FINANCIAL STATEMENTS

OCTOBER 31, 2004

FINANCIAL STATEMENTS

OCTOBER 31, 2004

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April 7, 2005

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Alabama Insurance Underwriting Association 315 E. Laurel Ave., Ste. 216D Foley, AL 36535

We have compiled the accompanying statement of assets, liabilities and members' equity of Alabama Insurance Underwriting Association as of October 31, 2004, and the related statements of operations and members' equity for the three months and twelve months then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements, and supplementary information, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's financial condition. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Leeser & Elder, P.C.
Certified Public Accountants

MEMBER:

American Institute of Certified Public Accountants
AICPA Division of CPA Firms
Alabama Society of Certified Public Accountants

ALABAMA INSURANCE UNDERWRITING ASSOCIATION STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY As of October 31, 2004

EXHIBIT 1

Description	Ledger Assets	Non-Ledger Assets	Assets Not Admitted	Admitted Assets
ASSETS				
Investments	19,667			19.667
Cash	29.161.082			29,161,082
Assessment Receivable	4.464		4,464	
Interest accrued	109		•	109
Furniture and equipment - net of				
depreciation	34,917		34,917	
Data processing equipment - net of	•			
depreciation	5.046			5.046
Programming - net of amortization	64,369		64,369	3,0 - 3
Section 444 Deposit (I.R.S.)	200.698			200,698
Prepaid Reinsurance Premium	118.637			118,637
Intangible Pension Asset	82,842			82,842
Total Assets	29,691,831	0	103,750	29,588,081
LIABILITIES AND EQUITY				
Reserves for:				
Unpaid losses (include IBNR)				17,819,354
Reins. Recoverable-unpaid losses				(2,587,476
Unpald loss adjustment expenses				1,220,340
Reins. Recoverable-unpaid loss. exp.				(194,756
Unearned premiums				3,071,721
Premium taxes				17,836
Total Reserves				19,347,019
Payables for:				
Accounts payable				0
Amounts withheld for A/C of others				4,957
Accrued Pension Obligation				140,883
Premiums Refundable				123,921
Premiums received in advance				151,273
Ceded Reinsurance Payable				157,221
Total Payables				578,255
Members' Equity				9,662,807
Total Liabilities and Equity				29,588,081

ALABAMA INSURANCE UNDERWRITING ASSOCIATION STATEMENT OF OPERATIONS AND MEMBERS' EQUITY Quarter Ended October 31, 2004

EXHIBIT 2

DESCRIPTION	Quarter 08/01/2004 - 10/31/2004	Year-To-Date 11/01/2003 - 10/31/2004
UNDERWRITING INCOME:		
Premiums Earned	164,956	3,454,471
DEDUCTIONS:		5/15 1/11 1/2
Losses incurred	18,543,127	18,565,658
Loss expenses incurred	1,445,288	1,453,581
Operating expenses incurred *	417,275	1,450,121
Total deductions	20,405,690	21,469,360
Net Underwriting Gain or (Loss)	(20,240,734)	(18,014,889)
OTHER INCOME (EXPENSE):		
Net investment income	59,980	223,322
Realized Gains (Losses)	(9,764)	(31,218)
Other Income	60	84
Service fees	3,880	13,920
Total other income (expense)	54,156	206,108
Net Income or (Loss)	(20,186,578)	(17,808,781)
EQUITY ACCOUNT:		
Members' equity (prior period)	10,329,718	13,304,509
memoria aquit, gridi panaa,	,,.	10,000,0000
Net income or (loss)	(20,186,578)	(17,808,781)
Change in assets not admitted	(3,393)	(29,647)
Assessments or (distributions)	19,523,060	14,196,726
Net change in equity	(666,911)	(3,641,702)
Members' Equity (current period)	9,662,807	9,662,807
* Includes SAP No. 8 Adjustment Allocated as Follows:		
10/31/01	0	
10/31/02	47,890	
10/31/03	23,473	
10/31/04	(19,902)	
Accumulated Amount	51,461	

SUPPLEMENTARY INFORMATION

MEMBERS' EQUITY
Quarter Ended October 31, 2004

Quarter 08/01/2004 - 10/31/2004

EXHIBIT 3A Year-to-Date 11/01/2003 - 10/31/2004

Modern M		Policy Year				Policy Year							
Permany Written 1,171,054 (5,072) 0 0 1,165,082 5,459,991 124,951) 0 0 0 5,371,040 Nat Prentium Written 150,071 (5,072) 0 0 0 584,944 3,648,207 (22,351) 0 0 0 3,252,558 1,254,000 0 0 3,252,558 1,254,000 0 0 3,252,558 1,254,000 0 0 0 1,254,000 0 0 0 0 0,252,000 0 0 0 0 0,252,000 0 0 0 0 0,252,000 0 0 0 0 0 0 0 0 0	Description	2004	2003	2002	2001	2000	Total	2004	:003	2002	2001	2000	Total
Reinsurance Premium Ceded (551,038) 0 0 0 0, (\$81,038) (1,844,449) 0 0 0 0 (1,846,439) (14,855) 0 0 0 0, \$54,545 0 0 0 0 3,24,556 10 0 0 3,24,556 10 0 0 3,24,556 10 0 0 0 3,24,556 10 0 0 0 1,225,346 10 0 0 0 1,225,346 10 0 0 0 0 1,225,346 10 0 0 0 0 1,225,346 10 0 0 0 0 1,225,346 10 0 0 0 0 0 1,225,346 10 0 0 0 0 0 1,225,346 10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	INCOME RECEIVED:			_	-				_ `				
Net Penniuma Winto 150,018 (5,072)	Premiums Written	1,171,054	(5,072)	0	0	0	1,165,982	5,495,991	(124,951)	0	0	0	5,371,040
Interest Reachword 114,955 0 0 0 0 114,955 22,322 29,734 0 0 0 0 23,25348 Realized Gains (9,764) 0 0 0 0 0 0,0767 (31,218) 0 0 0 0 0 0 33,25348 Chiter Income 60 0 0 0 0 0 0 0 0 78 0 0 0 0 0 0 13,25368 Cain on sale of non admitted asset 3,860 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Reinsurance Premium Ceded	(581,038)	0	0	0	0	(581,038)	(1,846,484)		0		0	(1,846,484)
Realterd Claries (9,764) 0	Net Premiums Writte :	590,016	(5,072)			0	584,944		(124,951)			0	3,524,556
Chebr Chorams	Interest Received	114,965	0	0	0	0	114,965	223,212	29,134	0	0	0	252,346
Service Feet	Realized Gains	(9,764)	0	-	0	0	(9,764)	(31,218)	0	0	_	_	(31,218)
Cash on ask of non admitted asset 0	Other Income	60	0		0	0	60	78	0	Q	_		84
Total Income 699,157 (5,072) 0 0 684,085 3,855,499 (95,817) 0 0 6 3,759,688 EXPENSES PAID: Losses Return, Recoverated-Losses Paid Losse Aguarman Expenses 422,109 450 0 0 0 3,425,168 3,432,559 18,550 0 0 0 3,451,000 Return, Recoverated-Losses Paid Losse Aguarman Expenses 422,109 450 0 0 0 0 427,559 427,109 550 0 13,596 0 0 0 441,255 Commissions 117,088 (507) 0 0 0 0 116,581 549,585 (12,485) 0 0 0 557,600 Commissions 117,088 (507) 0 0 0 0 116,581 549,585 (12,485) 0 0 0 557,600 Commissions 118,124 24,73 47,890 0 0 0 10,243 161,502 22,388 0 0 0 74,600 Premium Taxos 102,843 0 0 0 0 10,243 161,502 22,388 0 0 0 204,430 Not Canh Change (3,584,052) (28,741) (47,890) 0 0 0 (3,389,683) (1,372,628) (154,570) (47,890) (13,596) 6 1,1580,678) EREMSURANCE RECOVERABLE: EXECUTE PRICE PRICE PRICE EXEMPLIES PRICE PRICE Recoverable-Losses Paid Refins, Recoverable-Losses Paid Refins, Recoverable-Losse Paid Ref	Service Fees	3,880	0	0	0	0	3,880	13,920	0	0	-		13,920
EVENNESS PAID:	Gain on sale of non admitted asset	0	0		0		<u>-</u> .					0	
Control Lipses 34,2,4515 253 0 0 0 3,425,168 3,422,559 10,550 0 0 0 3,451,109	Total Income	699,157	(5,072)	0	0	0	694,085	3,855,499	(9 5,817)	0	0	6	3,759,688
Edits Recovered-Losse Paid	EXPENSES PAID:												
Loss Adjustment Expenses	Losses	3,424,915		-	-	-			•	_	_		3,451,109
Reins Recovered-Loss Exp. Paid 0	Reins. Recovered-Losses Paid	•						•					•
Commissions 117,088 (507) 0 0 116,581 549,555 (12.495) 0 0 0 537,060	Loss Adjustment Expenses	427,109		_	_	_	427,559	427,109		_	•		441,255
Committed Expenses 101,254 23,473 47,890 0 0 126,2617 181,502 29,210 47,890 0 0 714,502 Tremium Traces 102,843 0 0 0 0 102,2618 181,502 22,938 0 0 0 0 20,440 Total Expenses Pold 4,253,209 23,869 47,890 0 0 4,324,768 5,228,127 58,753 47,890 13,596 0 5,248,366 REINSURANCE RECOVERABLE: EDUCT PRIOR PERIOD Refins, Recoverable-Losse Pald 0 0 0 0 0 0 0 0 0	Reins. Roovered-Loss Exp. Paid	•	-	-	-	_	•	0	_	-	_		•
Premism Taxos 102,843 0 0 0 0 0 102,843 16,902 22,938 0 0 0 0 0 4,324,748 15,902 22,938 0 0 0 0 0 0,3,543,368 Nat Cash Change (3,554,052) (28,741) (47,890) 0 0 0 0,3,530,683) (13,72,628) (154,570) (47,890) (13,596) 0 0 0,3,534,368 Nat Cash Change REINSURANCE RECOVERABLE:	Commissions	117,088	(507)				116,581		(12,495)				537,060
Table Expenses Pald Net Cash Change (3,554,052) (28,741) (47,890) 0 0 4,324,768 (5,228,127) 58,753 (47,890) (13,596) 0 5,348,366 (7,890) (13,596) 0 5,348,366 (7,890) (13,596) 0 5,348,366 (7,890) (13,596) 0 0 (15,386,678) (154,570) (13,596) 0 0 (15,386,678) (154,570) (13,596) 0 0 (15,386,678) (154,570) (13,596) 0 0 (15,386,678) (154,570) (13,596) 0 0 (15,386,678) (154,570) (13,596) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Operating Expenses	181,254	23,473	47,890	0	0	252,617	637,402	29,210	47,890	0	0	714,502
Net Cash Change (3,554,062) (28,741) (47,890) 0 0 (3,630,683) (1,372,628) (154,570) (47,890) (13,596) 6 (1,588,678)	Premium Taxes	102,843	0	0	0	0	102,843	181,502	22,938	0	0	0	204,440
REINSURANCE RECOVERABLE: LEDUCT (PRIOR PERIOD) Reins. Recoverable-Losse Paid 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Total Expenses Paid	4,253,209	23,669	47,890	0	0	4,324,768	5,228,127	58,753	47,890	13,596	0	5,348,366
RESERVES:	Net Cash Change	(3,554,052)	(28,741)	(47,890)	0	0	(3,630,683)	(1,372,628)	(154,570)	(47,890)	(13,596)	6	(1,588,678)
Reins. Recoverable-Losses Paid Reins. Recoverable-Losses Exp. Paid Reins. Recoverable-Losses Paid Reins. Recoverable-Losse Pai													
Reins, Recoverable-Loss Exp. Pald 0		G	O	0	0	0	0	0	0	0	0	n	0
ADD (CURRENT PERIOD) Reins, Recoverable-Lasse Paid 0		•	-					_					
Reins, Recoverable-Losse Paid Reins, Recoverable-Losse Exp. Paid Reins, Recoverable-Losse		•	•	•	•	•	•	•	•	•	•	•	•
Reins. Recoverable-Loss Exp. Paid 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		0	0	0	0	0	0	0	0	0	0	0	0
RESERVES:		Õ	ō	Ō			ō	Ō	ō	ō	Ō	ō	Ō
RESERVES: DEDUCT (CURRENT PERIOD) Unpaid Losses (Include IBNR) 15,231,878 0 0 0 15,231,878 15,231,878 0 0 0 0 15,231,878 16,231,878 0 0 0 0 15,231,878 16,231,878 0 0 0 0 15,231,878 16,231,878 0 0 0 0 15,231,878 10,25,84 0 0 0 0 0 1,025,584 0 0 0 0 0 1,025,584 0 0 0 0 0 1,025,584 0 0 0 0 0 1,025,584 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	•	0											
DEDUCT (CURRENT PERIOD) Unpaid Losses (include IBNR) 15,231,878 0 0 0 0 0 0 0 0 0	•		•										
Unpaid Losses (Include IBNR) 15,231,878 0 0 0 0 15,231,878 0 0 0 0 15,231,878 0 0 0 0 0 15,231,878 0 0 0 0 0 0 0 0 0													
Reins. Recoverable-Unpaid Losses Unpaid Loss Adj. Expenses 1,025,584 0 0 0 0 0 0 1,025,584 0 0 0 0 0 1,025,584 0 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,4,957 0 0 0 0 0 0,3,071,722 0 0 0 0 0 0,3,071,722 0 0 0 0 0 0,3,071,722 0 0 0 0 0 0,3,071,722 0 0 0 0 0 0 0,3,071,722 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		45 224 070	•	^	^		45 224 070	46 224 070					45 724 970
Unpaid Loss Adj. Expenses			-						_	_	_	_	
Operating Expenses			_	_	_	-	_	•			-	-	•
Unearmed Premiums 3,071,722 0 0 0 0 3,071,722 0 0 0 0 3,071,722 Premium Taxes 17,836 0 0 0 0 17,836 17,836 0 0 0 0 17,836 17,836 0 0 0 0 17,836 17,836 17,836 0 0 0 0 17,836 17,836 17,836 17,836 17,836 0 0 0 0 17,836 17,			_			_			_	_			• •
Premium Taxes 17,836 0 0 0 17,836 17,836 0 0 0 17,836 ADD (PRIOR PERIOD) Unpaid Losses (Include IBNR) 83,266 30,653 0 0 0 0 113,919 0 115,329 2,000 0 0 117,329 Reins, Recoverable-Unpaid Losses 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			•	-	-	-		• • • •	_	-	-		• • • • •
ADD (PRIOR PERIOD) Unpaid Losses (Include IBNR) 83,266 30,653 0 0 0 113,919 0 115,329 2,000 0 0 117,329 Reins. Recoverable-Unpaid Losses 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			•			_			-	-			
Unpaid Losses (include IBNR) 83,266 30,653 0 0 0 113,919 0 115,329 2,000 0 0 117,329 Reins. Recoverable-Unpaid Losses 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Premium Taxes	17,836	U	U	U	O	17,836	17,836	U	U	U	U	17,836
Reins. Recoverable-Unpaid Losses 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	•			_	_	_		_					
Unpaid Loss Arfj. Expenses 5,746 2,109 0 0 0 7,855 0 7,189 300 5,769 0 13,258 Operating Expenses 585 0 0 0 0 0 585 0 5,737 0 0 0 5,737 Ungamed Premiums 2,471,399 180,335 0 0 0 0 2,651,734 0 3,001,637 0 0 0 3,001,637 Premium Taxes 76,974 0 0 0 0 76,974 0 22,938 0 0 0 0 22,938 Net Reserve Change (16,714,007) 213,097 0 0 0 (16,500,910) (19,351,977) 3,152,830 2,300 5,769 0 (16,191,078) OTHER CHANGES: DEDUCT (PRIOR PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				_	-	-	•	-			-	_	
Operating Expenses		-	_	-	-	-	-	_	-	_	-	_	_
Unearmed Premiums 2,471,399 180,335 0 0 0 2,651,734 0 3,001,637 0 0 0 3,001,637 Premium Taxes 76,974 0 0 0 0 76,974 0 22,938 0 0 0 22,938 Net Reserve Change (16,714,007) 213,097 0 0 0 (16,500,910) (19,351,977) 3,152,830 2,300 5,769 0 (16,191,078) OTHER CHANGES: DEDUCT (PRIOR PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 0 (103,750) 0 0 0 0 0 0 (103,750) Net Other Changes (58,378) 0 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 0 (53,26,334) 14,196,726			2,109	_	-	-		-			•	_	
Premium Taxes 76,974 0 0 0 0 76,974 0 22,938 0 0 0 22,938 Net Reserve Chango (16,714,007) 213,097 0 0 0 (16,500,910) (19,351,977) 3,152,830 2,300 5,769 0 (16,191,078) OTHER CHANGES: DEDUCT (PRIOR PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			•	_	_	_		•		_	_		
Net Reserve Change (16,714,007) 213,097 0 0 0 (16,500,910) (19,351,977) 3,152,830 2,300 5,769 0 (16,191,078) OTHER CHANGES: DEDUCT (PRIOR PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 (103,750) 0 0 0 0 0 (103,750) Net Other Changes (58,378) 0 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 (53,26,334) 14,196,726	Unearned Premiums		180,335	_				-		-	-	_	
OTHER CHANGES: DEDUCT (PRIOR PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 0 (103,750) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0													
DEDUCT (PRIOR) PERIOD) Interest Accrued 55,094 0 0 0 0 55,094 0 29,134 0 0 0 29,134 Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 (103,750) 0 0 0 0 (103,750) Net Other Changes (58,378) 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 (53,26,334) 14,196,726 Assessments or (Distributions) 19,523,060 0 0 0 (53,26,334) 14,196,726	Net Reserve Change	(16,714,007)	213,097	0	0	0	(16,500,910)	(19,351,977)	3,152,830	2,300	5,769	0	(16,191,078)
Assets Not Admitted (100,357) 0 0 0 0 (100,357) 0 (74,103) 0 0 0 (74,103) ADD (CURRENT PERIOD) Interest Accrued 109 0 0 0 109 109 0 0 0 0 109 Assets Not Admitted (103,750) 0 0 0 0 0 (103,750) 0 0 0 0 0 (103,750) Net Other Changes (58,378) 0 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 0 (53,672) Assessments or (Distributions) 19,523,060 0 0 0 0 19,523,060 0 0 0 0 (53,26,334) 14,196,726													
ADD (CURRENT PERIOD) 109 0 0 109 109 0 0 109 Interest Accrued 109 0 0 0 109 109 0 <td< td=""><td>•</td><td>55,094</td><td>0</td><td>0</td><td>0</td><td>0</td><td>55,094</td><td>0</td><td>29,134</td><td>0</td><td>0</td><td>0</td><td>29,134</td></td<>	•	55,094	0	0	0	0	55,094	0	29,134	0	0	0	29,134
ADD (CURRENT PERIOD) 109 0 0 0 109 109 0 0 109 Interest Accrued 109 0 0 0 0 109 109 0 <td< td=""><td>Assets Not Admitted</td><td>(100,357)</td><td>0</td><td>0</td><td>0</td><td>0</td><td>(100,357)</td><td>0</td><td>(74,103)</td><td>0</td><td>0</td><td>0</td><td>(74,103)</td></td<>	Assets Not Admitted	(100,357)	0	0	0	0	(100,357)	0	(74,103)	0	0	0	(74,103)
Assets Not Admitted (103,750) 0 0 0 0 (103,750) 0 0 0 0 (103,750) Net Other Changes (58,378) 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 (58,672) Assessments or (Distributions) 19,523,060 0 0 0 0 19,523,060 0 0 0 0 (5,326,334) 14,196,726	ADD (CURRENT PERIOD)	• • •	_	_	_	_	•			_	_	_	
Net Other Changes (58,378) 0 0 0 0 (58,378) (103,641) 44,969 0 0 0 (58,672) Assessments or (Distributions) 19,523,060 0 0 0 0 19,523,060 0 0 0 0 (5,326,334) 14,196,726			-	_	_	-			•	-	-	_	
Assessments or (Distributions) 19,523,060 0 0 0 19,523,060 0 0 0 (5,326,334) 14,196,726													
											· · · · · · · · · · · · · · · · · · ·	<u> </u>	
Change in Members: Equity (803,377) 184,356 (47,890) 0 0 (666,911) (1,305,186) 3,043,229 (45,590) (7,827) (5,326,328) (3,641,702)													
	Change in Members' Equity	(803,377)	184,356	(47,890)	0	0	(666,911)	(1,305,186)	3,043,229	(45,590)	(7,827) (5,326,328)	(3,641,702)

MEMBERS' EQUITY FOR UNSETTLED YEARS Inception to Quarter Ended October 31, 2004

Exhibit 3B

Description INCOME RECEIVED: Premiums Written	2004	2003	2002		2000	Total
Premiums Written				2001		
	5,495,991	5,447,644	5,857,576	5,781,115	6,079,094	28,661,420
Reinsurance Premiums Ceded	(1,846,484)	(1,357,565)	(1,123,700)	0	0	(4,327,749)
Net Premiums Written	3,649,507	4,090,079	4,733,876	5,781,115	6,079,094	24,333,671
Interest Received	223,212	181,535	222,538	611,181	646,437	1,884,903
Realized Gains	(31,218)	11,602	0	0	0	(19,616)
Other Income	78	8	(173)	1,670	6	1,589
Service Fees	13,920	11,820	10,735	5,225	5,850	47,550
Gain on sale of non admitted asset	. 0	2,253	0	0	0	2,253
Total Income	3,855,499	4,297,297	4,966,976	6,399,191	6,731,387	26,250,350
EXPENSES PAID:						
Losses	3,432,559	47.245	430,049	140.750	88.941	4,139,544
Reins. Recovered-Losses Paid	0	0	0	0	0	0
Loss Adjustment Expenses	427,109	1.325	83,458	56,619	50,551	619,062
Reins, Roovered-Loss Exp. Paid	0	0	0	0	0	0
Commissions	549,555	544,459	582,008	574.865	604,672	2,855,559
Operating Expenses	637,402	568,840	590,389	548,876	442,471	2,787,978
Premium Taxes	181,502	188,406	130,161	208,021	218,418	926,508
Total Expenses Paid	5,228,127	1.350.275	1,816,065	1,529,131	1,405,053	11,328,651
Net Cash Change	(1,372,628)	2,947,022	3,150,911	4,870,060	5,326,334	14,921,699
REINSURANCE RECOVERABLE: ADD (Current Period)						
Reins. Recoverable-Losses Paid	0	0	0	0	0	0
Reins. Recoverable-Loss Exp. Paid	0	0	0	0	0	0
Net Change	0	0	0	0	0	0
RESERVES:						
DEDUCT (CURRENT PERIOD)						
Unpald Losses (include IBNR)	15,231,878	0	0	0	0	15,231,878
Reins. Recoverable-Unpaid Losses	15,251,010	ŏ	ŏ	ŏ	ŏ	10,201,010
Unpaid Loss Adjustment Expenses	1.025.584	ŏ	ŏ	ŏ	ŏ	1.025.584
Operating Expenses	4,957	ŏ	ŏ	ŏ	ŏ	4,957
Unearned Premiums	3,071,722	ŏ	ŏ	ŏ	ő	3,071,722
Premium Taxes	17.836	Ö	ŏ	ŏ	ő	17,836
Total Reserves	19,351,977	0	0	Ö	0	19,351,977
OTHER CHANGES:						<u></u>
ADD						
Interest Accrued	109	0	0	0	0	109
Assets Not Admitted	(103,750)	ŏ	ŏ	ŏ	ŏ	(103,750)
Total Other Changes	(103,641)	Ö	ŏ	0	0	(103,641)
Assessments or (Distributions)	19,523,060	0	0	0	(5,326,334)	14,196,726

STATISTICAL REPORT OF PREMIUMS Quarter Ended October 31, 2004

EXHIBIT 4A

			Quar	ter 08/01/2004 Pelicy Y				Year-to-Date 11/01/2003 - 10/31/2004 Policy Year						
Description	2004	2003	2002	2001	2000	Total	2004	2003	2002	2001	2000	Total		
PREMIUMS WRITTEN:														
Fire	162,543	(725)	0	0	0	161,818	735,232	(16,032)	0	0	O	719,200		
E.C. & VMM	1,008,511	(4,347)	0	0	0	1,004,164	4,760,759	(108,919)	0	0	0	4,651,840		
Reinsurance Premium Ceded	(581,038)	0	0	0	0	(581,038)	(1,846,484)	O	Ō	0	0	(1,846,484)		
Total	590,016	(5,072)	0	0	0	584,944	3,649,507	(124,951)	0	0	0	3,524,556		
UNEARNED PREMIUMS: (PRIOR PERIOD)														
Fire	365,360	25,169	0	0	0	390,529	0	403,432	0	0	0	403,432		
E.C. & VMM	2,422,401	155,166	0	0	0	2,577,567	0	2,598,205	0	0	0	2,598,205		
Reinsurance Unearned Ceded	(316,362)	0	0	0	0	(316,362)	0	0	0	0	C	0		
Total	2,471,399	180,335	0	0	0	2,651,734	0	3,001,637	0	0	0	3,001,637		
UNEARNED PREMIUMS: (CURRENT PERIOD)														
Fire	408,782	0	0	0	0	408,782	408.782	0	0	0	0	408.782		
E.C. & VMM	2,662,940	0	Ó	Ò	ō	2,662,940	2,662,940	Ō	ō	Ō	Ŏ	2,662,940		
Reinsurance Unearned Ceded	0	0	Ō	Ō	ō	0	0		•	•	_	0		
Total	3,071,722	0	0	0	0	3,071,722	3,071,722	0	0	0	0	3,071,722		
EARNED PREMIUMS:														
Fire	119,121	24,444	0	0	0	143,565	326,450	387,400	0	0	0	713,850		
E.C. & VMM	767,972	150,819	ŏ	ŏ	ŏ	918,791	2,097,819	2,489,286	ŏ	ŏ	ŏ	4,587,105		
Reinsurance Earned Ceded	(897,400)	0	Ŏ	ŏ	Ŏ		(1,846,484)	0	ō	ŏ	ŏ	(1,846,484)		
Total	(10,307)	175,263	ō	0	0	164,956	577,785	2,876,686	- ŏ	Ŏ	0	3,454,471		

ALABAMA INSURANCE UNDERWRITING ASSOCIATION STATISTICAL REPORT OF LOSSES

Quarter Ended October 31, 2004

EXHIBIT 48

			Quartor 08/01/2004 - 10/31/2004 Policy Year					Yoar-to-Dato 11/01/2003 - 10/31/2004 Policy Year						
Description	2004	2003	2002	2001	2000	Total	2004	2003	2002	2001	2000	Total		
PAID LOSSES:				·				-						
Fire	4816	253	0	0	0	5,069	11,875	13,551	0	0	0	25,426		
E.C. & VMM	3420099	0	0	0	0	3,420,099	3,420,684	4,999	0	0	0	3,425,683		
Total	3,424,915	253	00	0_	0	3,425,168	3,432,559	18,550	0	0_	0	3,451,109		
OUTSTANDING LOSSES (CURRENT PERIOD)	•													
Fire	13,905	0	0	0	0	13,905	13,905	0	0	0	0	13,905		
E.C. & VMM	17,805,449	Ō	Ō	Ō	0	17,805,449	17,805,449	0	0	0	0	17,805,449		
Reinsurance Recoverable	(2.587,476)	0	0	0	0	(2,587,476)	(2,587,476)	0	0	0	0	(2,587,476)		
Total	15,231,878	0	0	0	0	15,231,878	15,231,878	0	0	0	. 0	15,231,878		
OUTSTANDING LOSSES (PRIOR PERIOD)*														
Fire	13147	4,738	0	0	0	17,885	0	24,171	0	0	0	24,171		
E.C. & VMM	70119	25,915	0	0	0	96,034	0	91,158	2,000	0	0	93,158		
Total	83,266	30,653	0	0	0	113,919	0	115,329	2,000	0	0	117,329		
INCURRED LOSSES:														
Fire	5,574	(4,485)	0	0	0	1,089	25,780	(10,620)	0	0	0	15,160		
E.C. & VMM	18.567.953	(25,915)	Ō	ō	Ö	18,542,038	18.638.657	(86,159)	(2,000)	0	0	18,550,498		
Total	18,573,527	(30,400)	0	Ó	0	18,543,127	18,664,437	(96,779)	(2,000)	0	0	18,565,658		
IBNR (CURRENT PERIOD)														
Fire	13,905	0	0	0	0	13,905	13,905	0	0	0	0	13,905		
E.C. & VMM	300,417	ŏ	ŏ	ŏ	ŏ	300,417	300,417	ō	ō	Ŏ	Ŏ	300,417		
Total	314,322	0	0	0	Ŏ	314,322	314,322	0	0	0	0	314,322		
IBNR (PRIOR PERIOD)	40047		•	•	•	44.005	•	40.674	•	^	•	40.074		
Fire	10647	4,238	0	0	0	14,885	0	18,671	0	0	0	18,671		
E.C. & VMM	70119	25,915	0	0	0	96,034 110,919	-	91,158 109,829	0	0	0	91,158 109,829		
Total _	80,766	30,153		<u> </u>		110,919	<u> </u>	109,029			······	103,023		

*Includes IBNR

ALABAMA INSURANCE UNDERWRITING ASSOCIATION STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES Quarter Ended October 31, 2004

EXHIBIT 4C

	Quarter 08/01/2004 - 10/31/2004								Year-to-Date 11/01/2003 - 10/31/2004						
		Policy Year						Policy Year							
Description	2004	2003	2002	2001	2000	Total	2004	2003	2002	2001	2000	Total			
LOSS EXPENSES PAID:							_			_	•	450			
Fire	0	450		0 0	0	450	0	450	0		0	450			
E.C. & VMM	427109	0		0 0	0	427,109	427,109	100	0	13,596	0	440,805			
Total	427,109	450		0 0	0	427,559	427,109	550		13,596	0	441,255			
INDAM LOSS EVECUCES (CHERENT RESIGNAL															
UNPAID LOSS EXPENSES (CURRENT PERIOD)*	004			0	0	834	834	0	0	0	0	834			
Fire	834	0		0				~	Ň	ň	ň	1,219,506			
E.C. & VMM	1,219,506	0		0 0	0	1,219,506	1,219,506	· ·	v v	v	Ž				
Reinsurance Recoverable	(194,756)	0		<u> </u>	0	(194,756)	(194,756)	0		<u>_</u>	<u>U</u>	(194,756)			
Total	1,025,584	0		0 0	0	1,025,584	1,025,584	0	0	0	0	1,025,584			
UNPAID LOSS EXPENSES (PRIOR PERIOD)*															
· · · · · · · · · · · · · · · · · · ·	4520	554			٨	2,093	0	1,720	0	0	0	1,720			
Fire	1539			0	ŭ		ŏ	5,469	300	5,769	ŏ	11,538			
E.C. & VMM	4207	1,555		0 0	<u> </u>	5,762	<u> </u>					13,258			
Total	5,746	2,109		0 0	0	7,855	0_	7,189	300	5,769		13,236			
INCURRED LOSS EXPENSES:															
Fire	(705)	(104)		0 0	0	(809)	834	(1,270)	0	0	0	(436)			
					ŏ	1,446,097	1,451,859	(5,369)	(300)	7,827	Ō	1,454,017			
E.C. & VMM	1,447,652	(1,555)		0 0	<u> </u>						~	1,453,581			
Total	1,446,947	(1,659)		<u> </u>	0	1,445,288	1,452,693	(6,639)	(300)	7,827	0_	1,433,301			

^{*}Includes IBNR