 | | | | | |
| FIRE | 27,735 | 167,666 | 42,355 | - | 237,756 |
| ALLIED | 952 | 70,029 | 16,345 | - | 87,326 |
| CRIME | - | - | - | - | - |
| TOTAL | 28,687 | 237,695 | 58,700 | - | 325,082 |
| PRIOR LOSS EXPENSE RESERVES @ 12-31-13 | | | | | |
| FIRE | - | 255,559 | 80,274 | 38,601 | 374,434 |
| ALLIED | - | 13,417 | 8,723 | 7,474 | 29,614 |
| CRIME | - | - | - | - | - |
| TOTAL | - | 268,976 | 88,997 | 46,075 | 404,048 |
| ALAE & ULAE LOSS EXPENSES INCURRED | | | | | |
| FIRE | 32,101 | 44,546 | 49,667 | (32,355) | 93,959 |
| ALLIED | 3,680 | 112,684 | 45,822 | (1,457) | 160,729 |
| CRIME | - | - | - | - | - |
| TOTAL | \$35,781 | \$157,230 | \$95,489 | (\$33,812) | \$254,688 |