

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2007

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2007

CONTENTS

| | <u>Exhibit</u> |
|---|----------------|
| Accountants' compilation report | |
| Statement of assets, liabilities and members' equity | 1 |
| Statement of operations and members' equity | 2 |
| Supplementary information: | |
| Members' equity – quarter and year to date | 3A |
| Members' equity for unsettled years – inception to date | 3B |
| Statistical report of premiums | 4A |
| Statistical report of losses | 4B |
| Statistical report of loss adjustment expenses | 4C |



O'SULLIVAN CREEL, LLP
Certified Public Accountants & Consultants

1725 North McKenzie Street
P. O. Drawer 1210
Foley, AL 36536-1210

251.943.8571
Fax: 251.943.1415

www.osullivancreel.com

September 25, 2007

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 April 30, 2007, and the related statements of operations and members' equity for the six 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.

O'Sullivan Creel, LLP

Certified Public Accountants

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
As of April 30, 2007

EXHIBIT 1

| Description | Ledger Assets | Non-Ledger Assets | Assets Not Admitted | Admitted Assets |
|--|-------------------|----------------------|------------------------|--------------------|
| ASSETS | | | | |
| Cash | 17,107,798 | | | 17,107,798 |
| Interest accrued | 0 | | | 0 |
| Furniture and equipment - net of depreciation | 43,774 | | 43,774 | |
| Data processing equipment - net of depreciation | 16,134 | | | 16,134 |
| Programming - net of amortization | 4,112 | | 4,112 | |
| Section 444 Deposit (I.R.S.) | 0 | | | 0 |
| Prepaid Reinsurance Premium | 0 | | | 0 |
| Reinsurance Recoverable - paid losses | 28,000 | | | 28,000 |
| Intangible Pension Asset | 62,362 | | | 62,362 |
| Returned checks | 1,929 | | 1,929 | |
| Total Assets | <u>17,264,109</u> | <u>0</u> | <u>49,815</u> | <u>17,214,294</u> |
| LIABILITIES AND EQUITY | | | | |
| Reserves for: | | | | |
| Unpaid losses (include IBNR) | | | | 453,017 |
| Reins. Recoverable-unpaid losses | | | | 0 |
| Unpaid loss adjustment expenses | | | | 27,482 |
| Reins. Recoverable-unpaid loss. exp. | | | | 0 |
| Unearned premiums | | | | 7,915,151 |
| Premium taxes | | | | 194,113 |
| Total Reserves | | | | <u>8,589,763</u> |
| Payables for: | | | | |
| Accounts payable | | | | 0 |
| Amounts withheld for A/C of others | | | | 4,169 |
| Accrued Pension Obligation | | | | 57,039 |
| Distributions Payable Members | | | | 0 |
| Premiums Refundable | | | | 0 |
| Premiums received in advance | | | | 257,454 |
| Ceded Reinsurance Payable | | | | 2,248,872 |
| Total Payables | | | | <u>2,567,534</u> |
| Members' Equity | | | | <u>6,056,997</u> |
| Total Liabilities and Equity | | | | <u>17,214,294</u> |

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
Quarter Ended April 30, 2007

EXHIBIT 2

| DESCRIPTION | Quarter 2/01/2007 - 4/30/2007 | Year-To-Date 11/01/2006 - 4/30/2007 |
|----------------------------------|--|--|
| UNDERWRITING INCOME: | | |
| Premiums Earned | 4,088,302 | 8,474,500 |
| DEDUCTIONS: | | |
| Losses incurred | 273,847 | 740,045 |
| Loss expenses incurred | 6,341 | 15,523 |
| Operating expenses incurred | 1,114,475 | 1,934,242 |
| Total deductions | 1,394,663 | 2,689,810 |
| Net Underwriting Gain or (Loss) | 2,693,639 | 5,784,690 |
| OTHER INCOME (EXPENSE): | | |
| Net investment income | 134,683 | 276,488 |
| Realized Gains (Losses) | 0 | 623 |
| Other Income | 0 | 3,324 |
| Service fees | 48,070 | 80,960 |
| Total other income (expense) | 182,753 | 361,395 |
| Net Income or (Loss) | 2,876,392 | 6,146,085 |
| EQUITY ACCOUNT: | | |
| Members' equity (prior period) | 3,175,375 | (101,499) |
| Net income or (loss) | 2,876,392 | 6,146,085 |
| Change in assets not admitted | 5,230 | 12,411 |
| Assessments or (distributions) | 0 | 0 |
| Net change in equity | 2,881,622 | 6,158,496 |
| Members' Equity (current period) | 6,056,997 | 6,056,997 |

SUPPLEMENTARY INFORMATION

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

MEMBERS' EQUITY

Quarter Ended April 30, 2007

EXHIBIT 3A

Quarter 2/01/2007 - 4/30/2007

Year-to-Date 11/01/2006 - 4/30/2007

| Description | Policy Year | | | | | Policy Year | | | | |
|------------------------------------|-------------|-----------|-----------|----------|-------------|-------------|------------|-----------|-----------|-------------|
| | 2007 | 2006 | 2005 | 2004 | Total | 2007 | 2006 | 2005 | 2004 | Total |
| INCOME RECEIVED: | | | | | | | | | | |
| Premiums Written | 5,862,236 | (217,007) | 0 | 0 | 5,645,229 | 9,711,825 | (370,517) | 0 | 0 | 9,341,308 |
| Reinsurance Premium Ceded | (1,949,693) | 0 | 0 | 0 | (1,949,693) | (3,899,386) | 0 | 0 | 0 | (3,899,386) |
| Net Premiums Written | 3,912,543 | (217,007) | 0 | 0 | 3,695,536 | 5,812,439 | (370,517) | 0 | 0 | 5,441,922 |
| Interest Received | 134,683 | 0 | 0 | 0 | 134,683 | 276,488 | 0 | 0 | 0 | 276,488 |
| Realized Gains | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Income | 0 | 0 | 0 | 0 | 0 | 3,324 | 0 | 0 | 0 | 3,324 |
| Service Fees | 48,070 | 0 | 0 | 0 | 48,070 | 80,960 | 0 | 0 | 0 | 80,960 |
| Gain on sale of non admitted asset | 0 | 0 | 0 | 0 | 0 | 623 | 0 | 0 | 0 | 623 |
| Total Income | 4,095,296 | (217,007) | 0 | 0 | 3,878,289 | 6,173,834 | (370,517) | 0 | 0 | 5,803,317 |
| EXPENSES PAID: | | | | | | | | | | |
| Losses | 0 | 338,454 | 93,447 | 92,817 | 524,718 | 0 | 481,372 | 605,439 | 124,931 | 1,211,742 |
| Loss Adjustment Expenses | 0 | 2,681 | 17,042 | 5,924 | 25,647 | 0 | 4,800 | 32,599 | 14,616 | 52,015 |
| Commissions | 586,187 | (21,699) | 0 | 0 | 564,488 | 971,136 | (37,050) | 0 | 0 | 934,086 |
| Operating Expenses | 350,653 | 0 | 0 | 0 | 350,653 | 670,416 | 6,473 | 0 | 0 | 676,889 |
| Premium Taxes | 0 | 0 | 0 | 0 | 0 | 131,458 | 113,109 | 0 | 0 | 244,567 |
| Total Expenses Paid | 936,840 | 319,436 | 110,489 | 98,741 | 1,465,506 | 1,773,010 | 568,704 | 638,038 | 139,547 | 3,119,299 |
| Net Cash Change | 3,158,456 | (536,443) | (110,489) | (98,741) | 2,412,783 | 4,400,824 | (939,221) | (638,038) | (139,547) | 2,684,018 |
| REINSURANCE RECOVERABLE: | | | | | | | | | | |
| <i>DEDUCT (PRIOR PERIOD)</i> | | | | | | | | | | |
| Reins. Recoverable-Losses Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reins. Recoverable-Loss Exp. Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>ADD (CURRENT PERIOD)</i> | | | | | | | | | | |
| Reins. Recoverable-Losses Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reins. Recoverable-Loss Exp. Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Change | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RESERVES: | | | | | | | | | | |
| <i>DEDUCT (CURRENT PERIOD)</i> | | | | | | | | | | |
| Unpaid Losses (include IBNR) | 179,375 | 253,642 | 20,000 | 0 | 453,017 | 179,375 | 253,642 | 20,000 | 0 | 453,017 |
| Reins. Recoverable-Unpaid Losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unpaid Loss Adj. Expenses | 10,763 | 15,219 | 1,500 | 0 | 27,482 | 10,763 | 15,219 | 1,500 | 0 | 27,482 |
| Operating Expenses | 4,169 | 0 | 0 | 0 | 4,169 | 4,169 | 0 | 0 | 0 | 4,169 |
| Unearned Premiums | 5,061,748 | 2,853,401 | 0 | 0 | 7,915,149 | 5,061,748 | 2,853,401 | 0 | 0 | 7,915,149 |
| Premium Taxes | 194,113 | 0 | 0 | 0 | 194,113 | 194,113 | 0 | 0 | 0 | 194,113 |
| <i>ADD (PRIOR PERIOD)</i> | | | | | | | | | | |
| Unpaid Losses (include IBNR) | 73,747 | 591,002 | 39,139 | 0 | 703,888 | 0 | 359,880 | 472,017 | 92,817 | 924,714 |
| Reins. Recoverable-Unpaid Losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unpaid Loss Adj. Expenses | 4,425 | 39,428 | 2,935 | 0 | 46,788 | 0 | 21,612 | 35,402 | 6,960 | 63,974 |
| Operating Expenses | 4,271 | 0 | 0 | 0 | 4,271 | 0 | 6,473 | 0 | 0 | 6,473 |
| Unearned Premiums | 1,713,966 | 6,593,949 | 0 | 0 | 8,307,915 | 0 | 10,947,727 | 0 | 0 | 10,947,727 |
| Premium Taxes | (5,323) | 0 | 0 | 0 | (5,323) | 0 | 113,109 | 0 | 0 | 113,109 |
| Net Reserve Change | (3,659,082) | 4,102,117 | 20,574 | 0 | 463,609 | (5,450,168) | 8,326,539 | 485,919 | 99,777 | 3,462,067 |
| OTHER CHANGES: | | | | | | | | | | |
| <i>DEDUCT (PRIOR PERIOD)</i> | | | | | | | | | | |
| Interest Accrued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets Not Admitted | (55,045) | 0 | 0 | 0 | (55,045) | 0 | (62,226) | 0 | 0 | (62,226) |
| <i>ADD (CURRENT PERIOD)</i> | | | | | | | | | | |
| Interest Accrued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets Not Admitted | (49,815) | 0 | 0 | 0 | (49,815) | (49,815) | 0 | 0 | 0 | (49,815) |
| Net Other Changes | 5,230 | 0 | 0 | 0 | 5,230 | (49,815) | 62,226 | 0 | 0 | 12,411 |
| Assessments or (Distributions) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Members' Equity | (495,396) | 3,565,674 | (89,915) | (98,741) | 2,881,622 | (1,099,159) | 7,449,544 | (152,119) | (39,770) | 6,158,496 |

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

MEMBERS' EQUITY FOR UNSETTLED YEARS

Inception to Quarter Ended April 30, 2007

Exhibit 3B

| Description | Policy Year | | | | Total |
|------------------------------------|-------------|-------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2005 | 2004 | |
| INCOME RECEIVED: | | | | | |
| Premiums Written | 9,711,825 | 17,442,906 | 6,309,269 | 5,411,236 | 38,875,236 |
| Reinsurance Premiums Ceded | (3,899,386) | (4,500,230) | (1,882,296) | (2,023,681) | (12,305,593) |
| Net Premiums Written | 5,812,439 | 12,942,676 | 4,426,973 | 3,387,555 | 26,569,643 |
| Interest Received | 276,488 | 307,607 | 212,181 | 223,321 | 1,019,597 |
| Realized Gains | 0 | 0 | (86) | (31,218) | (31,304) |
| Other Income | 3,324 | 40 | 4,403 | 78 | 7,845 |
| Service Fees | 80,960 | 175,703 | 29,034 | 13,920 | 299,617 |
| Gain on sale of non admitted asset | 623 | (203) | 0 | 0 | 420 |
| Total Income | 6,173,834 | 13,425,823 | 4,672,505 | 3,593,656 | 27,865,818 |
| EXPENSES PAID: | | | | | |
| Losses | 0 | 900,301 | 12,038,767 | 18,765,330 | 31,704,398 |
| Loss Adjustment Expenses | 0 | 17,029 | 1,135,803 | 1,454,449 | 2,607,281 |
| Commissions | 971,136 | 1,754,805 | 630,929 | 540,534 | 3,897,404 |
| Operating Expenses | 670,416 | 1,036,093 | 998,911 | 642,359 | 3,347,779 |
| Premium Taxes | 131,458 | 624,158 | 176,320 | 199,338 | 1,131,274 |
| Total Expenses Paid | 1,773,010 | 4,332,386 | 14,980,730 | 21,602,010 | 42,688,136 |
| Net Cash Change | 4,400,824 | 9,093,437 | (10,308,225) | (18,008,354) | (14,822,318) |
| REINSURANCE RECOVERABLE: | | | | | |
| ADD (Current Period) | | | | | |
| Reins. Recoverable-Losses Paid | 0 | 0 | 0 | 0 | 0 |
| Reins. Recoverable-Loss Exp. Paid | 0 | 0 | 0 | 0 | 0 |
| Net Change | 0 | 0 | 0 | 0 | 0 |
| RESERVES: | | | | | |
| DEDUCT (CURRENT PERIOD) | | | | | |
| Unpaid Losses (include IBNR) | 179,375 | 253,642 | 20,000 | 0 | 453,017 |
| Reins. Recoverable-Unpaid Losses | 0 | 0 | 0 | 0 | 0 |
| Unpaid Loss Adjustment Expenses | 10,763 | 15,219 | 1,500 | 0 | 27,482 |
| Operating Expenses | 4,169 | 0 | 0 | 0 | 4,169 |
| Unearned Premiums | 5,061,748 | 2,853,401 | 0 | 0 | 7,915,149 |
| Premium Taxes | 194,113 | 0 | 0 | 0 | 194,113 |
| Total Reserves | 5,450,168 | 3,122,262 | 21,500 | 0 | 8,593,930 |
| OTHER CHANGES: | | | | | |
| ADD | | | | | |
| Interest Accrued | 0 | 0 | 0 | 0 | 0 |
| Assets Not Admitted | (49,815) | 0 | 0 | 0 | (49,815) |
| Total Other Changes | (49,815) | 0 | 0 | 0 | (49,815) |
| Assessments or (Distributions) | 0 | 0 | 10,000,000 | 19,523,060 | 29,523,060 |
| Net Members' Equity | (1,099,159) | 5,971,175 | (329,725) | 1,514,706 | 6,056,997 |

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF PREMIUMS
Quarter Ended April 30, 2007

EXHIBIT 4A

| Description | Quarter 2/01/2007 - 4/30/2007 | | | | | Year-to-Date 11/01/2006 - 4/30/2007 | | | | |
|--|-------------------------------|-----------|-------------|------|-------------|-------------------------------------|------------|-------------|------|-------------|
| | 2007 | 2006 | Policy Year | | Total | 2007 | 2006 | Policy Year | | Total |
| | | | 2005 | 2004 | | | | 2005 | 2004 | |
| PREMIUMS WRITTEN: | | | | | | | | | | |
| Fire | 410,415 | (20,169) | 0 | 0 | 390,246 | 696,049 | (27,422) | 0 | 0 | 668,627 |
| E.C. & VMM | 5,451,821 | (196,838) | 0 | 0 | 5,254,983 | 9,015,776 | (343,095) | 0 | 0 | 8,672,681 |
| Reinsurance Premium Ceded E.C. | (1,949,693) | 0 | 0 | 0 | (1,949,693) | (3,899,386) | 0 | 0 | 0 | (3,899,386) |
| Total | 3,912,543 | (217,007) | 0 | 0 | 3,695,536 | 5,812,439 | (370,517) | 0 | 0 | 5,441,922 |
| UNEARNED PREMIUMS: (PRIOR PERIOD) | | | | | | | | | | |
| Fire | 278,162 | 609,153 | 0 | 0 | 887,315 | 0 | 1,017,075 | 0 | 0 | 1,017,075 |
| E.C. & VMM | 2,898,073 | 5,984,796 | 0 | 0 | 8,882,869 | 0 | 9,930,652 | 0 | 0 | 9,930,652 |
| Reinsurance Unearned Ceded E.C. | (1,462,269) | 0 | 0 | 0 | (1,462,269) | 0 | 0 | 0 | 0 | 0 |
| Total | 1,713,966 | 6,593,949 | 0 | 0 | 8,307,915 | 0 | 10,947,727 | 0 | 0 | 10,947,727 |
| UNEARNED PREMIUMS: (CURRENT PERIOD) | | | | | | | | | | |
| Fire | 581,913 | 265,603 | 0 | 0 | 847,516 | 581,913 | 265,603 | 0 | 0 | 847,516 |
| E.C. & VMM | 6,429,528 | 2,587,798 | 0 | 0 | 9,017,326 | 6,429,528 | 2,587,798 | 0 | 0 | 9,017,326 |
| Reinsurance Unearned Ceded E.C. | (1,949,693) | 0 | 0 | 0 | (1,949,693) | (1,949,693) | 0 | 0 | 0 | (1,949,693) |
| Total | 5,061,748 | 2,853,401 | 0 | 0 | 7,915,149 | 5,061,748 | 2,853,401 | 0 | 0 | 7,915,149 |
| EARNED PREMIUMS: | | | | | | | | | | |
| Fire | 106,664 | 323,381 | 0 | 0 | 430,045 | 114,136 | 724,050 | 0 | 0 | 838,186 |
| E.C. & VMM | 1,920,366 | 3,200,160 | 0 | 0 | 5,120,526 | 2,586,248 | 6,999,759 | 0 | 0 | 9,586,007 |
| Reinsurance Earned Ceded E.C. | (1,462,269) | 0 | 0 | 0 | (1,462,269) | (1,949,693) | 0 | 0 | 0 | (1,949,693) |
| Total | 564,761 | 3,523,541 | 0 | 0 | 4,088,302 | 750,691 | 7,723,809 | 0 | 0 | 8,474,500 |

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSSES
Quarter Ended April 30, 2007

EXHIBIT 4B

| Description | Quarter 2/01/2007 - 4/30/2007 | | | | | Year-to-Date 11/01/2006 - 4/30/2007 | | | | |
|---|-------------------------------|----------|--------|--------|---------|-------------------------------------|----------|---------|---------|-----------|
| | 2007 | 2006 | 2005 | 2004 | Total | 2007 | 2006 | 2005 | 2004 | Total |
| PAID LOSSES: | | | | | | | | | | |
| Fire | 0 | 325,590 | 0 | 0 | 325,590 | 0 | 462,956 | 0 | 0 | 462,956 |
| E.C. & VMM | 0 | 12,864 | 93,447 | 92,817 | 199,128 | 0 | 18,416 | 605,439 | 124,931 | 748,786 |
| Reinsurance Recovery E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 338,454 | 93,447 | 92,817 | 524,718 | 0 | 481,372 | 605,439 | 124,931 | 1,211,742 |
| OUTSTANDING LOSSES (CURRENT PERIOD)* | | | | | | | | | | |
| Fire | 15,012 | 22,891 | 0 | 0 | 37,903 | 15,012 | 22,891 | 0 | 0 | 37,903 |
| E.C. & VMM | 164,363 | 230,751 | 20,000 | 0 | 415,114 | 164,363 | 230,751 | 20,000 | 0 | 415,114 |
| Reinsurance Recoverable E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 179,375 | 253,642 | 20,000 | 0 | 453,017 | 179,375 | 253,642 | 20,000 | 0 | 453,017 |
| OUTSTANDING LOSSES (PRIOR PERIOD)* | | | | | | | | | | |
| Fire | 6,419 | 285,258 | 0 | 0 | 291,677 | 0 | 30,671 | 0 | 0 | 30,671 |
| E.C. & VMM | 67,328 | 305,744 | 39,139 | 0 | 412,211 | 0 | 329,209 | 472,017 | 92,817 | 894,043 |
| Reinsurance Recoverable E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 73,747 | 591,002 | 39,139 | 0 | 703,888 | 0 | 359,880 | 472,017 | 92,817 | 924,714 |
| INCURRED LOSSES: | | | | | | | | | | |
| Fire | 8,593 | 63,223 | 0 | 0 | 71,816 | 15,012 | 455,176 | 0 | 0 | 470,188 |
| E.C. & VMM | 97,035 | (62,129) | 74,308 | 92,817 | 202,031 | 164,363 | (80,042) | 153,422 | 32,114 | 269,857 |
| Total | 105,628 | 1,094 | 74,308 | 92,817 | 273,847 | 179,375 | 375,134 | 153,422 | 32,114 | 740,045 |
| IBNR (CURRENT PERIOD) | | | | | | | | | | |
| Fire | 15,012 | 22,891 | 0 | 0 | 37,903 | 15,012 | 22,891 | 0 | 0 | 37,903 |
| E.C. & VMM | 164,363 | 230,751 | 0 | 0 | 395,114 | 164,363 | 230,751 | 0 | 0 | 395,114 |
| Total | 179,375 | 253,642 | 0 | 0 | 433,017 | 179,375 | 253,642 | 0 | 0 | 433,017 |
| IBNR (PRIOR PERIOD) | | | | | | | | | | |
| Fire | 6,419 | 30,758 | 0 | 0 | 37,177 | 0 | 29,420 | 0 | 0 | 29,420 |
| E.C. & VMM | 67,328 | 295,744 | 0 | 0 | 363,072 | 0 | 329,209 | 0 | 0 | 329,209 |
| Total | 73,747 | 326,502 | 0 | 0 | 400,249 | 0 | 358,629 | 0 | 0 | 358,629 |

*Includes IBNR

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES
Quarter Ended April 30, 2007

EXHIBIT 4C

| Description | Quarter 2/01/2007 - 4/30/2007 | | | | | Year-to-Date 11/01/2006 - 4/30/2007 | | | | |
|---|-------------------------------|----------|--------|-------|----------|-------------------------------------|---------|---------|--------|--------|
| | 2007 | 2006 | 2005 | 2004 | Total | 2007 | 2006 | 2005 | 2004 | Total |
| LOSS EXPENSES PAID: | | | | | | | | | | |
| Fire | 0 | 2,681 | 0 | 0 | 2,681 | 0 | 4,800 | 0 | 0 | 4,800 |
| E.C. & VMM | 0 | 0 | 17,042 | 5,924 | 22,966 | 0 | 0 | 32,599 | 14,616 | 47,215 |
| Reinsurance Recovery E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 2,681 | 17,042 | 5,924 | 25,647 | 0 | 4,800 | 32,599 | 14,616 | 52,015 |
| UNPAID LOSS EXPENSES (CURRENT PERIOD)* | | | | | | | | | | |
| Fire | 901 | 1,373 | 0 | 0 | 2,274 | 901 | 1,373 | 0 | 0 | 2,274 |
| E.C. & VMM | 9,862 | 13,846 | 1,500 | 0 | 25,208 | 9,862 | 13,846 | 1,500 | 0 | 25,208 |
| Reinsurance Recoverable E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 10,763 | 15,219 | 1,500 | 0 | 27,482 | 10,763 | 15,219 | 1,500 | 0 | 27,482 |
| UNPAID LOSS EXPENSES (PRIOR PERIOD)* | | | | | | | | | | |
| Fire | 385 | 20,933 | 0 | 0 | 21,318 | 0 | 1,859 | 0 | 0 | 1,859 |
| E.C. & VMM | 4040 | 18,495 | 2,935 | 0 | 25,470 | 0 | 19,753 | 35,402 | 6,960 | 62,115 |
| Reinsurance Recoverable E.C. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 4,425 | 39,428 | 2,935 | 0 | 46,788 | 0 | 21,612 | 35,402 | 6,960 | 63,974 |
| INCURRED LOSS EXPENSES: | | | | | | | | | | |
| Fire | 516 | (16,879) | 0 | 0 | (16,363) | 901 | 4,314 | 0 | 0 | 5,215 |
| E.C. & VMM | 5,822 | (4,649) | 15,607 | 5,924 | 22,704 | 9,862 | (5,907) | (1,303) | 7,656 | 10,308 |
| Total | 6,338 | (21,528) | 15,607 | 5,924 | 6,341 | 10,763 | (1,593) | (1,303) | 7,656 | 15,523 |

*Includes IBNR