St. Johns
Insurance Company

State Board of Administration of Florida
Insurance Capital Build-Up Incentive Program

APPLICATION

June 15, 2006

STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION

IMPORTANT NOTES:

1. INCOMPLETE APPLICATIONS WILL BE RETURNED TO THE APPLICANT, UNREVIEWED.

2. THE FIRST TIME A WORD APPEARS IN THIS APPLICATION THAT HAS A SPECIAL DEFINITION, IT WILL BE SO INDICATED WITH AN ASTERISK (*). THE DEFINITION IS CONTAINED IN RULE 19ER06-3, F.A.C., WHICH IS AVAILABLE ON THE BOARD'S WEBSITE, WWW.SBAFLA.COM, UNDER "INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM" THEN "RULE 19ER06-3".

Part I: Basic Information

CONTACT INFORMATION:

Application Date: ______________________

Insurer's* Name ("Applicant"*): ____________________________ NAIC #: ______________

Group Name, if applicable: ________________________________ Group NAIC #:_________

Address of Administrative Office: ____

Contact Name and Title: ____

Telephone Number: __________________________ Fax Number: _______________________

Email Address: ____

SURPLUS NOTE* REQUESTED:

Principal Amount of Surplus Note Requested: ____

Date funds are desired: ____

Amount of New Capital* contributed: ____

Anticipated date New Capital infused: ____

Will the New Capital be encumbered? _____ If yes, describe: _____________________________

Source of New Capital: ____

Address for the source of New Capital: ____

Contact Name for the source of New Capital: ____

Telephone Number for the source of New Capital: ______________________________

Fax Number for the source of New Capital: ______________________________

Email Address for the Contact for the source of New Capital: ______________________________

Name of depository for New Capital: ______________________________

Address of depository for New Capital: ______________________________

Contact Name for the depository and Title: ______________________________

Telephone Number for the depository: ______________________________

Fax Number for the depository: ______________________________

Email Address for the Contact at the depository: ______________________________

FINANCIAL INFORMATION:

Current Surplus* amount as of latest month end: ______________________________

Surplus as of most recently filed financial statement with the Office*:______________________

Annualized Net Written Premium* as of latest month end: ______________________________

Annualized Net Written Premium as of most recently filed financial statement with the Office:

____

Current ratio of Net Written Premium to Surplus as of latest month end: ____________________

Date Applicant estimates reaching the Minimum Writing Ratio*, if not already obtained: ______

____

Part II:

BUSINESS PLAN: Provide an executive summary of the Applicant's business plan including the number of new policies the Applicant intends to write as a result of this Program and time frames for writing such policies. Also, indicate the target area of the state where the Applicant plans to write new policies. Discuss in a separate paragraph the prospects for the long term repayment of the Surplus Note indicating any circumstance which might prohibit or interfere with full repayment.

STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM (“PROGRAM”)
APPLICATION

REINSURANCE PROGRAM: Provide a descriptive summary and a chart of your reinsurance program for the 2006 hurricane season showing the results pre and post infusion of New Capital. Indicate the Insurer’s 100-year probable maximum loss (PML) associated with the various model(s) used to determine the 100-year PML. Identify the model(s) and version number(s) used to determine the PML(s).

Part III: Interrogatories

Responses provided to the interrogatories may be added to the Surplus Note under the section entitled “Supplemental Agreements.”

1. Will the New Capital contribution be in excess of the Minimum Contribution*?
2. Have profits been retained to grow Surplus over the last five years? If yes, how much has been retained or contributed to Surplus each year?
3. Will profits be retained to grow Surplus should the Applicant be granted the Surplus Note proceeds associated with this Program?
4. Does the Applicant have a related company or other person or entity that is willing to guarantee the Applicant’s Surplus Note under this Program? If yes, provide details.
5. Although not required, is the Applicant willing to commit collateral for the purpose of securing the state’s interest in the proceeds of the Surplus Note?
6. Although not required, is the Applicant willing to deposit 10% or more of the proceeds derived from the Surplus Note in an account managed by the state?
7. Although not required, is the Applicant willing to prepay interest and principal for one year in advance?
8. Are there any commitments that the Applicant is willing to make as a condition of issuing the Surplus Note that would lessen the risk of default?
9. Has the Applicant fully placed its 2006 hurricane season reinsurance program?
10. If the 2006 hurricane season reinsurance program has been fully placed, can the Insurer withstand a 1 in 100-year event?
11. What is the Applicant’s current writing ratio?
12. What was the Applicant’s writing ratio for the last five years?
13. Is the Applicant willing to commit to a writing ratio in excess of the minimum for the duration of the Surplus Note? If so, note any adverse impact upon policyholder security.
14. Does the Applicant have a rating from a rating agency? If so, indicate the agency and the rating, how long the rating has been in effect, and whether or not the Applicant has ever been downgraded by a rating agency and the circumstances.
15. Is the Applicant currently being investigated by any federal or state regulatory authority?
16. Is the Applicant under any type of regulatory control or order?

Part IV: Documents which must be provided with this Application

1. A detailed business plan, which includes:
   a. A written description of the Applicant's current level of policy coverage for residential property in Florida covering the peril of wind.
   b. Pro forma statements which outline the policy writings for the next three years and that distinguish between wind and ex-wind policy writings.
   c. If the Applicant's ratio of Net Written Premium to Surplus does not equal or exceed 2:1, include a written strategy for increasing the ratio within sixty days of receiving the proceeds derived from the Surplus Note.
   d. A description of the Applicant's strategy to maintain or increase the Minimum Writing Ratio within 60 days of receiving the proceeds derived from the Surplus Note and to maintain such ratio for the duration of the Surplus Note.
2. A copy of the Applicant's most recent audited financial statement and copies of the audited financial statements for the prior two years.
3. A copy of the Applicant's most recent annual statement of the National Association of Insurance Commissioners required to be filed by authorized insurers pursuant to Section 624.424, F.S.
4. A resolution from the Applicant's governing board which contains the following:
   a. A statement clearly authorizing the Applicant to participate in the Program;
   b. A statement that the Applicant's governing board has reviewed the Surplus Note, Form SBA 15-2, which is available on the Board's website, www.sbafla.com, under "Insurance Capital Build-Up Incentive Program" then "Surplus Note," and that the Applicant is able to comply and intends to comply with the requirements of the Surplus Note including the requirement that the New Capital be unencumbered;
   c. A statement that the Applicant, if selected, intends to meet all the requirements of the Program including but not limited to meeting the Surplus and writing ratios.
5. Provide a list of all officers and board members.
6. Provide biographical information on the executive officers (e.g., CEO, CFO, COO).
7. A signed copy of the attestation in Part IX of this application.
8. If any items listed in this Application are not provided, please identify the item and provide an explanation as to why it was not provided.

Part V: False or Misleading Statements

Any application or any documents provided with the application which contain false or misleading statements, will, if discovered prior to the execution of a Surplus Note, cause the application to be rejected, and if discovered after the execution of a Surplus Note, will cause the Surplus Note to be in default.

Part VI: Limitations

The Insurer is limited in how funds from the Surplus Note can be used. Funds received from this Surplus Note cannot be invested in any items not authorized under Part II of Section 625, F.S. The Board reserves the right to confirm the use of the funds at any time during the duration of the Surplus Note.

Part VII: Selection Period

The Applicant and its agents, officers, principals, and employees will not engage in any written or verbal communication regarding its application or its participation in this Program during the "selection period" (defined below) with the Office or the Board or any employee thereof, whether or not such individual or employee is assisting in the evaluation of applications. Any unauthorized contact may disqualify the Applicant from further consideration. Normal business communications not related to the processing of the Surplus Note are allowed.

The Applicant will not engage in any lobbying efforts or other attempts to influence the Office, the Board, or any financial or insurance consultant employed by the Board in an effort to influence the Board's decision with respect to executing the Surplus Note with a particular Insurer or Insurers under the Program. Any and all such efforts made by the Applicant or its agents, officers, principals, employees, or lobbyists will be disclosed to the Executive Director of the Board within five calendar days of its becoming known.

The "Selection Period" for this application begins on the date the application is submitted and continues until the Applicant is notified that it was or was not selected to participate in the Program.

Part VIII: Delivery Address; Number of Copies; Format; Costs

The Board shall not be liable or responsible for any costs incurred by any Applicant filing this application.

Submit ten (10) bound copies of the application and all accompanying documentation, an unbound original document, and an electronic copy of the responses on a CD in PDF format. All materials shall be in the order set forth in the application, identified, and divided by part. Responses to each part should be kept together and include a divider page between each part.

The application, along with all the required documentation shall be sent to the Board at the following address:

STATE BOARD OF ADMINISTRATION OF FLORIDA
INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM ("PROGRAM")
APPLICATION

State Board of Administration of Florida
c/o The Florida Hurricane Catastrophe Fund
P.O. Box 13300
Tallahassee, FL 32317-3300

Part IX: Attestation

To be eligible and to be considered for participation in the Program, Applicants must meet each of the statutory requirements listed below. To certify that the Applicant meets each requirement, check each of the boxes which follow the list of requirements.

1. The Surplus Note amount sought by the Applicant, or if the Applicant is part of a group, the amount sought by all group members when added together, does not exceed $50 million.
2. An Applicant filing an application prior to July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed equals the amount of the approved Surplus Note. The New Capital contributed must be in the form of Cash* or Cash Equivalents* as defined in Rule 19ER06-3, F.A.C.
3. An Applicant filing applications after July 1, 2006, must be able, prior to the execution of the Surplus Note, to show that the New Capital contributed is twice the amount of the approved Surplus Note. The New Capital must be in the form of Cash or Cash Equivalents.
4. Applicant's Surplus, New Capital contributions, and the Surplus Note must total at least $50 million.

Applicant must be willing to commit to meeting a Minimum Writing Ratio of Net Written Premium to Surplus of 2:1 for the 20-year term of the Surplus Note.

☒ Affirms Applicant meets minimum qualifications.

☒ Affirms Surplus Note, Form SBA 15-2, has been reviewed and terms and conditions contained therein can be met by Applicant.

☒ Acknowledges and accepts all terms and conditions of Surplus Note.

We are each, respectively, executive officers of the Insurer making this application, acting within our authority in making the declarations listed in this application.

BY: [signature]	**BY:** [signature]
TYPED NAME: Edward D. Falzarano	**TYPED NAME:** James J. McCahill
TITLE: Secretary/Treasurer	**TITLE:** President
DATE: June 13, 2003	**DATE:** June 13, 2006

Part I: Basic Information

CONTACT INFORMATION:

Application Date: June 14, 2006

Insurer's* Name ("Applicant"*): St. Johns Insurance Company NAIC #: 11844

Group Name, if applicable: Group NAIC #:

Address of Administrative Office: 6675 Westwood Blvd., Ste. 360, Orlando, FL 32821

Contact Name and Title: James J. McCahill Chairman & President

Telephone Number: 407.226.8460 Fax Number: 866.216.7749

Email Address: jmccahill@sjig.com

SURPLUS NOTE* REQUESTED:

Principal Amount of Surplus Note Requested: $20,000,000

Date funds are desired: June 25, 2006

Amount of New Capital* contributed: $20,000,000

Anticipated date New Capital infused: June 25, 2006

Will the New Capital be encumbered? No If yes, describe:

Source of New Capital: St. Johns Financial Holding Company

Address for the source of New Capital: 6675 Westwood Blvd. Ste. 360, Orlando, FL. 32821

Contact Name for the source of New Capital: Ed Falzarano

Telephone Number for the source of New Capital: 407.248.1554

Fax Number for the source of New Capital: 407.248.9656

Email Address for the Contact for the source of New Capital: efalzarano@sjig.com

Name of depository for New Capital: Branch Banking and Trust

Address of depository for New Capital: 255 South Orange Ave., Ste 1000, Orlando, FL 32801

Contact Name for the depository and Title: Michael Smith, VP Commercial Lending

Telephone Number for the depository: 407.241.0323

Fax Number for the depository: 407.241.0304

Email Address for the Contact at the depository: mismith@bbandt.com

FINANCIAL INFORMATION:

Current Surplus* amount as of latest month end: As of April 30, 2006 $11,096,638

Surplus as of most recently filed financial statement with the Office*: As of March 31, 2006 $10,260,605

Annualized Net Written Premium* as of latest month end: $20,341,430 - DWP $129,699,530**

Annualized Net Written Premium as of most recently filed financial statement with the Office: Net Written Premium $17,551,276 - Direct Written Premium $107,348,752

Current ratio of Net Written Premium to Surplus as of latest month end: 1.83 to 1

Date Applicant estimates reaching the Minimum Writing Ratio*, if not already obtained: June 2007

**The applicant without the additional surplus will restrict writings so that annual premiums will not exceed the statutory writing ratio for the applicant. The applicant estimates that the restricted writings will be approx. $110,000,000

Part II:

Executive Summary: Provide an executive summary of the Applicant's business plan including the number of new policies the Applicant intends to write as a result of this Program and time frames for writing such policies. Also, indicate the target area of the state where the Applicant plans to write new policies. Discuss in a separate paragraph the prospects for the long term repayment of the Surplus Note indicating any circumstance which might prohibit or interfere with full repayment.

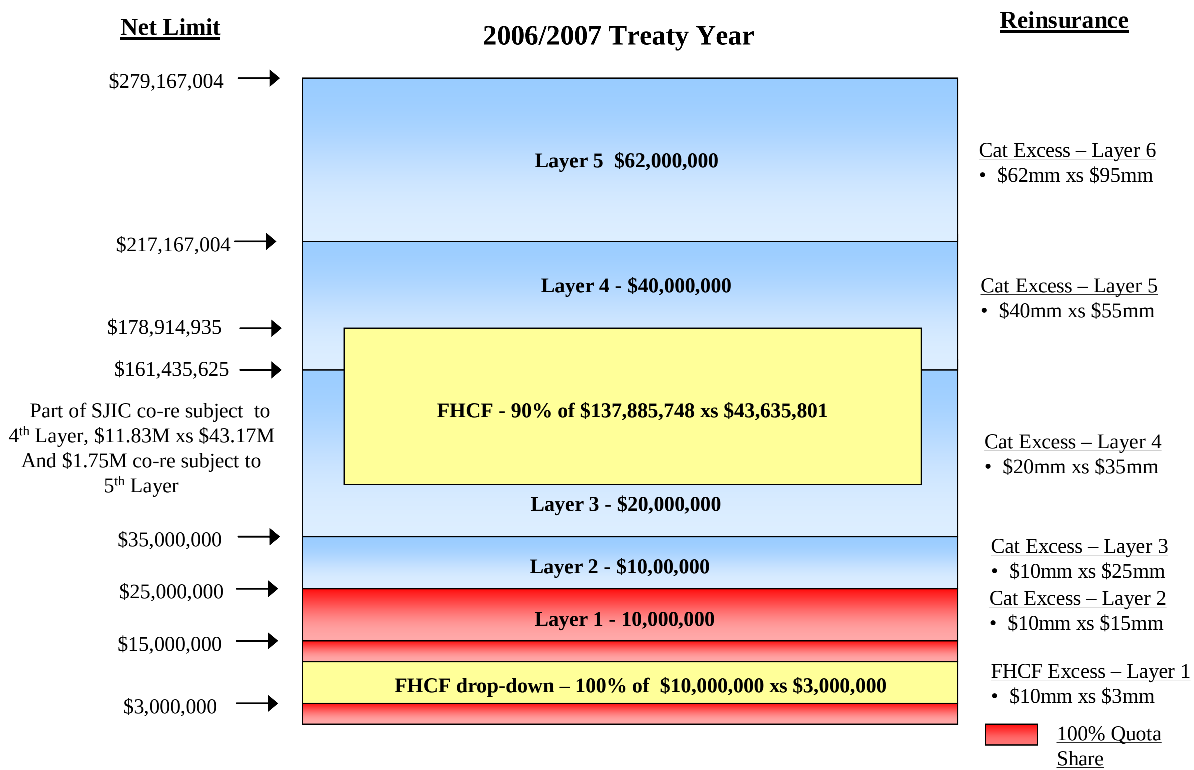
- The applicant will receive "New Equity" from St. Johns Financial Holding Company upon approval by the SBA of the loan application.
- SJIC currently has 85,000 polices in force and projects the following:

	Proforma Projections				
	2006	2007	2008	2009	Accumulated Total
With Additional $40m Capital					
Policy Count	129,273	201,194	225,016	227,264	782,747
Premium	$ 169,654,157	$ 306,820,850	$ 371,276,400	$ 392,030,400	$ 1,239,781,807
Additional New Policies from this Program					
Policy Count	38,365	90,003	95,637	97,167	321,172
Premium	$ 53,768,212	$ 140,009,370	$ 161,035,084	$ 170,865,500	$ 525,678,166

- SJIC plans to offer capacity through an established agency network of 1,800 agents located throughout the state subject to our underwriting guidelines and our PML Risk Management Plan.
- SJIC will continue to improve its ceded portfolio to maximize net premium to afford the most income opportunity consistent with prudent capital management. Our current Proforma includes the interest payments for the next three years. The current and projected rate filings, if approved, will enable the company to begin repaying the Surplus Note principal on schedule subject to the OIR's approval.
- The only circumstances that might prohibit or interfere with full repayment would be unusual or severe hurricane activity, or the inability of the Applicant to obtain adequate rate approvals from the OIR, if indicated, in subsequent years. These risk factors are not specific to St. Johns but common to all Applicants.
- Additional capital events as illustrated in the Proforma financial statements provided show an additional $17,000,000 and $10,000,000 being infused into the applicant, so that writings can be maintained and increased at the levels shown. See the narrative attached to the Proforma financial statements for additional information.

REINSURANCE PROGRAM: Provide a descriptive summary and a chart of your reinsurance program for the 2006 hurricane season showing the results pre and post infusion of New Capital. Indicate the Insurer's 100-year probable maximum loss (PML) associated with the various model(s) used to determine the 100-year PML. Identify the model(s) and version number(s) used to determine the PML(s).

Reinsurance Structure



The limits illustrated would be inclusive of the expected accumulation of PML as a result of the infusion of New Capital. Additional limits would be purchased if the expected 1 in 100 event is exceeded by more than 20%. The model used is RMS RiskLink 5.1.

Part III: Interrogatories

1. Will the New Capital contribution be in excess of the Minimum Contribution?

   No. The existing surplus of $11,096,638, combined with the $20,000,000 in new capital and the $20,000,000 Surplus Note, will provide in excess of $50,000,000 of total surplus.

2. Have profits been retained to grow Surplus over the last five years? If yes, how much has been retained or contributed to Surplus each year.

   No. Although St. Johns Financial Holding Company has contributed the following equity amounts to surplus to support the continuation of new business writings for Florida homeowners.

mm/yyyy	Amount
12/2004	$1,500,000
05/2005	$2,500,000
09/2005	$2,500,000
12/2005	$6,075,000

3. Will profits be retained to grow Surplus should the Applicant be granted the Surplus Note proceeds associated with this program?

   Yes. The Applicant's plan is to reinvest profits to contribute to surplus and provide the opportunity to repay the Surplus Note in accordance with the payment terms.

4. Does the Applicant have a related company or other person or entity that is willing to guarantee the Applicant's Surplus Note under this Program? If yes, provide details.

   No.

5. Although not required, is the Applicant willing to commit collateral for the purpose of securing the state's interest in the proceeds of the Surplus Note?

   No. The capital structure of the Applicant does not permit encumbrance of its assets.

6. Although not required, is the Applicant willing to deposit 10% or more of the proceeds derived from the Surplus Note in an account managed by the state?

   Yes. Applicant would agree to deposit up to 15% of the Surplus Note, subject to approval by the OIR.

7. Although not required, is the Applicant willing to prepay interest and principal for one year in advance?

   No. This would restrict the Applicant's ability to provide the maximum number of policies to Florida homeowners.

8. Are there any commitments that the Applicant is willing to make as a condition of issuing the Surplus Note that would lessen the risk of default?

No.

9. Has the Applicant fully placed its 2006 hurricane season reinsurance program?

Applicant's primary reinsurance program is fully subscribed.

10. If the 2006 hurricane season reinsurance program has been fully placed, can the Insurer withstand a 1 in 100-year event?

Yes. The Applicant can sustain a 1 in 100 year event.

11. What is the Applicant's current writing ratio?

As of April 30, 2006, Applicant's Net Written Premium to Surplus ratio is 1.83 to 1.

12. What was the Applicant's writing ratio for the last five years?

The Applicant received its COA in December of 2003. Therefore only two years of writing ratios are available. In 2004 and 2005 the Applicant had a Net Written Premium to Surplus ratio of .80 to 1 and .76 to 1, respectively.

13. Is the Applicant willing to commit to a writing ratio in excess of the minimum for the duration of the Surplus Note? If so, note any adverse impact upon policyholder security.

Yes, the Applicant's plan is to utilize the additional capital to provide the greatest leverage with the minimum amount of risk. This is discussed in greater detail in Section IV 1a: Detailed Business Plan.

14. Does the Applicant have a rating from a rating agency? If so, indicate the agency and the rating, how long the rating has been in effect, and whether or not the Applicant has ever been downgraded by a rating agency and the circumstances.

Yes. Since writing policy one in January 2004, St. Johns' rating has been, Demotech "A Exceptional."

15. Is the Applicant currently being investigated by any federal or state regulatory authority?

No. The Applicant is not now, and has never been investigated by a state or federal regulatory authority.

16. Is the Applicant under any type of regulatory control or order?

No, the applicant is not under any extraordinary level of control from the OIR. We do operate under the authority granted in the Consent Order issued in December 2003 for the Certificate of Authority issued by the OIR.

Part IV: Documents which must be provided with this Application

1. A detailed business plan, which includes:

   a. A written description of the Applicant's current level of policy coverage for residential property in Florida covering the peril of wind.

      See Exhibit I in Detailed Business Plan

   b. Proforma statements which outline the policy writings for the next three years and that distinguish between wind and ex-wind policy writings.

      See Exhibit II in Detailed Business Plan

   c. If the Applicant's ratio of Net Written Premium to Surplus does not equal or exceed 2:1, include a written strategy for increasing the ratio within sixty days of receiving the proceeds derived from the Surplus Note.

      It is the Applicants understanding that the purpose of the Insurance Capital Build Up Incentive Program is to utilize the proceeds of the Surplus Note to gain the maximum capacity for homeowner insurance for the residents of the State of Florida. To achieve that goal, we are proposing to redefine "Net Written Premium" to be "Gross Written Premium plus Assumed Premium Less Policy Cancellations" (See Part IX, Surplus Note #1 Section 9). If this alternative "Net Written Premium" definition is acceptable, the required ratio will be achieved within 60 days by the Applicant. We will immediately make available to our 1,800 agents the ability to quote and bind business consistent with our underwriting guidelines.

   d. A description of the Applicant's strategy to maintain or increase the Minimum Writing Ratio within 60 days of receiving the proceeds derived from the Surplus Note and to maintain such ratio for the duration of the Surplus Note.

      If the SBA does not accept our definition of "Net Written Premium" we still meet the original statutory requirement in June 2007. We would request a waiver of the 2:1 ratio requirement until June 2007 (See Part IX, Surplus Note # 2 Section 9). The requirement to meet the 2:1 ratio within 60 days is problematic due to the existing quota share and catastrophe reinsurance program effective June 1, 2006.

      It is our strategy to redesign our ceded portfolio to provide the maximum utilization of the capital generated through this program. We will be able to affect this plan through our agency force of 1,800 agents located throughout the state thus enabling us to maintain those ratios throughout the period covered by the Surplus Note to provide maximum benefit to the residents of the State of Florida.

Part IV: 1; Detailed Business Plan

Executive Overview

1. St Johns Insurance Company, Inc., hereinafter referred to as "SJIC" and/or "Applicant," was formed by St Johns Financial Holding Company, Inc. with initial capital and surplus of approximately $12,500,000.

2. The goal of SJIC is to continue to grow a profitable and geographically diverse portfolio. SJIC's marketing strategy is to underwrite HO3's and HO-6's in most territories that meet SJIC's strict underwriting criteria. SJIC would like to market Dwelling Fire and Mobile Home products, in the near future. The distribution of SJIC's products are through an established agency network of 1,800 agents located throughout the state.

3. SJIC's reinsurance strategy is designed to manage growth and stability through quota share and excess of loss arrangements.

4. The applicant will receive "New Equity" from St. Johns Financial Holding Company upon approval by the SBA of the loan application. The surplus after these transactions will be in excess of $50,000,000.

Management

SJIC is a wholly owned subsidiary of an insurance company holding system, with St Johns Financial Holding Company ("SJFHC") being the immediate parent entity. SJFHC is owned by 2 entities; St. James Financial Holding Company, Inc. and Seibels, Bruce & Company, Inc. ("SBC"). Both of these entities bring considerable depth of experience as well as a long and successful track record in the Florida market. SJFHC is the parent of 2 subsidiaries, SJIC and St Johns MGA, Inc. ("SJMGA"),

The day to day operations of SJIC is contracted to St Johns MGA, Inc. ('SJMGA"). SJMGA utilizes the latest technology to deliver agent access to rate, quote, and bind applications for insurance. SJMGA, on behalf of SJIC, records and utilizes an extensive database designed to manage the new risk characteristics that have been identified by the DFS to have a positive effect on a property's ability to withstand damage. This has and will continue to enable SJIC to more effectively conduct Risk Management analysis and profitability studies, thus reaching more accurate conclusions.

SJMGA, on behalf of SJIC, and by way of its contractual relationship with Seibels Bruce & Company, Inc. has provided the implementation of a policy administration system that is web enabled and assures consistency in the application of the company's underwriting and rating guidelines.

SJMGA, on behalf of SJIC, and by way of its contractual relationship with Insurance Network Services, Inc., will continue to bring an experienced and proven claims processing and adjusting staff, in a web enabled environment that assures prompt adjustment of claims.

SJMGA, on behalf of SJIC, and by way of its contractual relationship with St. James Insurance Group, utilizes a production network second to none in the State of Florida, which provides a stable and economically sound foundation.

SJMGA includes an executive staff that is shared with SJIC as set forth below; President, Chief Financial Officer, Chief Claims Officer, and Vice President Claims.

The management team at St Johns, and its' affiliated entities, has knowledgeable executives with vast experience in the Florida Homeowners marketplace. The St John's team has managed business relationships with numerous companies and has drawn from that experience in designing the SJIC business plan. The team will continue to provide advice for corporate governance, marketing, product development, financial analysis and risk management.

Executive Management:

President - James J. McCahill
Chief Underwriting Officer & Managing Director - Reese Bowen
Chief Financial Officer - Scot Moore
Vice President Claims - Russell Beck
Secretary/Treasurer – Edward Falzarano

Board of Directors:

Jim McCahill, President and Chief Executive officer of St. James Group
Robert P. Lucas, Executive Vice President of St. James Group
Reese Bowen, Senior Vice President of St. James Group
Michael Culbertson, President of Seibels Bruce Group, Inc.
Christopher McHattie, Esq.

Insurance Products

SJIC has over 81,000 policies in force with total insured values in excess of $26 billion. Of those, 80,500 include the peril of wind. The business is split between HO3 Homeowners and HO6 Condo Unit Owner 75,000 and 5,500 respectively.

SJIC has authority to write direct and reinsurance business as a domestic Florida Property and Casualty Insurance Company in the following lines of business:

Code	Direct Line of Business
0010	Fire
0020	Allied Lines

0040	Homeowners Multi Peril
0050	Commercial Multi Peril
0090	Inland Marine
0170	Other Liability
0540	Mobile Home Multi Peril
0550	Mobile Home Physical Damage

SJIC received its Certificate of Authority in December 2003.

Underwriting

SJIC has underwritten risks in all counties in the state and the Top Five counties are:

County	Total Insured Value
Orange	$3,585,110,577
Hillsborough	$2,274,367,974
Palm Beach	$1,443,238,338
Duval	$1,561,444,385
Pinellas	$1,400,374,439

Marketing Plan & Policy Administration

SJMGA, Inc. manages the marketing, claims, underwriting, policy administration, and accounting for SJIC with the assistance of St. James Insurance Group, Inc. and SBC.

SJMGA has currently appointed over 1,800 agencies throughout the state. These agents are professional, experienced and have access to a web enabled underwriting, rating and quoting system. In addition to that distribution system, SJIC will consider all appropriate mechanisms to maintain a conservative geographical spread of risk.

SJIC’s commission structure is designed to promote production in areas that will complement the Company’s risk management program. The scale ranges from 8% in the most exposed areas, to 12% in the least exposed, with an incentive for overall production set at 1% of total production. The estimated the average commission is 11%.

Operations Strategy

SJMGA has contracted the policy administration, claims, and data operations to Seibels Bruce & Company (SBC). This function is audited by the Chief Underwriting Officer and the Chief Operations Officer of SJIC. They retain control of all exceptions and referrals to both risk profile and underwriting guidelines. SBC has extensive experience in insurance company reporting and policy administration. The operations SBC is responsible for policy administration, rating, quoting, information management, web-training seminars, and premium collection. All SBC financial operations are audited daily by the SJMGA executive staff.

It is through this system SJIC is able to geo-code each location and manage not only the PML exposure, but the attritional loss ratio as well. The access to high level reports is available through a web browser via a secure internet connection. In addition, on a nightly basis, downloads of all transactions for the purpose of verifying and reporting on all key functions in underwriting, accounting, claims and statistical, is performed.

PML Risk Management

Through our transactional policy administration system, administered by SBC, SJIC generates reports that allow our underwriting management to control this issue. Weekly key reports are produced that illustrate SJIC's actual results to budgeted risk accumulation by territory.

During the rating, quoting, and binding process, SBC validates of the risk's street address and generate a zip code + 4. From the same provider SJIC obtains the latitude and longitude of each risk for geo-coding. SJIC is believed to have the most accurate risk data of any company in our peer group. We also maintain more secondary risk characteristics than most companies for the purpose of managing our PML exposure.

We have loaded a table of our target total insured values by zip code in our system. Through our web quoting system, we will notify the agent that this zip code is at capacity and the risk can not be bound. The threshold will be set at 80% of the cumulative values expected.

We have arrangements with Aon Risk Services to produce a modeled PML analysis at specified intervals to benchmark our progress.

Claims Administration

Claims administration and catastrophe response is provided by INS Claim Services. They will handle the first notice, claims payment, salvage and subrogation and other services subject to authority limits set by SJIC. SJIC will review all reserves and payments that exceed the authority level and any claims in litigation. SJIC has instituted audit and re-inspection procedures to assure quality handling of all claims.

We are proud of our performance during the past two storm seasons. From the approximately 3,000 claims generated from Hurricane Wilma, we have received no formal complaints.

Professional Service Providers

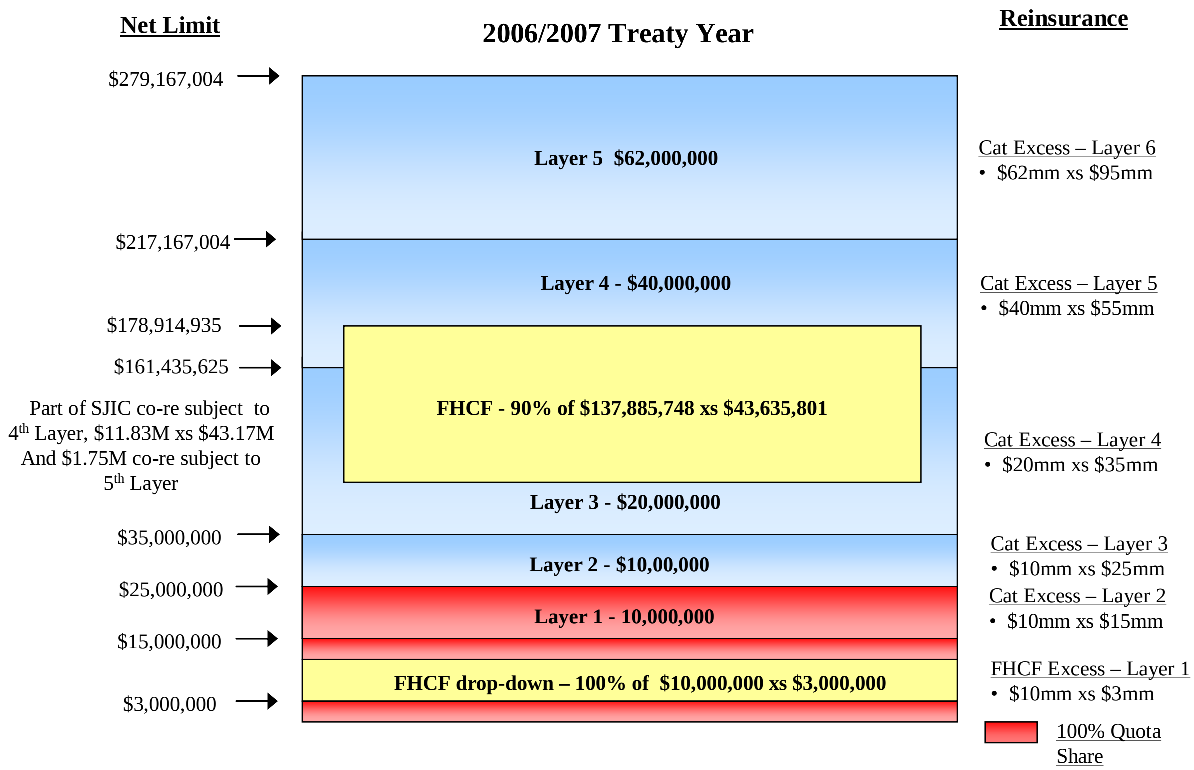
SJIC retained vendors to provide financial, actuarial, investment and legal services. Those firms are:

Actuarial, Rate Filings and Reserve Analysis: Butler, Dunlap and Linquist.
Auditors: Dixon Hughes PLLC
Investment Management Services: BB&T
Legal Services: Colodny, Fass, Talenfeld, Karlinsky & Abate, P.A.
Reinsurance Broker: Aon Re

Capital and Reinsurance

SJIC has current capital and surplus of $11,096,638 as of April 30, 2006.

Reinsurance Structure



Reinsurance Structure is 100% placed.

Financial Statements

Exhibits II are the statutory Proforma financial statements of St. Johns Insurance Company, Inc. (“Applicant”). The financial statements were prepared in conformity with statutory accounting principles.

The balance sheet reflects investments and cash to be created from this transaction of which 15% is to be invested in an account invested with the State of Florida. It is to be noted that for purposes of the Proforma balance sheet all quota share reinsurance transactions and regular accounts payables are settled with cash in the month that they occur rather than settled 30 to 60 days later as is the common practice. There is no impact to surplus.

The balance sheet also reflects the existing surplus note for $1.5mm which matures in 2009. The combination of the requested $20,000,000 surplus note and the existing note shows a balance of $21.5mm at each year end except for 2009.

Direct written premiums on the income statement is reflective of a 35% rate increase in July of 2006 and subsequent 10% rate increases each year thereafter (future rate filings may be higher or lower depending upon actual demonstrated rate need). Ceded written premiums are the estimated cost of the Applicant’s reinsurance program, quota share and catastrophe. The program for 2007 through 2009 is similar to the 2006/2007 program currently in place. The Applicant is not assuming any significant change in its overall reinsurance structure. The cost of catastrophe reinsurance for 2007 through 2009 was decreased only by 5% of the cost established and estimated for 2006, even with the rate increases factored in to cover the cost of additional reinsurance.

As part of the Applicant’s Proforma financial statements, the Applicant allowed for one full hurricane loss equaling one occurrence limit each year on its quota share treaty. The quota share reinsurance is a wind only quota share with a $15mm per occurrence limit in 06/07 treaty year. Each subsequent year is adjusted to accommodate the increased writings in comparison to the occurrence limit. In 2007, 2008, and 2009 the occurrence limits are forecasted to be $30m, $45m, and $55m. The impact of the hurricane loss is reflected in a profit sharing commission on the books of the insurer and is reflected above.

The catastrophe reinsurance program includes reinstatement premium protection (RPP) on the lower layers of the cat programs to alleviate the risk of reinstatement premiums on the lower layers. The RPPs and the FHCF would cover St. Johns on a storm event up to a one in twenty-five year event without any financial impact to St. Johns other that what is shown in 2006. Based upon our forecast we expect the same to true in 2007 through 2009.

The Applicant purchases 100% of the catastrophe reinsurance above the quota share wind treaty. In return, the quota share reinsurer provides a 59% ceding commission. This ceding commission enables the Applicant to purchase 100% of the catastrophe reinsurance.

Loss and loss adjustment expenses for non-hurricane losses are forecasted at 31% of direct earned premium. Since inception, the Applicant has consistently performed under this loss ratio.

Commission expense is comprised of agent commissions, MGA fees, and policy servicing fees paid to SJMGA. Other acquisition expenses are other underwriting costs and other costs required to operate the Applicant.

The losses incurred each year are the result of the increase in premium growth and the forecasted hurricane losses. The primary portion of each loss in each year is the from the hurricane loss. Further, it is the intention of the St. Johns Financial Holding Company to support the Applicant when needed. This is evidenced by the capital contributions forecasted to be made in 2008 and 2009, so that the Applicant will be able to meet all writing ratios.

Exhibits

Exhibit I
Inforce Wind Policies

Risk Summary - InForceWind

As Of: 6/9/2006

County	SP	PP	Count	TIV	Premium
Dixie Totals	1	0	1	$878,148.00	$4,201.00
Liberty Totals	0	1	1	$364,753.00	$1,215.00
Franklin Totals	1	0	1	$298,534.00	$1,518.00
Calhoun Totals	1	0	1	$252,720.00	$1,370.00
Taylor Totals	2	0	2	$442,570.00	$1,972.00
Gilchrist Totals	0	2	2	$431,976.00	$1,528.00
Jefferson Totals	1	2	3	$724,853.00	$2,738.00
Madison Totals	1	3	4	$2,457,044.00	$8,388.00
Holmes Totals	1	5	6	$1,273,173.00	$6,001.00
Suwannee Totals	1	6	7	$1,947,872.00	$7,440.00
Hardee Totals	1	6	7	$1,593,678.00	$7,076.00
Gulf Totals	5	3	8	$1,971,452.00	$10,401.00
Glades Totals	4	5	9	$2,238,410.00	$11,315.00
Desoto Totals	3	7	10	$3,326,598.00	$13,463.00
Baker Totals	2	9	11	$3,129,102.00	$11,033.00
Washington Totals	1	12	13	$2,818,774.00	$12,074.00
Jackson Totals	5	10	15	$3,413,573.00	$11,394.00
Bradford Totals	4	14	18	$4,503,570.00	$15,325.00
Levy Totals	10	11	21	$6,271,742.00	$19,225.00
Putnam Totals	6	19	25	$8,031,221.00	$22,542.00
Gadsden Totals	4	22	26	$6,187,058.00	$20,779.00
Columbia Totals	13	21	34	$8,000,672.00	$27,548.00
Hendry Totals	12	28	40	$11,186,765.00	$49,762.00
Okeechobee Totals	7	36	43	$9,765,467.00	$41,680.00
Highlands Totals	8	66	74	$20,612,925.00	$68,059.00
Walton Totals	32	58	90	$24,579,239.00	$92,412.00
Wakulla Totals	18	75	93	$22,790,276.00	$67,750.00
Nassau Totals	87	111	198	$68,080,526.00	$176,817.00
Sumter Totals	49	271	320	$98,723,361.00	$260,767.00
Charlotte Totals	58	358	416	$152,033,550.00	$648,795.00
Hernando Totals	187	267	454	$122,005,472.00	$432,205.00
Santa Rosa Totals	200	325	525	$146,695,785.00	$642,832.00
Leon Totals	67	555	622	$180,873,799.00	$473,962.00
Indian River Totals	284	345	629	$164,461,566.00	$974,537.00
Pasco Totals	183	462	645	$189,872,314.00	$671,530.00
Flagler Totals	145	556	701	$219,164,926.00	$531,526.00
Citrus Totals	82	688	770	$238,145,559.00	$752,647.00
Clay Totals	115	767	882	$271,858,327.00	$679,985.00
Bay Totals	418	608	1,026	$286,040,284.00	$1,097,454.00
Escambia Totals	314	831	1,145	$297,324,092.00	$1,307,946.00
St Johns Totals	347	803	1,150	$496,026,100.00	$1,254,795.00
Okaloosa Totals	369	851	1,220	$362,483,998.00	$1,438,289.00
Alachua Totals	236	1,046	1,282	$370,531,044.00	$972,310.00
Martin Totals	767	635	1,402	$440,250,842.00	$2,531,376.00
Collier Totals	381	1,148	1,529	$705,271,377.00	$3,515,707.00
Dade Totals	490	1,169	1,659	$497,377,430.00	$3,983,110.00
Sarasota Totals	730	1,288	2,018	$717,750,168.00	$3,002,350.00
Lake Totals	279	1,862	2,141	$725,968,182.00	$1,744,872.00
Marion Totals	471	1,735	2,206	$624,546,584.00	$1,555,184.00
Manatee Totals	734	1,563	2,297	$892,232,665.00	$3,085,292.00
Osceola Totals	211	2,134	2,345	$749,887,755.00	$2,274,129.00
St Lucie Totals	541	1,866	2,407	$715,308,927.00	$3,552,521.00
Lee Totals	554	2,104	2,658	$1,053,291,522.00	$4,220,738.00
Broward Totals	1,234	1,703	2,937	$852,272,839.00	$5,929,194.00
Volusia Totals	644	2,507	3,151	$888,219,536.00	$2,879,617.00
Brevard Totals	1,254	2,034	3,288	$952,881,631.00	$3,753,618.00
Seminole Totals	436	3,188	3,624	$1,278,053,391.00	$3,725,289.00
Palm Beach Totals	1,254	2,635	3,889	$1,446,708,294.00	$8,918,305.00
Pinellas Totals	1,931	2,072	4,003	$1,401,434,876.00	$6,749,347.00
Polk Totals	487	3,872	4,359	$1,198,986,019.00	$4,297,326.00
Duval Totals	621	4,712	5,333	$1,564,537,377.00	$3,849,147.00
Hillsborough Totals	818	5,181	5,999	$2,278,664,400.00	$8,615,190.00
Orange Totals	1,183	9,444	10,627	$3,595,499,383.00	$9,572,715.00
Grand Totals	18,305	62,117	80,422	26,392,956,066	100,609,633

Exhibit II
Pro Forma Statements

St. Johns Insurance Company, Inc.
Proforma Statutory Balance Sheets
As of December 31, 2006, 2007, 2008, & 2009

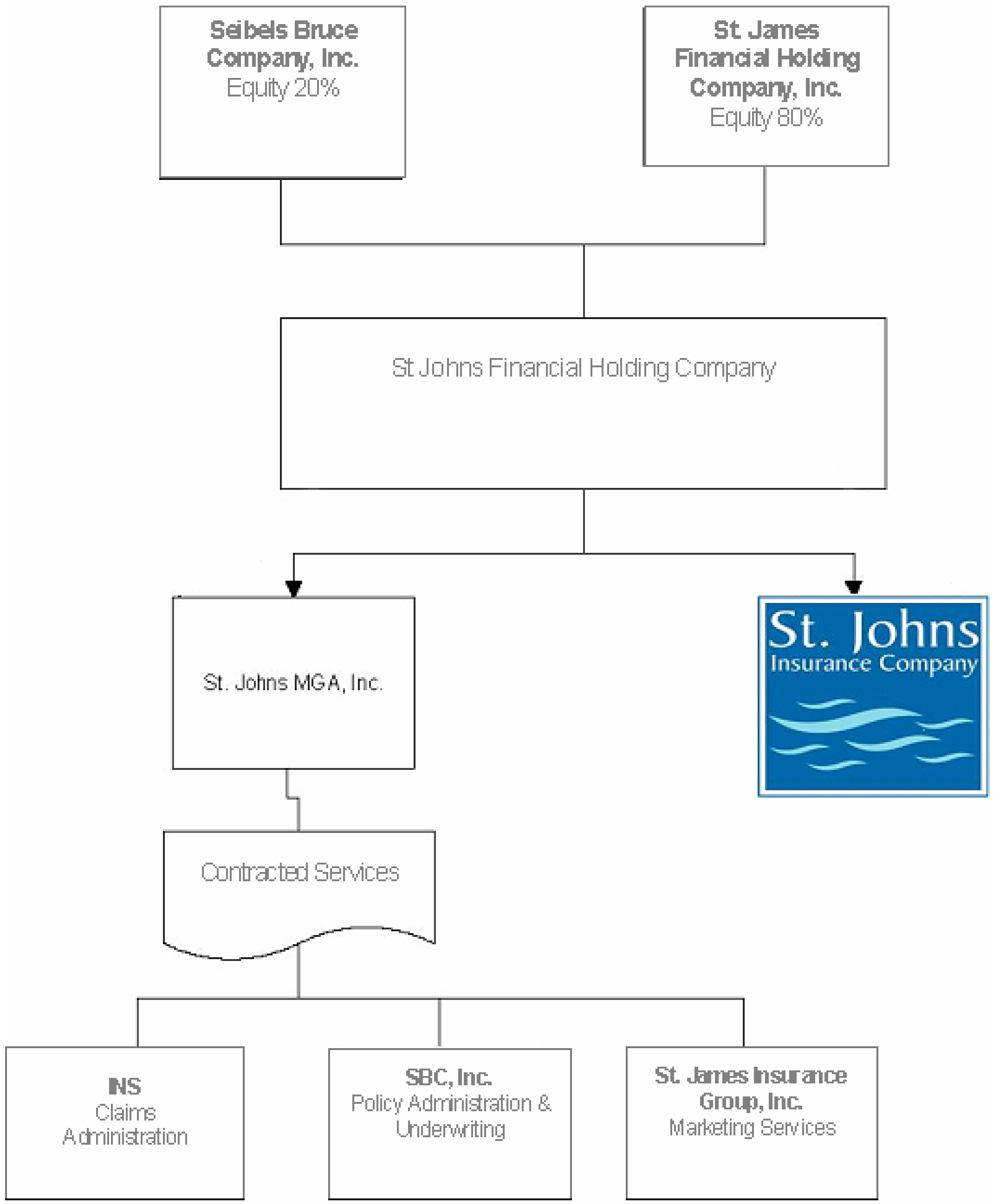
	2006	2007	2008	2009
Assets:				
Bonds and Investments	71,741,437	89,241,437	107,741,437	115,741,437
Cash and short-term investments	2,728,944	4,575,933	6,394,569	6,057,475
Cash and invested assets	**74,470,381**	**93,817,370**	**114,136,006**	**121,798,912**
Agents balances or uncollected balances	11,804,884	20,001,609	23,763,754	24,861,074
All other assets	1,042,990	3,360,890	4,121,890	4,121,890
TOTAL ASSETS	87,318,255	117,179,869	142,021,650	150,781,876
LIABILITIES AND SURPLUS				
Liabilities				
Loss and loss adjustment expenses	7,492,891	12,753,984	15,552,041	16,488,003
Unearned premiums, net	30,855,349	60,954,029	75,314,189	79,697,289
All other payables	4,052,438	6,710,438	7,725,438	7,964,000
TOTAL LIABILITIES	42,400,677	80,418,450	98,591,667	104,149,291
Surplus				
Surplus notes	21,500,000	21,500,000	21,500,000	19,709,153
Common stock	1,000	1,000	1,000	1,000
Gross paid in and contr buted surplus	43,574,000	43,574,000	60,574,000	72,074,000
Retained earnings	(20,157,423)	(28,313,581)	(38,645,017)	(45,151,569)
TOTAL SURPLUS	44,917,577	36,761,419	43,429,983	46,632,585
TOTAL LIABILITIES AND SURPLUS	87,318,255	117,179,869	142,021,650	150,781,876

Exhibit II:
Pro Forma Statements; continued

St. Johns Insurance Company, Inc.
Proforma Statutory Income Statements and Changes in Surplus
For the Years Ending December 31, 2006, 2007, 2008, & 2009

	2006	2007	2008	2009
Policy count:				
Renewals	43,642	111,194	171,016	191,264
New Business	85,631	90,000	54,000	36,000
Total	129,273	201,194	225,016	227,264
Premiums:				
Direct Written Premiums	169,654,157	306,820,850	371,276,400	392,030,400
Ceded Written Premiums	(134,369,507)	(230,041,270)	(284,920,490)	(297,861,460)
Net Written Premiums	**35,284,650**	**76,779,580**	**86,355,910**	**94,168,940**
Change in Unearned Premium	(21,969,805)	(30,098,680)	(14,360,160)	(4,383,100)
NET PREMIUMS EARNED	**13,314,845**	**46,680,900**	**71,995,750**	**89,785,840**
Net Loss, LAE, & ULAE Incurred	**26,858,234**	**73,271,428**	**104,510,504**	**117,756,106**
Underwriting Expenses:				
Commissions	41,116,881	66,296,232	78,800,361	82,557,238
Ceding Commissions - Quota Share	(56,242,920)	(104,493,000)	(124,559,000)	(130,378,000)
Other Underwriting Expenses	14,421,589	28,718,221	34,453,785	36,130,361
Total Underwriting Expenses	(704,449)	(9,478,547)	(11,304,854)	(11,690,401)
NET UNDERWRITING INCOME (LOSS)	**($12,838,940)**	**($17,111,981)**	**($21,209,900)**	**($16,279,865)**
Net Investment Income	2,849,975	5,494,579	6,568,220	7,667,899
Surplus Notes Interest Expense	(658,411)	(1,186,256)	(1,186,256)	(1,168,486)
NET INCOME BEFORE TAXES:	**($10,647,376)**	**($12,803,658)**	**($15,827,936)**	**($9,780,452)**
Income Taxes	(5,738,400)	(2,329,600)	(4,735,500)	(3,273,900)
NET INCOME	**($4,908,976)**	**($10,474,058)**	**($11,092,436)**	**($6,506,552)**
Beginning Surplus:	**10,182,650**	**44,917,677**	**36,761,519**	**43,430,083**
Shareholder Dividends	-	-	-	-
Nonadmitted Assets / Deferred Income Taxes	(355,997)	2,317,900	761,000	-
Capital Infusion	40,000,000	-	17,000,000	10,000,000
Ending Surplus:	**44,917,677**	**36,761,519**	**43,430,083**	**46,923,531**

Exhibit III
St. Johns Corporate Structure



2. A copy of the Applicant's most recent audited financial statement and copies of the audited financial statements for the prior two years.

Attached.

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ST. JOHNS INSURANCE COMPANY, INC.
220 - Audited Financial Report

St. Johns Insurance Company, Inc.

Statutory Financial Statements

Years Ended December 31, 2005 and 2004

DIXON HUGHES PLLC
Certified Public Accountants and Advisors

St. Johns Insurance Company, Inc.

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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Johns Insurance Company, Inc.
Orlando, Florida

We have audited the accompanying statutory statements of admitted assets, liabilities and capital and surplus of St. Johns Insurance Company, Inc. as of December 31, 2005 and 2004 and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A to the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Florida Office of Insurance Regulation, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The primary differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are described in Note A.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of St. Johns Insurance Company, Inc. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note A.

1829 Eastchester Drive, PO Box 2646
High Point, NC 27261-2646
Ph. 336.889.5156 Fx. 336.889.6168
www.dixon-hughes.com

Our audits were conducted for the purpose of forming an opinion on the basic statutory financial statements taken as a whole. The supplemental summary investment schedule and the supplemental schedule of investment risks interrogatories as of December 31, 2005 are presented for purposes of complying with the National Association of Insurance Commissioners' instructions to Annual Audited Financial Reports and are not a required part of the basic statutory financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic statutory financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic statutory financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

March 10, 2006

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
December 31, 2005 and 2004

ASSETS	2005	2004
CASH AND INVESTED ASSETS		
Bonds	$ 8,192,479	$ 2,043,158
Cash and short-term investments	12,800,804	6,568,401
TOTAL CASH AND INVESTED ASSETS	20,993,283	8,611,559
Accrued investment income	65,603	15,195
Uncollected premiums and agents' balances in course of collection, net of allowance of $34,000 and $0 in 2005 and 2004, respectively	3,294,490	1,445,988
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,396,642	534,669
Amounts recoverable from reinsurers	697,246	630,414
Net deferred tax asset	477,500	207,800
Electronic data processing equipment and software	37,178	61,533
TOTAL ADMITTED ASSETS	$ 26,961,942	$ 11,507,158

LIABILITIES AND CAPITAL AND SURPLUS

	2005	2004
LIABILITIES		
Loss reserves	$ 1,151,564	$ 582,197
Loss adjustment expense reserves	522,601	113,533
Contingent commissions and other expenses	3,305,211	288,823
Taxes, licenses, and fees payable	464,571	90,435
Current federal income taxes	27,500	-
Unearned premiums, net of $26,656,618 and $8,221,971 in 2005 and 2004, respectively, for ceded reinsurance	8,885,539	2,740,657
Ceded reinsurance premiums payable, net of ceding commissions	2,068,152	2,481,532
Funds held by company under reinsurance treaties	8,959	-
Payable to affiliate	345,195	165,305
TOTAL LIABILITIES	16,779,292	6,462,482
CAPITAL AND SURPLUS		
Common stock, $1 par value; authorized - 35,000 shares, issued and outstanding - 1,000 shares	1,000	1,000
Additional paid-in capital	23,574,000	12,499,000
Surplus note	1,500,000	1,500,000
Unassigned surplus	(14,892,350)	(8,955,324)
TOTAL CAPITAL AND SURPLUS	10,182,650	5,044,676
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	$ 26,961,942	$ 11,507,158

See accompanying notes.

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF INCOME
Years Ended December 31, 2005 and 2004

	2005	2004
REVENUES		
Net earned premiums	$ 2,010,705	$ 1,525,589
EXPENSES		
Losses incurred	4,743,775	5,910,333
Loss expenses incurred	1,469,195	790,803
Other underwriting expenses incurred	4,405,915	3,643,746
	10,618,885	10,344,882
NET UNDERWRITING LOSS	(8,608,180)	(8,819,293)
INVESTMENT INCOME		
Investment income, net of expenses of $36,424 and $34,062 and interest expense of $95,625 and $0 in 2005 and 2004, respectively	348,864	122,515
Net realized losses	(13,282)	(2,727)
NET INVESTMENT INCOME	335,582	119,788
OTHER EXPENSES	(75,957)	(2,567)
TOTAL OTHER EXPENSES	(75,957)	(2,567)
LOSS BEFORE INCOME TAX BENEFIT	(8,348,555)	(8,702,072)
INCOME TAX BENEFIT	(1,807,600)	(303,400)
NET LOSS	$ (6,540,955)	$ (8,398,672)

See accompanying notes.

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
Years Ended December 31, 2005 and 2004

	Common Stock	Additional Paid-in Capital	Surplus Note	Unassigned Surplus	Total Capital and Surplus
BALANCES AT DECEMBER 31, 2003	$ 1,000	$ 12,499,000	$ -	$ (446,328)	$ 12,053,672
Issuance of surplus note	-	-	1,500,000	-	1,500,000
Net loss	-	-	-	(8,398,672)	(8,398,672)
Change in non-admitted assets	-	-	-	(2,756,648)	(2,756,648)
Change in net deferred income tax	-	-	-	2,646,324	2,646,324
BALANCES AT DECEMBER 31, 2004	1,000	12,499,000	1,500,000	(8,955,324)	5,044,676
Capital and paid-in surplus	-	11,075,000	-	-	11,075,000
Net loss	-	-	-	(6,540,955)	(6,540,955)
Change in non-admitted assets	-	-	-	(127,571)	(127,571)
Change in net deferred income tax	-	-	-	731,500	731,500
BALANCES AT DECEMBER 31, 2005	$ 1,000	$ 23,574,000	$ 1,500,000	$ (14,892,350)	$ 10,182,650

See accompanying notes.

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums collected, net of reinsurance	$ 5,031,732	$ 4,311,596
Losses paid, net of subrogation	(4,241,240)	(5,958,550)
Loss adjustment and other underwriting expenses paid	(2,075,518)	(3,486,233)
Net investment income received	307,524	109,982
Miscellaneous expenses	(75,958)	(2,567)
Federal income taxes recovered	2,122,100	16,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,068,640	(5,009,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment proceeds		
Proceeds from sales, maturities or repayment of bond investments	803,778	254,758
Proceeds from sales of stocks	1,008,334	-
Net losses on cash and short-term investments	(3,573)	(3,171)
Total investment proceeds	1,808,539	251,587
Cost of investments acquired		
Bonds	(6,959,198)	(2,299,505)
Stocks	(1,021,011)	-
Total investments acquired	(7,980,209)	(2,299,505)
NET CASH USED BY INVESTING ACTIVITIES	(6,171,670)	(2,047,918)
CASH FLOWS FROM FINANCING ACTIVITIES AND MISCELLANEOUS SOURCES		
Proceeds from issuance of surplus note	-	1,500,000
Proceeds from additional paid-in capital	11,075,000	-
Other cash provided (used)	260,433	(634,930)
NET CASH PROVIDED BY FINANCING ACTIVITIES AND MISCELLANEOUS SOURCES	11,335,433	865,070
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	6,232,403	(6,192,220)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	6,568,401	12,760,621
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 12,800,804	$ 6,568,401

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

St. Johns Insurance Company, Inc. (the "Company") is domiciled in the state of Florida and is a wholly owned subsidiary of St. Johns Financial Holding Company, Inc. ("SJFHC"). The Company was incorporated November 25, 2003, and commenced operations December 4, 2003, after receiving its Certificate of Authority from the Florida Department of Financial Services, Office of Insurance Regulation (the "Office"). The Company writes homeowners' insurance coverage exclusively in the state of Florida.

The Company's parent, SJFHC, which is domiciled in the state of Delaware, contributed $12,500,000 in capital in 2003 to start the Company. The parent contributed an additional $11,075,000 in capital in 2005 to the Company. St. James Financial Holding Company, Inc. ("St. James") and Seibels Bruce Group, Inc. ("Seibels") own 80% and 20% respectively, of SJFHC.

The Company is subject to the broad administrative powers of the Office, which include, but are not limited to, limitation of dividends distributable, modification of management services and tax sharing agreements, limitations on new and renewal business, and demands for additional capital and surplus.

Basis of Presentation

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Florida. The State of Florida requires that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC's *Accounting Practices and Procedures Manual,* provided that such practices do not conflict with the State of Florida Insurance Code. Such practices vary from generally accepted accounting principles ("GAAP"). The more significant variances from GAAP are as follows:

Investments

Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed maturity investments would be reported at amortized cost, and the remaining investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a component of other comprehensive income for those designated as available-for-sale.

Policy Acquisition Costs

The costs of acquiring and renewing business are expensed when incurred. Under GAAP, such costs, to the extent recoverable, would be deferred and amortized over the effective period of the related insurance policies.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Income Tax Expense

Income taxes incurred include current year estimates of federal income taxes based on returns for the current year and all prior years to the extent not previously provided.

Deferred Income Taxes

Statutory accounting principles allow deferred income taxes to be computed on temporary differences using a "balance sheet" approach whereby statutory and tax basis balance sheets are compared. The resulting net deferred tax asset or liability is recognized, with certain limitations, in the statements of admitted assets, liabilities and capital and surplus. The change in deferred taxes is recognized through surplus. Under GAAP, the change in deferred tax is recognized in the income statement, and there are no limitations other than management valuation allowances.

Reinsurance

Unearned premiums and reserves for losses and loss adjustment expenses ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP. Ceding commissions from reinsurers are reported on a written basis. Under GAAP, such revenue would be deferred and amortized over the effective period of the related insurance policies.

Surplus Notes

Surplus notes are reported as surplus rather than as liabilities and interest on such notes is not accrued but is charged to expense when paid or approved for payment by the Office.

Cash Flows Statement

For purposes of the statements of cash flows, cash is combined with short-term investments, which includes investments with maturities of less than one year at the date of acquisition. Under GAAP, cash is combined with cash equivalents, which includes only investments with maturities of three months or less at the date of acquisition. Additionally, a reconciliation of net income to net cash provided by operating activities is not provided under NAIC Statutory Accounting Principles ("SAP").

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Non-Admitted Assets

Certain assets are designated as non-admitted assets, are excluded from the statements of admitted assets, liabilities and capital and surplus, and have been charged directly to surplus. Under GAAP, such assets are included in the balance sheet. Non-admitted assets at December 31, 2005 and 2004 and the effect on capital and surplus are as follows:

	December 31,		Increase (Decrease) in Surplus
	2005	2004	for 2005
Furniture and equipment	$ 15,831	$ 16,771	$ (940)
Prepaid assets	24,755	71,044	(46,289)
Income tax recoverable	-	287,000	(287,000)
Deferred tax asset	3,336,200	2,874,400	461,800
	$ 3,376,786	$ 3,249,215	$ 127,571

Other significant accounting practices are as follows:

Use of Estimates

The preparation of financial statements in conformity with the statutory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets

Bonds and other invested assets are stated in accordance with the requirements of the NAIC.

Investment grade bonds not backed by other loans and investment grade short-term fixed investments are reported at amortized cost using the scientific method.

Investment grade loan-backed securities are reported at amortized cost using the scientific method, including anticipated prepayments at the date of purchase. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.

Included in cash and short-term investments at December 31, 2005 and 2004 is $250,618 of cash, which was on deposit with regulatory authorities as required by law.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Invested Assets (Continued)

Investment securities are evaluated for other-than-temporary impairment and written down to fair value if impaired.

Realized capital gains and losses are determined using the specific identification basis and are included in net income.

Premiums

Premiums are earned pro rata over the terms of the policies. Premiums, less amounts ceded to reinsurers, are recognized on a pro rata basis over the policy term. Unearned premium liabilities are established for the unexpired portion of premiums written. Such unearned premiums are computed on a daily pro rata method for direct business. The unearned premiums are shown net of amounts ceded to reinsurers.

Reinsurance

Reinsurance premiums, losses, and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Liability for Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses represents the estimated undiscounted liability on all claims outstanding, plus a liability for losses incurred but not reported as of the statement date. The liability for loss adjustment expenses is established as a percentage of the various classes of loss reserves. Such liabilities are necessarily estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided.

The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current operations as they occur. The reserve for losses and loss adjustment expenses is reported net of ceded losses and loss adjustment expenses and includes a receivable for anticipated salvage and subrogation.

Premium Deficiency Reserves

The Company does not consider anticipated investment income when evaluating the need for premium deficiency reserves.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

The Company capitalizes computer equipment, software, and office furniture and equipment. This property is stated at cost, net of accumulated depreciation. Office furniture and equipment is not admitted as an asset in these financial statements. Depreciation is provided using the straight-line method over the estimated useful life of the asset, in accordance with SAP, which ranges generally from three to seven years. Depreciation expense was $28,874 and $20,911 for the years ended December 31, 2005 and 2004, respectively.

Salvage and Subrogation

The Company's reserves for losses and loss adjustment expenses are stated net of anticipated salvage and subrogation. At December 31, 2005 and 2004, the anticipated salvage and subrogation, net of reinsurance, amounted to approximately $53,000 and $25,700, respectively.

Federal Income Taxes Incurred

Federal income taxes incurred include current year estimates of federal income taxes, based on tax returns for the current year, tax contingencies for current and all prior years to the extent not previously provided, and amounts incurred or received during the current year relating to prior periods.

Deferred income taxes are provided on temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred income tax assets are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred income tax assets expected to be realized within one year or 10% of capital and surplus excluding any net deferred income tax assets, plus (3) the amount of remaining gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities.

Risks and Uncertainties

The Company primarily writes homeowners coverage in the state of Florida. The Company's business could be impacted by negative effects of economic and political forces in Florida, continuing price pressure on new and renewal business, the ability to effectively manage expenses, market competition and federal and state legislation or governmental regulations of insurance companies. Also, the Company is subject to regulatory requirements as explained in Note G.

The Company insures an area that is exposed to damage from hurricanes, tornadoes, hail and severe thunderstorms. The Company attempts to mitigate its exposure to losses from storms by avoiding geographic concentrations of policies and by purchasing catastrophe reinsurance coverage. However, a severe storm, depending on its path, could result in losses to the Company exceeding its reinsurance protection, and could have a material adverse effect on the financial condition and results of operations of the Company.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

Certain 2004 amounts in the statutory financial statements have been reclassified to conform to the 2005 classifications. These reclassifications had no effect on capital and surplus or net income as previously reported.

NOTE B - INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of investments are as follows:

	2005			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U. S. government agency and corporate obligations	$ 2,478,252	$ 420	$ 16,795	$ 2,461,877
Special revenue bonds	3,663,984	3,382	50,725	3,616,641
Industrial and miscellaneous	2,050,243	-	45,406	2,004,837
Total bonds	$ 8,192,479	$ 3,802	$ 112,926	$ 8,083,355

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U. S. government agency and corporate obligations	$ 247,469	$ 2,297	$ -	$ 249,766
Special revenue bonds	1,246,719	6,789	4,614	1,248,894
Industrial and miscellaneous	548,970	8,725	3,460	554,235
Total bonds	$ 2,043,158	$ 17,811	$ 8,074	$ 2,052,895

The amortized cost and fair value of the Company's investments in bonds at December 31, 2005, by contractual maturity, are shown below:

	Amortized Cost	Fair Value
After one year through five years	$ 3,018,636	$ 2,997,489
After five years through ten years	2,466,094	2,421,959
After ten years	2,707,749	2,663,907
	$ 8,192,479	$ 8,083,355

NOTE B - INVESTMENTS (Continued)

Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Proceeds from sales, maturities, and redemptions of investments in bonds in 2005 were $803,778, with corresponding gross gains of $2,970 and gross losses of $0 realized on these sales, maturities and redemptions. Proceeds from sales, maturities, and redemptions of investments in bonds in 2004 were $254,758, with corresponding gross gains of $444 and gross losses of $0 realized on these sales, maturities and redemptions. The Company realized a loss on short-term investments of $3,573 in 2005 and $3,171 in 2004.

Proceeds from sales of stock in 2005 were $1,008,334, with corresponding gross gains of $8 and gross losses of $12,687 realized on these sales. There were no sales of stock in 2004.

The Company realized no impairment losses on investments in 2005 and 2004.

Major categories of net investment income are summarized as follows:

	2005	2004
Income		
Bonds	$ 223,996	$ 40,487
Common stocks	22,798	-
Cash and short-term investments	234,119	116,090
	480,913	156,577
Investment expense	36,424	34,062
Interest expense	95,625	-
NET INVESTMENT INCOME	$ 348,864	$ 122,515

NOTE C - REINSURANCE

Certain premiums and losses are ceded to other insurance companies under two quota share reinsurance arrangements and various excess of loss reinsurance agreements. The ceded reinsurance agreements are intended to provide the Company with the ability to maintain its exposure to losses within its capital resources.

These reinsurance agreements do not relieve the Company from its primary obligation to policyholders, as it remains liable to its policyholders to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under reinsurance contracts. Therefore, the Company is subject to credit risk with respect to the obligations of its reinsurers, and any failure on the part of these reinsurers could have a material adverse effect on the Company's business, financial condition, and results of operations.

NOTE C - REINSURANCE (Continued)

On June 1, 2004, the Company entered into a 50% quota share arrangement to cede 50% of premiums and losses. Also effective December 31, 2004, the Company entered into a quota share agreement to cede an additional 25% of premiums and losses. Both of these quota share agreements were renewed on June 1, 2005 and expire May 31, 2006.

To minimize the Company's exposure to losses from catastrophes, primarily hurricanes, the Company has entered into a catastrophe excess of loss agreement, as well as the mandatory participation in the Florida Hurricane Catastrophe Fund ("FHCF").

For the treaty period June 1, 2005 through May 31, 2006, the primary homeowners' catastrophe excess of loss reinsurance agreement has the following retention and limits:

	Coverage	In Excess of	Participation	Company Premium
1st layer	$ 5,000,000	$ 5,000,000	25%	$ 437,500
2nd layer	10,000,000	10,000,000	25%	650,000
3rd layer	4,500,000	20,000,000	25%	204,188
4th layer	5,500,000	24,500,000	100%	683,250
5th layer	30,000,000	30,000,000	100%	2,850,000
6th layer	55,000,000	60,000,000	100%	3,575,000

The ultimate net loss for each of the above layers will include any recoveries from the Florida Hurricane Catastrophe Fund or so deemed. The FHCF provides catastrophe coverage for named hurricanes up to a maximum limit of 90% of the amount of ultimate losses in the layer as determined by a premium formula. The Company's projected payout from the FHCF is approximately $56,451,000, with a retention of approximately $17,406,000.

The Company entered into a reinstatement premium protection arrangement on June 1, 2005, in respect of the Company's first, second and third layers as described above. In return for this protection, the Company remits deposit premium in the amount of $413,922 which is payable in equal quarterly installments.

The effects of reinsurance on premiums written and earned are as follows:

	2005		2004	
	Written	Earned	Written	Earned
Direct premiums	$ 64,339,990	$ 39,760,461	$ 18,398,291	$ 7,435,936
Ceded premiums	(56,184,403)	(37,749,756)	(14,132,318)	(5,910,347)
Net premiums	$ 8,155,587	$ 2,010,705	$ 4,265,973	$ 1,525,589

Reserves for unearned premiums and losses and LAE have been reduced by amounts ceded to reinsurers of $51,534,537 in 2005 and $10,580,001 in 2004.

NOTE C - REINSURANCE (Continued)

The amount of ceding commissions that would be payable to reinsurers if all reinsurance treaties were cancelled at December 31, 2005 would be $11,995,478. The Company has reported a contingent ceding commission liability of $3,251,587 on its reinsurance agreements during 2005, all of which is payable as of December 31, 2005. The Company ceded losses and loss adjustment expenses of $43,413,262 and $10,733,941 in 2005 and 2004, respectively.

The Company had the following unsecured reinsurance recoverables, including ceded loss reserves and loss adjustment expenses and ceded unearned premiums, that exceeded 3% of surplus at December 31, 2005:

Name of Reinsurer	NAIC Code #	Aggregate Amount
Arch Reinsurance Company	10348	$ 26,649,000
Florida Hurricane Catastrophe Fund	00000	10,270,000
Hannover Reinsurance, Ltd.	00000	9,980,000
ES Reinsurance (Ireland) Ltd.	00000	2,495,000
Ace Tempest Reins. Co. Ltd.	00000	905,000
Axis Speciality Ltd.	00000	426,000
Lloyd's Syndicate #2001	00000	339,000
Lloyd's Syndicate #2791	00000	312,000

The Company is the beneficiary of various irrevocable letters of credit established by various unauthorized reinsurers to collateralize the reinsurance recoverables due to the Company by the unauthorized reinsurers. The amounts of the letters of credit total approximately $16,169,000 as of December 31, 2005.

NOTE D - INCOME TAXES

The Company files a consolidated federal tax return with its parent, SJFHC, and an affiliate, St. Johns MGA, Inc. ("SJMGA") The method of tax allocation among companies is subject to a written agreement, approved by the board of directors, whereby allocation is made primarily on a separate return basis without regard to the consolidated provision or benefit.

Total income taxes for the years ended December 31 are allocated as follows:

	2005	2004
Current income tax benefit	$ (1,807,600)	$ (303,400)
Total income tax benefit	$ (1,807,600)	$ (303,400)

NOTE D - INCOME TAXES (Continued)

As a result of the tax sharing agreement, the Company was able to record a benefit of $1,807,600 and the remaining benefit is allocated to SJFHC. The Company had an income tax recoverable of $287,000 in 2004 that was booked at the Company level and was non-admitted until its affiliates remit the funds to the Company. The funds were remitted to the Company in May, 2005.

The components of the Company's net deferred tax asset as of December 31 are as follows:

	2005	2004
Total of all deferred tax assets (admitted and non-admitted)	$ 3,822,800	$ 3,095,300
Total of all deferred tax liabilities	9,100	13,100
Net deferred tax asset	3,813,700	3,082,200
Deferred tax asset non-admitted	(3,336,200)	(2,874,400)
Net admitted deferred tax asset	$ 477,500	$ 207,800

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31 are as follows:

	2005	2004
Deferred tax assets		
Discounting of unpaid losses	$ 51,100	$ 21,300
Change in unearned premiums reserve	604,200	186,400
Net operating losses	3,120,500	2,838,900
Bad debt reserve	11,600	-
Organizational costs	35,400	48,700
Total deferred tax assets	3,822,800	3,095,300
Nonadmitted deferred tax assets	(3,336,200)	(2,874,400)
Admitted deferred tax assets	486,600	220,900
Deferred tax liabilities		
Depreciation	9,100	13,100
Total deferred tax liabilities	9,100	13,100
Net admitted deferred tax asset	$ 477,500	$ 207,800

NOTE D - INCOME TAXES (Continued)

The change in net deferred income taxes in the year 2005 is comprised of the following:

	2005	2004	Change
Total deferred tax assets	$ 3,822,800	$ 3,095,300	$ 727,500
Total deferred tax liabilities	9,100	13,100	(4,000)
Net deferred tax assets	$ 3,813,700	$ 3,082,200	
Change in net deferred income tax			$ 731,500

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The following represent the significant book to tax adjustments for 2005:

	Amount	Tax Effect
Loss before taxes	$ (8,348,555)	$ (2,838,500)
Tax over book reserves	87,913	29,800
Unearned premiums	1,228,976	417,900
Depreciation	11,741	4,000
Organizational costs	(35,820)	(12,200)
Other	20,503	7,000
Net operating loss for income tax purposes	(7,035,242)	(2,392,000)
Less: Net operating loss utilized by affiliates	5,316,203	1,807,600
Net operating loss remaining	$ (1,719,039)	$ (584,400)

The following is the net operating loss (NOL) available for offsetting against future taxable income. The NOLs expire, if not used, as follows:

Year	Amount
2023	$ 210,530
2024	7,248,197
2025	1,719,039

NOTE E - LOSS AND LOSS ADJUSTMENT EXPENSES

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	2005	2004
Balances at January 1	$ 3,054,000	$ -
Less reinsurance recoverables	2,358,000	-
NET BALANCES AT JANUARY 1	696,000	-
Incurred related to:		
Current year	5,341,000	6,701,000
Prior years	872,000	-
TOTAL INCURRED	6,213,000	6,701,000
Paid related to:		
Current year	4,031,000	6,005,000
Prior years	1,203,000	-
TOTAL PAID	5,234,000	6,005,000
Net balances at December 31	1,675,000	696,000
Plus reinsurance recoverables	24,877,000	2,358,000
BALANCES AT DECEMBER 31	$ 26,552,000	$ 3,054,000

As a result of changes in estimates of insured events in prior years, the provision for losses and loss adjustment expenses increased by approximately $872,000 in 2005 and $0 in 2004.

NOTE F - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate Transactions

In 2004 and 2003, St. James funded a portion of the Company's expenses during the startup and was reimbursed within 30 days of month end. St. James advanced the statutory deposit required by the state of Florida in the amount of $250,000. This amount was reimbursed to St. James in January 2004.

The Company subleased its corporate headquarters from St. James under a non-cancellable operating lease that expired in December 2004. Total lease cost to the Company was $90,784 in 2004. The Company went on a month-to-month lease at the beginning of 2005. On February 28, 2005, the Company entered into a lease jointly with St. James to rent new office space. The new lease is shared equally with St. James and expires November 30, 2010. The monthly cost to the Company is $7,595, plus common area maintenance as charged by the landlord. Total lease cost to the Company in 2005 was $98,365.

NOTE F - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES (Continued)

Affiliate Transactions (Continued)

The Company's employees' compensation is funded by St. James and is reimbursed by the Company by the end of the following month.

The following represent the balances due from (to) affiliates at December 31:

	2005	2004
St. Johns Financial Holding Company	$ -	$ -
St. James Holding Company, Inc.	(345,195)	(165,305)
St. Johns MGA, Inc.	3,328,490	1,445,988
Net due from parent, subsidiaries and affiliates	$ 2,983,295	$ 1,280,683

The above amounts are included in the statements of admitted assets, liabilities and capital and surplus as uncollected premiums and agents' balances in course of collection and payable to affiliates.

It is the Company's policy to settle joint expenses within 30 days. St. Johns MGA, Inc. ("SJMGA") pays down the entire premium liability due to the Company within 15 business days after month end.

Surplus Note Agreement

On December 30, 2004, the Company issued a $1,500,000 surplus note in return for cash to its parent, SJFHC, maturing on December 31, 2009. The surplus note bears interest at prime plus two and three quarters percent not to exceed 12% and is adjusted quarterly beginning March 31, 2005. Interest is payable quarterly beginning April 1, 2005. All interest and principal payments are to be approved by the Florida Office of Insurance Regulation prior to payment. Interest paid related to this surplus note was $95,625 in 2005.

Managing Agency Contract

The Company has contracted with its affiliate, SJMGA, to act as its managing general agent in selling homeowners insurance policies. SJMGA is responsible for all policy processing, agent services, and claims handling for the Company. For these services, SJMGA receives a commission plus the actual commission paid to the producing agent. From January 1, 2005 through May 31, 2005, the commission was 20%. From June 1, 2005 through December 31, 2005, the commission was 22%. The actual commission paid to the producing agent is approximately 11%. The commission is paid on written premiums. Commission expense under this arrangement was $20,017,634 and $5,806,244 for the years ended December 31, 2005 and 2004, respectively.

NOTE G - REGULATORY MATTERS

The Company has authorized 35,000 shares of common stock having a par value of $1 per share. At December 31, 2005 and 2004, there were 1,000 shares outstanding.

The Company is precluded from paying a dividend for the first three years of operation without the Office's expressed permission to do so under the consent order authorizing the Company to transact homeowners business in the state of Florida. Additionally, the Company can only pay dividends out of its available and accumulated surplus funds which are derived from realized net operating profits on its business and net unrealized capital gains. Dividend payments without prior written approval of the Office, shall not exceed the larger of:

- The lesser of 10 percent of surplus or net income, not including realized capital gains, plus a 2-year carryforward.
- Ten percent of surplus, with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.
- The lesser of 10 percent of surplus or net investment income plus a 3-year carryforward with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.
- In lieu of the above computations, the maximum dividend allowed by the Company may be up to the greater of 10% of surplus derived from realized net operating profits and realized capital gains or net operating profits and net realized capital gains from the immediately preceding calendar year. After the dividend, the Company must have capital and surplus at least equal to 115 percent of the minimum required statutory surplus as to policyholders. Additionally, the Company must file a notice with the Office at least 10 business days prior to the dividend payment.
- The maximum dividend allowable by the Company is $0 as of December 31, 2005 and 2004. No dividends were paid in 2005 or 2004.

Florida Statute Section 624.408 requires the Company to maintain a minimum level of surplus of not less than the greater of 10% of the Company's total liabilities or $4,000,000 as of December 31, 2005. As of December 31, 2005, the Company's surplus as regards policyholders was $10,182,650.

The Company is required to comply with the NAIC risk-based capital ("RBC") requirements. RBC is a method of measuring the amount of capital appropriate for an insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2005 and 2004, the Company's total adjusted capital exceeds the risk-based capital company action level.

NOTE G - REGULATORY MATTERS (Continued)

Unassigned Funds

Unassigned funds included in capital and surplus in the accompanying statements of admitted assets, liabilities and capital and surplus are decreased by the following as of December 31:

	2005	2004
Non-admitted asset values	$ 3,376,786	$ 3,249,215

NOTE H - COMMITMENTS AND CONTINGENCIES

Various lawsuits against the Company have arisen in the course of the Company's business. Management does not consider contingent liabilities arising from litigation and other matters material in relation to the financial position of the Company.

The Company entered into a quota share reinsurance arrangement on June 1, 2004 ceding 50% of the unearned premium at June 1, 2004 and 50% of net written premiums subsequent to June 1, 2004. The reinsurance agreement has a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2005. The sliding scale commission is tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and sliding scale rates available in the reinsurance agreement, the Company has accrued $1,630,745 in ceding commission due to be returned to the reinsurer at December 31, 2005.

The Company entered into two quota share reinsurance arrangements on June 1, 2005 ceding 50% and 25% of the unearned premium at June 1, 2005 and 50% and 25% of net written premiums subsequent to June 1, 2005. The reinsurance agreements have a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2006. The sliding scale commission is tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and sliding scale rates available in the reinsurance agreement, the Company has accrued $1,400,000 and $600,000 in ceding commission due to be returned to the reinsurer at December 31, 2005.

The Company entered into a quota share reinsurance arrangement on December 31, 2004 ceding 25% of the unearned premium at December 31, 2004. The reinsurance agreement has a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2005. The sliding scale commission was tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and sliding scale rates available in the reinsurance agreement, the Company has recorded $379,158 in ceding commission due to be returned from the reinsurer at December 31, 2005.

NOTE I - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial instruments are investments in bonds, cash, and short-term investments, recoverables from reinsurers on paid claims, and various receivables and payables. The determination of fair value for the Company's investment portfolio is disclosed in Note B. The carrying values of other financial instruments approximate fair value.

NOTE J - NON-CLAIM EXPENSES

	2005			
	Loss Expenses Incurred	Other Underwriting Expenses Incurred	Investment Expenses	Total
State and local insurance taxes	$ -	$ 1,248,083	$ -	$ 1,248,083
Salaries	58,361	1,040,168	-	1,098,529
Commission and brokerage, net	395,000	561,353	-	956,353
Claim adjustment services, net	930,195	-	-	930,195
Surveys and underwriting reports	31,495	561,337	-	592,832
All other expenses	54,144	994,974	132,049	1,181,167
	$ 1,469,195	$ 4,405,915	$ 132,049	$ 6,007,159

	2004			
	Loss Expenses Incurred	Other Underwriting Expenses Incurred	Investment Expenses	Total
Salaries	$ 30,576	$ 868,839	$ -	$ 899,415
Commissions and brokerage net,	167,314	1,167,878	-	1,335,192
Claim adjustment services, net	553,488	-	-	553,488
Surveys and underwriting reports	10,496	298,245	-	308,741
Legal and auditing	10,418	296,040	-	306,458
All other expenses	18,511	1,012,744	34,062	1,065,317
	$ 790,803	$ 3,643,746	$ 34,062	$ 4,468,611

NOTE K - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company is exposed to credit-related losses in the event that a bond issuer may default on its obligation. The Company mitigates its exposure to these credit-related losses by maintaining bonds with high credit ratings. The Company also is exposed to credit-related losses in the event that a reinsurer is unable to honor its liabilities to the Company. The Company mitigates its exposure to losses from insolvent reinsurers by continuously monitoring the credit ratings of all the Company's reinsurers.

The Company is exposed to concentration of credit risk because of cash deposits in excess of federally insured limits. As of December 31, 2005, the Company's bank balances exceeded federally insured limits by $150,672. The Company mitigates its exposure to losses from these cash deposits by monitoring the financial stability of the financial institutions involved.

NOTE L - DIRECT PREMIUM WRITTEN BY MANAGING GENERAL AGENTS

SJMGA, FEIN 20-0161791, 6675 Westwood Blvd., Suite 360, Orlando, FL 32821, has an exclusive managing general agency agreement with the Company. The Company writes all business through SJMGA under an agreement, which was approved by the Florida Office of Insurance Regulation. Under the agreement, SJMGA provides underwriting, systems and policyholder servicing to the Company. For the year ended December 31, 2005 and 2004, the aggregate amount of direct premiums written through SJMGA is $64,339,990 and $18,398,291, respectively. The Company was due $3,328,490 and $1,445,988 from SJMGA for premiums receivable as of December 31, 2005 and 2004, respectively.

NOTE M - RETIREMENT PLAN

The Company's full-time employees are eligible to participate in St. James's 401(k) plan. St. James can elect to make discretionary contributions. St. James made a discretionary contribution for the period ended December 31, 2005; however, the Company was not allocated any expense of the contribution.

NOTE N - ELECTRONIC DATA PROCESSING EQUIPMENT

At December 31, 2005 and 2004, respectively, the Company reported EDP equipment, which consists primarily of desktop computers and servers with a cost of $79,921 and $79,921, respectively, and accumulated depreciation of $42,743 and $18,388 as of December 31, 2005 and 2004, respectively.

NOTE O - GUARANTY ASSOCIATION ASSESSMENT

The Company is subject to guaranty fund and other assessments in Florida. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or, in the case of premium based assessments, at the time the premiums were written or, in the case of loss-based assessments, at the time the losses are incurred.

SUPPLEMENTAL INFORMATION

ST. JOHNS INSURANCE COMPANY, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2005

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	Amount	Percentage	Amount	Percentage
BONDS				
U. S. treasury securities	$ -	0.0%	$ -	0.0%
U. S. government agency and corporate obligations (excluding mortgage-backed securities)				
Issued by U. S. government agencies	2,478,252	11.8%	2,478,252	11.8%
Issued by U. S. government sponsored agencies	-	0.0%	-	0.0%
Foreign government (including Canada, excluding mortgage-backed securities)	-	0.0%	-	0.0%
Securities issued by states, territories and possessions and political subdivisions in the U. S.				
States, territories and possessions general obligations	-	0.0%	-	0.0%
Political subdivisions of states, territories and possessions and political subdivisions general obligations	-	0.0%	-	0.0%
Revenue and assessment obligations	-	0.0%	-	0.0%
Industrial development and similar obligations	-	0.0%	-	0.0%
Mortgage-backed securities (includes residential and commercial MBS)				
Pass-through securities				
Issued or guaranteed by GNMA	-	0.0%	-	0.0%
Issued or guaranteed by FNMA and FHLMC	-	0.0%	-	0.0%
All other	-	0.0%	-	0.0%
CMOs and REMICs				
Issued or guaranteed by GNMA, FNMA , FHLMC or VA	3,182,500	15.2%	3,182,500	15.2%
Issued by non-U. S. Government issuers and collateralized by mortgage-back securities issued or guaranteed by GNMA, FNMA, FHLMC or VA	481,484	2.3%	481,484	2.3%
All other	-	0.0%	-	0.0%
OTHER DEBT AND OTHER FIXED INCOME SECURITIES (EXCLUDING SHORT-TERM)				
Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,050,243	9.8%	2,050,243	9.8%
Unaffiliated foreign securities	-	0.0%	-	0.0%
Affiliated securities	-	0.0%	-	0.0%
EQUITY INTERESTS				
Investments in mutual funds	-	0.0%	-	0.0%
Preferred stocks				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Other equity securities				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Other equity interests including tangible personal property under lease				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
MORTGAGE LOANS				
Construction and land development	-	0.0%	-	0.0%
Agricultural	-	0.0%	-	0.0%
Single family residential properties	-	0.0%	-	0.0%
Multifamily residential properties	-	0.0%	-	0.0%
MORTGAGE LOANS (Continued)				

ST. JOHNS INSURANCE COMPANY, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2005

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	Amount	Percentage	Amount	Percentage
Commercial loans	$ -	0.0%	$ -	0.0%
Mezzanine and real estate loans	-	0.0%	-	0.0%
REAL ESTATE INVESTMENTS				
Property occupied by company	-	0.0%	-	0.0%
Property held for production of income (including $__________ of property acquired in satisfaction of debt)	-	0.0%	-	0.0%
Property held for sale (including $__________ property acquired in satisfaction of debt)	-	0.0%	-	0.0%
CONTRACT LOANS	-	0.0%	-	0.0%
RECEIVABLES FOR SECURITIES	-	0.0%	-	0.0%
CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS	12,800,804	61.0%	12,800,804	61.0%
OTHER INVESTED ASSETS	-	0.0%	-	0.0%
TOTAL INVESTED ASSETS	$ 20,993,283	100.00%	$ 20,993,283	100.00%

Address	**Orlando, Florida**
NAIC Group Code	**0000**
NAIC Company Code	**11844**
Employer's ID Number	**43-2035217**

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by stating the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement.

$26,961,942

2. Ten largest exposures to a single issuer/borrower/investment.

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	BB&T	Cash and ST Inv	$2,251,845	8.35%
2.02	Morgan Stanley CP	ST Inv	497,754	1.85%
2.03	Bell South Corp	ST Inv	497,425	1.84%
2.04	Citi Group Inc CP	ST Inv	497,021	1.84%
2.05	American General Finance Corp	ST Inv	496,651	1.84%
2.06	HSBC Finance Corporation	Bond	493,798	1.83%
2.07	FNMA REMIC TRUST 2005-10	Bond	492,811	1.83%
2.08	Lehman Bros Hldgs Inc Mtn	Bond	488,237	1.81%
2.09	FHLMC REMIC SERIES 2617	Bond	481,483	1.79%
2.10	FHLMC REMIC SERIES 2084	Bond	475,394	1.76%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

	Bonds	Amount	Percentage of Total Admitted Assets
3.01	NAIC-1	19,490,820	72.290%
3.02	NAIC-2		%
3.03	NAIC-3		%
3.04	NAIC-4		%
3.05	NAIC-5		%
3.06	NAIC-6		%

	Preferred Stocks	Amount	Percentage of Total Admitted Assets
3.07	P/RP-1		%
3.08	P/RP-2		%
3.09	P/RP-3		%
3.10	P/RP-4		%
3.11	P/RP-5		%
3.12	P/RP-6		%

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]
4.02	Total admitted assets held in foreign investments		%
4.03	Foreign-currency-denominated investments		%
4.04	Insurance liabilities denominated in that same foreign currency		%

If response to 4.01 above is yes, responses are not required for Interrogatories 5-10.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

5.01	Countries rated NAIC-1		%
5.02	Countries rated NAIC-2		%
5.03	Countries rated NAIC-3 or below		%

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1:

6.01			%
6.02			%

Countries rated NAIC-2:

6.03			%
6.04			%

Countries rated NAIC-3 or below:

6.05			%
6.06			%

7.

Aggregate unhedged foreign currency exposure		%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

8.01	Countries rated NAIC-1		%
8.02	Countries rated NAIC-2		%
8.03	Countries rated NAIC-3 or below		%

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1

9.01			%
9.02			%

Countries rated NAIC-2:

9.03			%
9.04			%

Countries rated NAIC-3 or below:

9.05			%
9.06			%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	**NAIC Rating**		
10.01				%
10.02				%
10.03				%
10.04				%
10.05				%
10.06				%
10.07				%
10.08				%
10.09				%
10.10				%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]

If response to 11.01 I yes, detail is not required for the remainder of Interrogatory 11.

11.02	Total admitted assets held in Canadian investments		%
11.03	Canadian currency-denominated investments		%
11.04	Canadian-denominated insurance liabilities		%
11.05	Unhedged Canadian currency exposure		%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]

If response to 12.10 is yes, responses are not required for the remainder of Interrogatory 12.

12.02	Aggregate statement value of investments with contractual sales restrictions		%
	Largest 3 investments with contractual sales restrictions		
12.03			%
12.04			%
12.05			%

13. Amounts and percentages of admitted assets held in the largest 10 equity interests

13.01	Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	Name of Issuer		
13.02			%
13.03			%
13.04			%
13.05			%
13.06			%
13.07			%
13.08			%
13.09			%
13.10			%
13.11			%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

14.02	Aggregate statement value of assets held in nonaffiliated, privately placed equities:		%
	Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03			%
14.04			%
14.05			%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01	Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?	Yes [**X**]	No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

15.02	Aggregate statement value of investments held in general partnership interests:		%
	Largest 3 investments in general partnership interests:		
15.03			%
15.04			%
15.05			%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01	Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets	Yes [**X**]	No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculture)		
16.02			%
16.03			%
16.04			%
16.05			%
16.06			%
16.07			%
16.08			%
16.09			%
16.10			%
16.11			%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans		%
16.13	Mortgage loans over 90 days past due		%
16.14	Mortgage loans in the process of foreclosure		%
16.15	Mortgage loans foreclosed		%
16.16	Restructured mortgage loans		%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan -to- Value	Residential		Commercial		Agricultural	
17.01	above 95%		%		%		%
17.02	91% to 95%		%		%		%
17.03	81% to 90%		%		%		%
17.04	71% to 80%		%		%		%
17.05	Below 70%		%		%		%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01	Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets	Yes [**X**]	No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description		
18.02			%
18.02			%
18.03			%
18.04			%
18.05			%
18.06			%

19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
19.01	Securities lending (do not include assets held as collateral for such transactions)		%			
19.02	Repurchase agreements		%			
19.03	Reverse repurchase agreements		%			
19.04	Dollar repurchase agreements		%			
19.05	Dollar reverse repurchase agreements		%			

20. Amounts and percentages indicated below for warrants not attached to other financial instruments, options, caps, and floors:

		Owned			Written	
20.01	Hedging		%			%
20.02	Income generation		%			%
20.03	Other		%			%

21. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
21.01	Hedging		%			
21.02	Income generation		%			
21.03	Replications		%			
21.04	Other		%			

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
22.01	Hedging		%			
22.02	Income generation		%			
22.03	Replications		%			
22.04	Other		%			

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220 - Audited Financial Report

St. Johns Insurance Company, Inc.

Statutory Financial Statements

Year Ended December 31, 2004 and Period from November 25, 2003 through December 31, 2003

DIXON HUGHES PLLC

Certified Public Accountants and Advisors

St. Johns Insurance Company, Inc.

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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
St. Johns Insurance Company, Inc.
Orlando, Florida

We have audited the accompanying statutory statement of admitted assets, liabilities and capital and surplus of St. Johns Insurance Company, Inc. as of December 31, 2004 and 2003 and the related statutory statements of income, changes in capital and surplus, and cash flows for the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A to the financial statements, these financial statements were prepared in conformity with the accounting practices prescribed by the Florida Office of Insurance Regulation, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The primary differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are described in Note A.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of St. Johns Insurance Company, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003, on the basis of accounting described in Note A.

1829 Eastchester Drive, PO Box 2646
High Point, NC 27261-2646
Ph. 336.889.5156 Fx. 336.889.6168
www.dixon-hughes.com

Our audits were conducted for the purpose of forming an opinion on the basic statutory financial statements taken as a whole. The supplemental summary investment schedule and the supplemental schedule of investment risk interrogatories as of December 31, 2004 are presented for purposes of complying with the National Association of Insurance Commissioners' instructions to Annual Audited Financial Reports and are not a required part of the basic statutory financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic statutory financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic statutory financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject and should not be used by anyone other than these specified parties.

Dixon Hughes PLLC

March 11, 2005

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
December 31, 2004 and 2003

ASSETS	2004	2003
CASH AND INVESTED ASSETS		
Bonds	$ 2,043,158	$ -
Cash and short-term investments	6,568,401	12,760,621
TOTAL CASH AND INVESTED ASSETS	8,611,559	12,760,621
Accrued investment income	15,195	631
Uncollected premiums and agents' balances in course of collection	1,445,988	-
Deferred premiums, agents' balances and installments booked but deferred and not yet due	534,669	-
Amounts recoverable from reinsurers	630,414	-
Net deferred tax asset	207,800	-
Electronic data processing equipment and software	61,533	30,903
TOTAL ADMITTED ASSETS	$ 11,507,158	$ 12,792,155

LIABILITIES AND CAPITAL AND SURPLUS	2004	2003
LIABILITIES		
Loss reserves	$ 582,197	$ -
Loss adjustment expense reserves	113,533	-
Contingent commissions and other expenses	288,823	-
Taxes, licenses, and fees payable	90,435	-
Unearned premiums, net of $8,221,971 for ceded reinsurance	2,740,657	-
Ceded reinsurance premiums payable, net of ceding commissions	2,481,532	-
Payable to affiliates	165,305	738,483
TOTAL LIABILITIES	6,462,482	738,483
CAPITAL AND SURPLUS		
Common stock, $1 par value; authorized 35,000 shares; issued and outstanding 1,000 shares	1,000	1,000
Additional paid-in capital	12,499,000	12,499,000
Surplus note	1,500,000	-
Unassigned surplus	(8,955,324)	(446,328)
TOTAL CAPITAL AND SURPLUS	5,044,676	12,053,672
TOTAL LIABILITIES AND CAPITAL AND SURPLUS	$ 11,507,158	$ 12,792,155

See accompanying notes.

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF INCOME
Year Ended December 31, 2004 and Period from November 25, 2003 through December 31, 2003

	2004	2003
REVENUES		
Premiums earned, net	$ 1,070,064	$ -
EXPENSES		
Losses incurred	5,910,333	-
Loss expenses incurred	790,803	-
Other underwriting expenses incurred	3,188,221	400,890
	9,889,357	400,890
NET UNDERWRITING LOSS	(8,819,293)	(400,890)
INVESTMENT INCOME		
Investment income, net of expenses of $34,062 and $0 in 2004 and 2003, respectively	122,515	11,253
Net realized losses	(2,727)	-
NET INVESTMENT INCOME	119,788	11,253
OTHER EXPENSES	(2,567)	-
TOTAL OTHER EXPENSES	(2,567)	-
LOSS BEFORE INCOME TAX BENEFIT	(8,702,072)	(389,637)
INCOME TAX BENEFIT	(303,400)	-
NET LOSS	$ (8,398,672)	$ (389,637)

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS
Year Ended December 31, 2004 and Period from November 25, 2003 through December 31, 2003

	Common Stock	Additional Paid-In Capital	Surplus Note	Unassigned Surplus	Total Capital and Surplus
Issuance of common stock	$ 1,000	$ -	$ -	$ -	$ 1,000
Issuance of additional paid-in capital	-	12,499,000	-	-	12,499,000
Net loss	-	-	-	(389,637)	(389,637)
Change in non-admitted assets	-	-	-	(189,167)	(189,167)
Change in net deferred income tax	-	-	-	132,476	132,476
BALANCE, DECEMBER 31, 2003	1,000	12,499,000	-	(446,328)	12,053,672
Issuance of surplus note	-	-	1,500,000	-	1,500,000
Net loss	-	-	-	(8,398,672)	(8,398,672)
Change in non-admitted assets	-	-	-	(2,756,648)	(2,756,648)
Change in net deferred income tax	-	-	-	2,646,324	2,646,324
BALANCE, DECEMBER 31, 2004	$ 1,000	$ 12,499,000	$ 1,500,000	$ (8,955,324)	$ 5,044,676

See accompanying notes.

ST. JOHNS INSURANCE COMPANY, INC.
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2004 and Period from November 25, 2003 through December 31, 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums collected, net of reinsurance	$ 4,311,596	$ -
Losses paid, net of subrogation	(5,958,550)	-
Loss adjustment and other underwriting expenses paid	(3,486,233)	(400,890)
Net investment income received	109,982	10,622
Miscellaneous expenses	(2,567)	-
Federal income taxes recovered	16,400	-
NET CASH USED BY OPERATING ACTIVITIES	(5,009,372)	(390,268)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales, maturities or repayment of bond investments	254,758	-
Net losses on cash and short-term investments	(3,171)	-
Total investment proceeds	251,587	-
Cost of investments acquired		
Bonds	(2,299,505)	-
Total investments acquired	(2,299,505)	-
NET CASH USED BY INVESTING ACTIVITIES	(2,047,918)	-
CASH FLOWS FROM FINANCING ACTIVITIES AND MISCELLANEOUS SOURCES		
Proceeds from issuance of surplus note	1,500,000	-
Issuance of capital stock and additional paid-in capital	-	12,500,000
Other cash provided (applied)	(634,930)	650,889
NET CASH PROVIDED BY FINANCING ACTIVITIES AND MISCELLANEOUS SOURCES	865,070	13,150,889
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(6,192,220)	12,760,621
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	12,760,621	-
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 6,568,401	$ 12,760,621

See accompanying notes.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

St. Johns Insurance Company, Inc. (the "Company") is domiciled in the state of Florida and is a wholly owned subsidiary of St. Johns Financial Holding Company, Inc. ("SJFHC"). The Company was incorporated November 25, 2003, and commenced operations December 4, 2003, after receiving its Certificate of Authority from the Florida Department of Financial Services, Office of Insurance Regulation (the "Office"). The Company writes homeowners' insurance coverage exclusively in the State of Florida.

The Company's parent, SJFHC, which is domiciled in the state of Delaware, contributed $12,500,000 in capital to the Company. Braishfield Holding Company, Inc. ("Braishfield") and Seibels Bruce Group, Inc. ("Seibels") own 80% and 20% respectively, of SJFHC.

The Company is subject to the broad administrative powers of the Office, which include, but are not limited to, limitation of dividends distributable, modification of management services and tax sharing agreements, limitations on new and renewal business, and demands for additional capital and surplus.

Basis of Presentation

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Florida. The State of Florida requires that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC's *Accounting Practices and Procedures Manual,* provided that such practices do not conflict with the State of Florida Insurance Code. Such practices vary from generally accepted accounting principles ("GAAP"). The more significant variances from GAAP are as follows:

Investments

Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed maturity investments would be reported at amortized cost, and the remaining investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a component of other comprehensive income for those designated as available-for-sale.

Policy Acquisition Costs

The costs of acquiring and renewing business are expensed when incurred. Under GAAP, such costs, to the extent recoverable, would be deferred and amortized over the effective period of the related insurance policies.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Expense

Income taxes incurred include current year estimates of federal income taxes based on returns for the current year and all prior years to the extent not previously provided.

Deferred Income Taxes

Statutory accounting principles allow deferred income taxes to be computed on temporary differences using a "balance sheet" approach whereby statutory and tax basis balance sheets are compared. The resulting net deferred tax asset or liability is recognized, with certain limitations, in the statements of admitted assets, liabilities and capital and surplus. The change in deferred taxes is recognized through surplus. Under GAAP, the change in deferred tax is recognized in the income statement, and there are no limitations other than management valuation allowances.

Reinsurance

Unearned premiums and reserves for losses and loss adjustment expenses ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP. Ceding commissions from reinsurers are reported on a written basis. Under GAAP, such revenue would be deferred and amortized over the effective period of the related insurance policies.

Surplus Notes

Surplus notes are reported as surplus rather than as liabilities and interest on such notes is not accrued but is charged to expense when paid or approved for payment by the Office.

Cash Flows Statement

For purposes of the statements of cash flows, cash is combined with short-term investments, which includes investments with maturities of less than one year at the date of acquisition. Under GAAP, cash is combined with cash equivalents, which includes only investments with maturities of three months or less at the date of acquisition. Additionally, a reconciliation of net income to net cash provided by operating activities is not provided under NAIC Statutory Accounting Principles ("SAP").

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonadmitted Assets

Certain assets are designated as nonadmitted assets, are excluded from the statement of admitted assets, liabilities and capital and surplus, and have been charged directly to surplus. Under GAAP, such assets are included in the balance sheet. Nonadmitted assets at December 31, 2004 and 2003 and the effect on capital and surplus are as follows:

	December 31, 2004	December 31, 2003	Increase (Decrease) in Surplus for 2004
Furniture and equipment	$ 16,771	$ -	$ (16,771)
Prepaid assets	71,044	56,691	(14,353)
Income tax recoverable	287,000	-	(287,000)
Deferred tax asset	2,571,000	132,476	(2,438,524)
	$ 2,945,815	$ 189,167	$ (2,756,648)

Other significant accounting practices are as follows:

Use of Estimates

The preparation of financial statements in conformity with the statutory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets

Bonds and other invested assets are stated in accordance with the requirements of the NAIC.

Investment grade bonds not backed by other loans and investment grade short term fixed investments are reported at amortized cost using the scientific method.

Investment grade loan-backed securities are reported at amortized cost using the scientific method, including anticipated prepayments at the date of purchase. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Invested Assets (Continued)

Included in cash and short-term investments at December 31, 2004 and 2003 is $250,618 and 250,000 in cash which was on deposit with regulatory authorities as required by law.

Investment securities are evaluated for other-than-temporary impairment and written down to fair value if impaired.

Realized capital gains and losses are determined using the specific identification basis and are included in net income.

Premiums

Premiums are earned pro rata over the terms of the policies. Premiums, less amounts ceded to reinsurers, are recognized on a pro rata basis over the policy term. Unearned premium liabilities are established for the unexpired portion of premiums written. Such unearned premiums are computed on a daily pro rata method for direct business. The unearned premiums are shown net of amounts ceded to reinsurers.

Reinsurance

Reinsurance premiums, losses, and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Liability for Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses represents the estimated undiscounted liability on all claims outstanding, plus a liability for losses incurred but not reported as of the statement date. The liability for loss adjustment expenses is established as a percentage of the various classes of loss reserves. Such liabilities are necessarily estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided.

The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current operations as they occur. The reserve for losses and loss adjustment expenses is reported net of ceded losses and loss adjustment expenses and includes a receivable for anticipated salvage and subrogation.

Premium Deficiency Reserves

The Company does not consider anticipated investment income when evaluating the need for premium deficiency reserves.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

The Company capitalizes computer equipment, software, and office furniture and equipment. This property is stated at cost, net of accumulated depreciation. Office furniture and equipment is not admitted as an asset in these financial statements. Depreciation is provided using the straight-line method over the estimated useful life of the asset, in accordance with SAP, which ranges generally from three to seven years. Depreciation expense was $20,911 and $0 for the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003, respectively.

Salvage and Subrogation

The Company's reserves for losses and loss adjustment expenses are stated net of anticipated salvage and subrogation. At December 31, 2004 and 2003, the anticipated salvage and subrogation, net of reinsurance, amounted to approximately $25,700 and $0, respectively.

Federal Income Taxes Incurred

Federal income taxes incurred include current year estimates of federal income taxes, based on tax returns for the current year, tax contingencies for current and all prior years to the extent not previously provided, and amounts incurred or received during the current year relating to prior periods.

Deferred income taxes are provided on temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred income tax assets are limited to (1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus (2) the lesser of the remaining gross deferred income tax assets expected to be realized within one year or 10% of capital and surplus excluding any net deferred income tax assets, plus (3) the amount of remaining gross deferred income tax assets that can be offset against existing gross deferred income tax liabilities.

Risks and Uncertainties

The Company primarily writes homeowners coverage in the State of Florida. The Company's business could be impacted by negative effects of economic and political forces in Florida, continuing price pressure on new and renewal business, the ability to effectively manage expenses, market competition and federal and state legislation or governmental regulations of insurance companies. Also, the Company is subject to regulatory requirements as explained in Note G.

The Company insures an area that is exposed to damage from hurricanes, tornadoes, hail and severe thunderstorms. The Company attempts to mitigate its exposure to losses from storms by avoiding geographic concentrations of policies and by purchasing catastrophe reinsurance coverage. However, a severe storm, depending on its path, could result in losses to the Company exceeding its reinsurance protection, and could have a material adverse effect on the financial condition and results of operations of the Company.

NOTE B - INVESTMENTS

The amortized cost, gross unrealized gains and losses, and fair value of investments are as follows:

	2004			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Bonds:				
U.S. government agency and corporate obligations	$ 247,469	$ 2,297	$ -	$ 249,766
Special revenue bonds	1,246,719	6,789	4,614	1,248,894
Industrial and miscellaneous	548,970	8,725	3,460	554,235
Total bonds	$ 2,043,158	$ 17,811	$ 8,074	$ 2,052,895

The amortized cost and fair value of the Company's investments in bonds at December 31, 2004, by contractual maturity, are shown below:

	Amortized Cost	Fair Value
After one year through five years	$ 247,469	$ 249,766
After five years through ten years	548,971	554,235
After ten years	1,246,718	1,248,894
	$ 2,043,158	$ 2,052,895

Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Proceeds from sales, maturities, and redemptions of investments in bonds during 2004 were $254,758, with corresponding gross gains of $444 and gross losses of $0 realized on these sales, maturities and redemptions. There were no sales, maturities, or redemptions of investments in bonds during 2003. The Company realized a loss on short-term investments of $3,171 in 2004 and $0 in 2003.

The Company realized no impairment losses on investments in 2004 and 2003.

NOTE B - INVESTMENTS (Continued)

Major categories of net investment income are summarized as follows:

	Year Ended December 31, 2004	Period Ended December 31, 2003
Income		
Bonds	$ 40,487	$ -
Cash and short-term investments	116,090	11,253
	156,577	11,253
Investment expenses	34,062	-
NET INVESTMENT INCOME	$ 122,515	$ 11,253

NOTE C - REINSURANCE

Certain premiums and losses are ceded to other insurance companies under two quota share reinsurance arrangements and various excess of loss reinsurance agreements. The ceded reinsurance agreements are intended to provide the Company with the ability to maintain its exposure to losses within its capital resources.

These reinsurance agreements do not relieve the Company from its primary obligation to policyholders, as it remains liable to its policyholders to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under reinsurance contracts. Therefore, the Company is subject to credit risk with respect to the obligations of its reinsurers, and any failure on the part of these reinsurers could have a material adverse effect on the Company's business, financial condition, and results of operations.

On June 1, 2004, the Company entered into a 50% quota share arrangement to cede 50% of premiums and losses. Effective December 31, 2004, the Company entered into an additional quota share agreement to cede an additional 25% of premiums and losses. Due to the effective date of the treaty, only the unearned premium reserve at December 31, 2004 was ceded on this agreement. Both of these quota share agreements expire May 31, 2005.

To minimize the Company's exposure to losses from catastrophes, primarily hurricanes, the Company has entered into various catastrophe excess of loss agreements, including the mandatory participation in the Florida Hurricane Catastrophe Fund ("FHCF").

For the treaty period June 1, 2004 through May 31, 2005, there are two catastrophe excess of loss treaties. The primary homeowners' catastrophe excess of loss reinsurance agreements have the following retention and limits:

NOTE C - REINSURANCE (Continued)

First Layer

$19,455,260 each loss occurrence, in excess of an ultimate net loss of $15,544,740 each loss occurrence. The ultimate net loss will include any recoveries from the Florida Hurricane Catastrophe Fund or so deemed.

Second Layer

$30,000,000 each loss occurrence, in excess of an ultimate net loss of $35,000,000 each loss occurrence.

The Company also has an additional excess of loss treaty for catastrophe coverage. The limit is 90% of the first 50% of the company's maximum recovery under the FHCF in excess of 90% of 100% of the company's maximum recovery under the FHCF otherwise recoverable. This treaty's design was to provide additional coverage should the FHCF maximum payout be exhausted due to multiple catastrophic storms.

The FHCF provides catastrophe coverage for named hurricanes up to a maximum limit of 90% of the amount of ultimate losses in the layer as determined by a premium formula.

The Company's reinsurance program, quota share and catastrophe, from December 31, 2004 to the period ending May 31, 2005, is intended to provide the following coverage:

Reinsurance Layer	Portion of Layer Retained by Company	Portion of Layer Reinsured Under Reinsurance Treaties	Portion of Layer Reinsured Under FHCF	Total
$ 0 - $ 3,118,623	$ 779,656	$ 2,338,967	$ -	$ 3,118,623
$ 3,118,623 - $ 14,687,485	289,221	867,665	10,411,976	11,568,862
$ 14,687,485 - $ 15,544,740	313,887	543,368	-	857,255
$ 15,544,740 - $ 35,000,000	-	19,455,260	-	19,455,260
$ 35,000,000 - $ 65,000,000	-	30,000,000	-	30,000,000
	$ 1,382,764	$ 53,205,260	$ 10,411,976	$ 65,000,000

NOTE C - REINSURANCE (Continued)

The effects of reinsurance on premiums written and earned are as follows:

	2004		2003	
	Written	Earned	Written	Earned
Direct premiums	$ 17,943,039	$ 6,980,411	$ -	$ -
Ceded premiums	(14,132,318)	(5,910,347)	-	-
Net premiums	$ 3,810,721	$ 1,070,064	$ -	$ -

Reserves for unearned premiums and losses and LAE have been reduced by amounts ceded to reinsurers of $10,580,001 in 2004 and $0 in 2003.

The amount of ceding commissions that would be payable to reinsurers if all reinsurance treaties were cancelled at December 31, 2004 would be $3,699,887. The Company has reported a contingent ceding commission liability of $220,000 on its reinsurance agreements during 2004, all of which is payable as of December 31, 2004. The Company ceded losses and loss adjustment expenses of $10,733,941 and $0 in 2004 and 2003, respectively.

The Company had the following unsecured reinsurance recoverables, including ceded loss reserves and loss adjustment expenses and ceded unearned premiums, that exceeded 3% of surplus at December 31, 2004:

Name of Reinsurer	NAIC Code #	Aggregate Amount
Arch Reinsurance Company	10348	$ 5,240,000
Florida Hurricane Catastrophe Fund	00000	2,113,000
Hannover Reinsurance, Ltd.	00000	1,233,000

The Company is the beneficiary of two irrevocable letters of credit established by Hannover Reinsurance, Ltd. to collateralize the reinsurance recoverables due to the Company by the unauthorized reinsurer. The amounts of the letters of credit total approximately $1,233,000 as of December 31, 2004.

NOTE D - INCOME TAXES

The Company files a consolidated federal tax return with its parent, SJFHC, and an affiliate, St. Johns MGA, Inc. The method of tax allocation among companies is subject to a written agreement, approved by the board of directors, whereby allocation is made primarily on a separate return basis without regard to the consolidated provision or benefit.

NOTE D - INCOME TAXES (Continued)

Total income taxes for the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003 are allocated as follows:

	2004	2003
Current income tax benefit	$ (303,400)	$ -
Total income tax benefit	$ (303,400)	$ -

As a result of the tax sharing agreement, the Company was able to record a benefit of $303,400 and the remaining benefit is allocated to SJFHC. The income tax recoverable of $287,000 booked at the Company level is nonadmitted until its affiliates remit the funds to the Company.

The components of the Company's net deferred tax asset as of December 31, are as follows:

	2004	2003
Total of all deferred tax assets (admitted and nonadmitted)	$ 2,791,900	$ 132,476
Total of all deferred tax liabilities	13,100	-
Net deferred tax asset	2,778,800	132,476
Deferred tax asset nonadmitted	(2,571,000)	(132,476)
Net admitted deferred tax asset	$ 207,800	$ -

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, are as follows:

	2004	2003
Deferred tax assets		
Discounting of unpaid losses	$ 21,300	$ -
Change in unearned premiums reserve	186,400	-
Net operating losses	2,535,500	71,580
Organizational costs	48,700	60,896
Total deferred tax assets	2,791,900	132,476
Nonadmitted deferred tax assets	(2,571,000)	(132,476)
Admitted deferred tax assets	220,900	-
Deferred tax liabilities		
Depreciation	13,100	-
Total deferred tax liabilities	13,100	-
Net admitted deferred tax asset	$ 207,800	$ -

NOTE D - INCOME TAXES (Continued)

The change in net deferred income taxes in the year 2004 is comprised of the following:

	December 31, 2004	December 31, 2003	Change
Total deferred tax assets	$ 2,791,900	$ 132,476	$ 2,659,424
Total deferred tax liabilities	13,100	-	13,100
Net deferred tax assets	$ 2,778,800	$ 132,476	
Change in net deferred income tax			$ 2,646,324

The change in net deferred income taxes in the period from November 25, 2003 through December 31, 2003 is comprised of the following:

	December 31, 2003	December 31, 2002	Change
Total deferred tax assets	$ 132,476	$ -	$ 132,476
Total deferred tax liabilities	-	-	-
Net deferred tax assets	$ 132,476	$ -	$ 132,476
Change in net deferred income tax			$ 132,476

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The following represent the significant book to tax adjustments for 2004:

	Amount	Tax Effect
Loss before taxes	$ (8,702,072)	$ (2,958,700)
Tax over book reserves	62,508	21,300
Unearned premiums	548,131	186,400
Depreciation	(38,617)	(13,100)
Organizational costs	(35,820)	(12,200)
Political and lobbying contributions	12,048	4,100
Meals and entertainment	14,323	4,800
Net operating loss for income tax purposes	(8,139,499)	(2,767,400)
Less: Net operating loss used	892,531	303,400
Net operating loss remaining	$ (7,246,968)	$ (2,464,000)

The following is the net operating loss (NOL) available for offsetting against future taxable income. The NOLs expire, if not used, as follows:

Year	Amount
2023	$ 210,530
2024	7,246,968

NOTE E - LOSS AND LOSS ADJUSTMENT EXPENSES

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	2004	2003
Balances at January 1	$ -	$ -
Less reinsurance recoverables	-	-
NET BALANCES AT JANUARY 1	-	-
Incurred related to:		
Current year	6,701,000	-
Prior years	-	-
TOTAL INCURRED	6,701,000	-
Paid related to:		
Current year	6,005,000	-
Prior years	-	-
TOTAL PAID	6,005,000	-
Net balances at December 31	696,000	-
Plus reinsurance recoverables	2,358,000	-
BALANCES AT DECEMBER 31	$ 3,054,000	$ -

As a result of changes in estimates of insured events in prior years, the provision for losses and loss adjustment expenses decreased by approximately $0 in both 2004 and 2003.

NOTE F - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Affiliate Transactions

The Company is part of a holding company structure, which includes SJFHC and St. Johns MGA ("SJMGA").

In 2004 and 2003, Braishfield funded a portion of the Company's expenses during the startup and was reimbursed within 30 days of month end. Braishfield advanced the statutory deposit required by the state of Florida in the amount of $250,000. This amount was reimbursed to Braishfield in January 2004.

The Company subleases its corporate headquarters from Braishfield under a non-cancellable operating lease that expired in December 2004. Total lease cost to the Company was $90,784 and $7,750 in 2004 and 2003, respectively. The Company is on a month-to-month lease at the beginning of 2005. Lease cost is currently $8,340 per month in 2005.

NOTE F - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES (Continued)

Affiliate Transactions (Continued)

The Company's employees' compensation is funded by Braishfield and is reimbursed by the Company by the end of the month.

The following represent the balances due from (to) affiliates at December 31:

	2004	2003
St. Johns Financial Holding Company	$ -	$ -
Braishfield Holding Company, Inc.	(165,305)	(738,483)
St. Johns MGA, Inc.	1,445,988	-
Net due from parent, subsidiaries, and affiliates	$ 1,280,683	$ (738,483)

The above amounts are included in the statement of admitted assets, liabilities and capital surplus as uncollected premiums and agents' balances in course of collection and payable to affiliates.

It is the Company's policy to settle joint expenses within 30 days. SJMGA pays down the entire premium liability due to the Company within 15 business days after month end.

Surplus Note Agreement

On December 30, 2004, the Company issued a $1,500,000 surplus note in return for cash to its parent, SJFHC, maturing on December 31, 2009. The surplus note bears interest at prime plus two and three quarters percent not to exceed 12% and is adjusted quarterly beginning March 31, 2005. Interest is payable quarterly beginning April 1, 2005. All interest and principal payments are to be approved by the Florida Office of Insurance Regulation prior to payment.

Managing Agency Contract

The Company has contracted with its affiliate, SJMGA, to act as its managing general agent in selling homeowners insurance policies. SJMGA is responsible for all policy processing, agent services, and claims handling for the Company. For these services, SJMGA receives a 22% commission plus the actual commission paid to the producing agent, which is estimated at approximately 11% for a total of 33%. The commission is paid on written premium. Commission expense under this arrangement was $5,806,244 and $0 for the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003, respectively.

NOTE G - REGULATORY MATTERS

The Company has authorized 35,000 shares of common stock having a par value of $1 per share. At December 31, 2004 and 2003, there were 1,000 shares outstanding.

NOTE G - REGULATORY MATTERS (Continued)

The Company is precluded from paying a dividend for the first three years of operation without the Office's expressed permission to do so under the consent order authorizing the Company to transact homeowners business in the State of Florida. Additionally, the Company can only pay dividends out of its available and accumulated surplus funds which is derived from realized net operating profits on its business and net unrealized capital gains. Dividend payments without prior written approval of the Office, shall not exceed the larger of:

- The lesser of 10 percent of surplus or net income, not including realized capital gains, plus a 2-year carryforward.

- Ten percent of surplus, with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.

- The lesser of 10 percent of surplus or net investment income plus a 3-year carryforward with dividends payable constrained to unassigned funds minus 25 percent of unrealized capital gains.

- In lieu of the above computations, the maximum dividend allowed by the Company may be up to the greater of 10% of surplus derived from realized net operating profits and realized capital gains or net operating profits and net realized capital gains from the immediately preceding calendar year. After the dividend, the Company must have capital and surplus at least equal to 115 percent of the minimum required statutory surplus as to policyholders. Additionally, the Company must file a notice with the Office at least 10 business days prior to the dividend payment.

- The maximum dividend allowable by the Company is $0 as of December 31, 2004 and 2003, respectively. There were no dividends paid in 2004 or 2003, respectively.

Florida Statute Section 624.408 requires the Company to maintain a minimum level of surplus of not less than the greater of ten percent of the Company's total liabilities or $4,000,000 as of December 31, 2004. As of December 31, 2004, the Company's surplus as regards policyholders was $5,044,676.

The Company is required to comply with the NAIC risk-based capital ("RBC") requirements. RBC is a method of measuring the amount of capital appropriate for an insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2004 and 2003, the Company's total adjusted capital exceeds the risk-based capital company action level.

NOTE G - REGULATORY MATTERS (Continued)

Unassigned Funds

Unassigned funds included in policyholders' surplus in the accompanying statements of admitted assets, liabilities and capital and surplus are decreased by the following as of December 31:

	2004	2003
Nonadmitted asset values	$ (2,756,648)	$ (189,167)
	$ (2,756,648)	$ (189,167)

NOTE H - COMMITMENTS AND CONTINGENCIES

Various lawsuits against the Company have arisen in the course of the Company's business. Management does not consider contingent liabilities arising from litigation and other matters material in relation to the financial position of the Company.

The Company entered into a quota share reinsurance arrangement on June 1, 2004 ceding 50% of the unearned premium at June 1, 2004 and 50% of net written premiums subsequent to June 1, 2004. The reinsurance agreement has a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2005. The sliding scale commission is tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and sliding scale rates available in the reinsurance agreement, the Company has accrued $220,000 in ceding commission due to be returned to the reinsurer at December 31, 2004.

NOTE I - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial instruments are investments in bonds, cash, and short-term investments, recoverables from reinsurers on paid claims, and various receivables and payables. The determination of fair value for the Company's investment portfolio is disclosed in Note B. The carrying values of other financial instruments approximate fair value.

NOTE J - NON-CLAIM EXPENSES

	2004			
	Loss Expenses Incurred	Other Underwriting Expenses Incurred	Investment Expenses	Total
Salaries	$ 30,576	$ 868,839	$ -	$ 899,415
Commission and brokerage, net	167,314	712,353	-	879,667
Claim adjustment services, net	553,488	-	-	553,488
State and local insurance taxes	-	273,957	-	273,957
Travel and travel items	5,049	143,472	-	148,521
All other expenses	34,376	1,189,600	34,062	1,258,038
	$ 790,803	$ 3,188,221	$ 34,062	$ 4,013,086

	2003			
	Loss Expenses Incurred	Other Underwriting Expenses Incurred	Investment Expenses	Total
Legal and auditing	$ -	$ 222,527	$ -	$ 222,527
Salaries	-	83,149	-	83,149
Employee relations and welfare	-	43,500	-	43,500
Travel and travel items	-	25,774	-	25,774
Rent and rent items	-	7,750	-	7,750
All other expenses	-	18,190	-	18,190
	$ -	$ 400,890	$ -	$ 400,890

NOTE K - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company is exposed to credit-related losses in the event that a bond issuer may default on its obligation. The Company mitigates its exposure to these credit related losses, by maintaining bonds with high credit ratings. The Company also is exposed to credit related losses in the event that a reinsurer is unable to honor its liabilities to the Company. The Company mitigates its exposure to losses from insolvent reinsurers by continuously monitoring the credit ratings of all the Company's reinsurers.

The Company is exposed to concentration of credit risk because of cash deposits in excess of federally insured limits. As of December 31, 2004, the Company's bank balances exceeded federally insured limits by $2,323,067. The Company mitigates its exposure to losses from these cash deposits by monitoring the financial stability of the financial institutions involved.

NOTE L - DIRECT PREMIUM WRITTEN BY MANAGING GENERAL AGENTS

St Johns MGA ("SJMGA"), FEIN 20-0161791, 6675 Westwood Blvd., Suite 360, Orlando, FL 32821, has an exclusive managing general agency agreement with the Company. The Company writes all business through SJMGA under an agreement, which was approved by the Florida Office of Insurance Regulation. Under the agreement, SJMGA provides underwriting, systems and policyholder servicing to the Company. For the year ended December 31, 2004 and the period from November 25, 2003 through December 31, 2003, the aggregate amount of direct premiums written through SJMGA is $17,943,039 and $0, respectively. The Company was due $1,445,988 and $0 from SJMGA for premiums receivable as of December 31, 2004 and 2003, respectively.

NOTE M - RETIREMENT PLAN

The Company's full time employees are eligible to participate in Braishfield's 401(k) plan. Braishfield can elect to make discretionary contributions. Braishfield made a discretionary contribution for the period ended December 31, 2003; however, the Company was not allocated any expense of the contribution. There was no discretionary contribution for 2004.

NOTE N - ELECTRONIC DATA PROCESSING EQUIPMENT

At December 31, 2004 and 2003, the Company reported EDP equipment, which consists primarily of desktop computers and servers with a cost of $79,921 and $30,903, respectively, and accumulated depreciation of $18,388 and $0 as of December 31, 2004 and 2003, respectively.

NOTE O - GUARANTY ASSOCIATION ASSESSMENT

The company is subject to guaranty fund and other assessments in Florida. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or, in the case of premium based assessments, at the time the premiums were written or, in the case of loss based assessments, at the time the losses are incurred.

NOTE P - SUBSEQUENT EVENTS

The Company entered into a new office space lease on February 18, 2005. The term of the lease is five years and five months beginning on the commencement date, which is estimated to be May 1, 2005. The landlord is required to make certain leasehold improvements detailed by the lease agreement, and payments are not due until all those improvements are substantially complete. While the monthly lease cost will be $14,942, plus additional costs for taxes and repairs, the Company's share will be approximately one half of this amount. The Company will share the office with its affiliates and its ultimate parent, Braishfield.

SUPPLEMENTAL INFORMATION

ST. JOHNS INSURANCE COMPANY, INC.
SUMMARY INVESTMENT SCHEDULE
December 31, 2004

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	Amount	Percentage	Amount	Percentage
BONDS				
U. S. Treasury securities	$ -	0.0%	-	0.0%
U. S. government agency and corporate obligations (excluding mortgage-backed securities)	-	0.0%	-	0.0%
Issued by U. S. government agencies	247,469	2.8%	247,469	2.8%
Issued by U. S. government-sponsored agencies	-	0.0%	-	0.0%
Foreign government (including Canada, excluding mortgage-backed securities)	-	0.0%	-	0.0%
Securities issued by states, territories and possessions and political subdivisions in the U. S.				
States, territories and possession general obligations	-	0.0%	-	0.0%
Political subdivisions of states, territories and possessions and political subdivisions in the U.S.	-	0.0%	-	0.0%
Revenue and assessment obligations	-	0.0%	-	0.0%
Industrial development and similar obligations	-	0.0%	-	0.0%
Mortgage-backed securities (includes residential and commercial MBS)				
Pass-through securities				
Guaranteed by GNMA	-	0.0%	-	0.0%
Issued by FNMA and FHLMC	-	0.0%	-	0.0%
Privately issued	-	0.0%	-	0.0%
CMOs and REMICs				
Issued by FNMA and FHLMC	997,708	11.6%	997,708	11.6%
Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC	249,011	2.9%	249,011	2.9%
All other privately issued	-	0.0%	-	0.0%
OTHER DEBT AND OTHER FIXED INCOME SECURITIES (EXCLUDING SHORT-TERM)				
Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	548,970	6.4%	548,970	6.4%
Unaffiliated foreign securities	-	0.0%	-	0.0%
Affiliated securities	-	0.0%	-	0.0%
EQUITY INTERESTS				
Investments in mutual funds	-	0.0%	-	0.0%
Preferred stocks				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Publicly traded equity securities (excluding preferred stocks)				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Other equity securities				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
Other equity interests including tangible personal property under lease				
Affiliated	-	0.0%	-	0.0%
Unaffiliated	-	0.0%	-	0.0%
MORTGAGE LOANS				
Construction and land development	-	0.0%	-	0.0%
Agricultural	-	0.0%	-	0.0%
Single family residential properties	-	0.0%	-	0.0%
Multifamily residential properties	-	0.0%	-	0.0%
Commercial loans	-	0.0%	-	0.0%

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	Amount	Percentage	Amount	Percentage
REAL ESTATE INVESTMENTS				
Property occupied by company	-	0.0%	-	0.0%
Property held for production of income (includes $________ of property acquired in satisfaction of debt)	-	0.0%	-	0.0%
Property held for sale ($________ including property acquired in satisfaction of debt)	-	0.0%	-	0.0%
POLICY LOANS	-	0.0%	-	0.0%
RECEIVABLES FOR SECURITIES	-	0.0%	-	0.0%
CASH AND SHORT-TERM INVESTMENTS	6,568,401	76.3%	6,568,401	76.3%
OTHER INVESTED ASSETS	-	0.0%	-	0.0%
TOTAL INVESTED ASSETS	$ 8,611,559	100.0%	$ 8,611,559	100.0%

Address	**Orlando, Florida**
NAIC Group Code	**0000**
NAIC Company Code	**11844**
Employer's ID Number	**43-2035217**

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by stating the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement.

$ 11,507,158

2. Ten largest exposures to a single issuer/borrower/investment.

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	HSBC Finance Corporation	Bonds	$278,148	2.417%
2.02	Lehman Bros. Hldgs. Inc. Mtn	Bonds	$270,822	2.354%
2.03	Branch Banking and Trust	Cash	$731,248	6.355%
2.04	State of Florida Bureau of Collateral Svs	Cash	$250,618	2.178%
2.05				%
2.06				%
2.07				%
2.08				%
2.09				%
2.10				%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

	Bonds	Amount	Percentage of Total Admitted Assets
3.01	NAIC-1	$7,629,693	66.304%
3.02	NAIC-2		%
3.03	NAIC-3		%
3.04	NAIC-4		%
3.05	NAIC-5		%
3.06	NAIC-6		%

	Preferred Stocks	Amount	Percentage of Total Admitted Assets
3.07	P/RP-1		%
3.08	P/RP-2		%
3.09	P/RP-3		%
3.10	P/RP-4		%
3.11	P/RP-5		%
3.12	P/RP-6		%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

4.02	Total admitted assets held in foreign investments		%
4.03	Foreign-currency-denominated investments		%
4.04	Insurance liabilities denominated in that same foreign currency		%

If response to 4.01 above is yes, responses are not required for Interrogatories 5-10.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

5.01	Countries rated NAIC-1		%
5.02	Countries rated NAIC-2		%
5.03	Countries rated NAIC-3 or below		%

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1:

6.01			%
6.02			%

Countries rated NAIC-2:

6.03			%
6.04			%

Countries rated NAIC-3 or below:

6.05			%
6.06			%

7.

Aggregate unhedged foreign currency exposure		%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:

8.01	Countries rated NAIC-1		%
8.02	Countries rated NAIC-2		%
8.03	Countries rated NAIC-3 or below		%

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

Countries rated NAIC-1

9.01			%
9.02			%

Countries rated NAIC-2:

9.03			%
9.04			%

Countries rated NAIC-3 or below:

9.05			%
9.06			%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	Issuer	NAIC Rating		
10.01				%
10.02				%
10.03				%
10.04				%
10.05				%
10.06				%
10.07				%
10.08				%
10.09				%
10.10				%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01	Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 11.01 I yes, detail is not required for the remainder of Interrogatory 11.

11.02	Total admitted assets held in Canadian investments		%
11.03	Canadian currency-denominated investments		%
11.04	Canadian-denominated insurance liabilities		%
11.05	Unhedged Canadian currency exposure		%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01	Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 12.10 is yes, responses are not required for the remainder of Interrogatory 12.

12.02	Aggregate statement value of investments with contractual sales restrictions		%
	Largest 3 investments with contractual sales restrictions		
12.03			%
12.04			%
12.05			%

13. Amounts and percentages of admitted assets held in the largest 10 equity interests

13.01	Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 13.01 is yes, responses are not required for the remainder of Interrogatory 13.

	Name of Issuer		
13.02			%
13.03			%
13.04			%
13.05			%
13.06			%
13.07			%
13.08			%
13.09			%
13.10			%
13.11			%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

14.02	Aggregate statement value of assets held in nonaffiliated, privately placed equities:		%
	Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03			%
14.04			%
14.05			%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01	Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?	YES	NO
		X	

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

15.02	Aggregate statement value of investments held in general partnership interests:		%
	Largest 3 investments in general partnership interests:		
15.03			%
15.04			%
15.05			%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01	Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets	YES	NO
		X	

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	Type (Residential, Commercial, Agriculture)		
16.02			%
16.03			%
16.04			%
16.05			%
16.06			%
16.07			%
16.08			%
16.09			%
16.10			%
16.11			%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans		%
16.13	Mortgage loans over 90 days past due		%
16.14	Mortgage loans in the process of foreclosure		%
16.15	Mortgage loans foreclosed		%
16.16	Restructured mortgage loans		%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan -to- Value	Residential		Commercial		Agricultural	
17.01	above 95%		%		%		%
17.02	91% to 95%		%		%		%
17.03	81% to 90%		%		%		%
17.04	71% to 80%		%		%		%
17.05	Below 70%		%		%		%

18.Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate :

18.01	Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets	YES	NO
		X	

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description		
18.02			%
18.02			%
18.03			%
18.04			%
18.05			%
18.06			%

19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
19.01	Securities lending (do not include assets held as collateral for such transactions)		%			
19.02	Repurchase agreements		%			
19.03	Reverse repurchase agreements		%			
19.04	Dollar repurchase agreements		%			
19.05	Dollar reverse repurchase agreements		%			

20. Amounts and percentages indicated below for warrants not attached to other financial instruments, options, caps, and floors:

		Owned			Written	
20.01	Hedging		%			%
20.02	Income generation		%			%
20.03	Other		%			%

21. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
21.01	Hedging		%			
21.02	Income generation		%			
21.03	Replications		%			
21.04	Other		%			

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year-End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
22.01	Hedging		%			
22.02	Income generation		%			
22.03	Replications		%			
22.04	Other		%			

3. A copy of the Applicant’s most recent annual statement of the National Association of Insurance Commissioners required to be filed by authorized insurers pursuant to Section 624.424, F.S.

   Attached.

ANNUAL STATEMENT

OF THE

ST. JOHNS INSURANCE COMPANY, INC.

Of

Orlando

in the state of

Florida

to the Insurance Department

of the State of Florida

For the Year Ended

December 31, 2005

2005

* 1 1 8 4 4 2 0 0 5 2 0 1 0 0 1 0 0 *

ANNUAL STATEMENT

For the Year Ended December 31, 2005

of the Condition and Affairs of the

ST. JOHNS INSURANCE COMPANY, INC.

NAIC Group Code.....0000 ,0000 (Current Period) (Prior Period) NAIC Company Code..... 11844 Employer's ID Number..... 43-2035217

Organized under the Laws of Florida State of Domicile or Port of Entry Florida Country of Domicile US

Incorporated/Organized..... November 25, 2003 Commenced Business..... December 24, 2003

Statutory Home Office	6675 Westwood Blvd., Ste. 360… .Orlando ..... FL ..... 32821 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	6675 Westwood Blvd., Suite 360… .Orlando ..... FL ..... 32821 *(Street and Number) (City or Town, State and Zip Code)*	407-226-8460 *(Area Code) (Telephone Number)*
Mail Address	6675 Westwood Blvd., Suite 360… .Orlando ..... FL ..... 32821 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	6675 Westwood Blvd., Suite 360… .Orlando ..... FL ..... 32821 *(Street and Number) (City or Town, State and Zip Code)*	407-226-8460 *(Area Code) (Telephone Number)*
Internet Website Address	www.stjohnsinsurance.com	
Statutory Statement Contact	Scot Edward Moore *(Name)*	407-226-8460 x 602 *(Area Code) (Telephone Number) (Extension)*
	smoore@stjohnsinsurance.com *(E-Mail Address)*	407-226-1415 *(Fax Number)*
Policyowner Relations Contact	6675 Westwood Blvd., Suite 360… .Orlando ..... FL ..... 32821 *(Street and Number) (City or Town, State and Zip Code)*	407-226-8460 *(Area Code) (Telephone Number) (Extension)*

OFFICERS

Name	Title	Name	Title
1. Russell Beck	Vice President	2. Reese Irwin Bowen	Vice President
3. Edward David Falzarano	Secretary & Treasurer	4. James Joseph McCahill	Chairman & President
5. Scot Edward Moore	Chief Financial Officer		

DIRECTORS OR TRUSTEES

Reese Irwin Bowen
Michael Allen Culbertson
Robert Patrick Lucas
James Joseph McCahill
Christopher John McHattie

State of........ Florida
County of..... Orange

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy of the enclosed statement (except for formatting differences due to electronic filing). The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
James Joseph McCahill	Edward David Falzarano	Scot Edward Moore
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
Chairman & President	Secretary & Treasurer	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This ______ day of February, 2006

a. Is this an original filing? Yes [X] No [ ]

b. If no
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	8,192,479		8,192,479	2,043,158
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	
2.2 Common stocks			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $..........0 encumbrances)			0	
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)			0	
5. Cash ($.....1,502,463, Sch. E-Part 1), cash equivalents ($.....496,427, Sch. E-Part 2) and short-term investments ($.....10,801,914, Sch. DA)	12,800,804		12,800,804	6,568,401
6. Contract loans (including $..........0 premium notes)			0	
7. Other invested assets (Schedule BA)			0	
8. Receivables for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	20,993,283	0	20,993,283	8,611,559
11. Title plants less $..........0 charged off (for Title insurers only)			0	
12. Investment income due and accrued	65,603		65,603	15,195
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in course of collection	3,294,490		3,294,490	1,445,988
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	1,396,642		1,396,642	534,669
13.3 Accrued retrospective premiums			0	
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	697,246		697,246	630,414
14.2 Funds held by or deposited with reinsured companies			0	
14.3 Other amounts receivable under reinsurance contracts			0	
15. Amounts receivable relating to uninsured plans			0	
16.1 Current federal and foreign income tax recoverable and interest thereon			0	
16.2 Net deferred tax asset	3,813,700	3,336,200	477,500	207,800
17. Guaranty funds receivable or on deposit			0	
18. Electronic data processing equipment and software	37,178		37,178	61,533
19. Furniture and equipment, including health care delivery assets ($..........0)	15,831	15,831	0	
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	
21. Receivables from parent, subsidiaries and affiliates			0	
22. Health care ($..........0) and other amounts receivable			0	
23. Aggregate write-ins for other than invested assets	24,755	24,755	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	30,338,728	3,376,786	26,961,942	11,507,158
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	30,338,728	3,376,786	26,961,942	11,507,158
DETAILS OF WRITE-INS				
0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Other assets nonadmitted	24,755	24,755	0	
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	24,755	24,755	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 34, Column 8)	1,151,564	582,197
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 34, Column 9)	522,601	113,533
4.	Commissions payable, contingent commissions and other similar charges	3,251,587	220,000
5.	Other expenses (excluding taxes, licenses and fees)	53,624	68,823
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	464,571	90,435
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))	27,500	
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....26,656,618 and including warranty reserves of $..........0)	8,885,539	2,740,657
10.	Advance premiums		
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	2,068,152	2,481,532
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	8,959	
14.	Amounts withheld or retained by company for account of others		
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates	345,195	165,305
20.	Payable for securities		
21.	Liability for amounts held under uninsured accident and health plans		
22.	Capital notes $...........0 and interest thereon $..........0		
23.	Aggregate write-ins for liabilities	0	0
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	16,779,292	6,462,482
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	16,779,292	6,462,482
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock	1,000	1,000
29.	Preferred capital stock		
30.	Aggregate write-ins for other than special surplus funds	0	0
31.	Surplus notes	1,500,000	1,500,000
32.	Gross paid in and contributed surplus	23,574,000	12,499,000
33.	Unassigned funds (surplus)	(14,892,350)	(8,955,324)
34.	Less treasury stock, at cost:		
	34.1 ....0.000 shares common (value included in Line 28 $..........0)		
	34.2 ....0.000 shares preferred (value included in Line 29 $..........0)		
35.	Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	10,182,650	5,044,676
36.	TOTALS (Page 2, Line 26, Col. 3)	26,961,942	11,507,158

DETAILS OF WRITE-INS

2301.			
2302.			
2303.			
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0
2701.			
2702.			
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 34, Column 4)	2,010,705	1,070,064
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 34, Column 7)	4,743,775	5,910,333
3.	Loss expenses incurred (Part 3, Line 25, Column 1)	1,469,195	790,803
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	4,405,915	3,188,221
5.	Aggregate write-ins for underwriting deductions	0	0
6.	Total underwriting deductions (Lines 2 through 5)	10,618,885	9,889,357
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(8,608,180)	(8,819,293)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	348,864	122,515
10.	Net realized capital gains (losses) less capital gains tax of $..........0 (Exhibit of Capital Gains (Losses))	(13,282)	(2,727)
11.	Net investment gain (loss) (Lines 9 + 10)	335,582	119,788
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....20,223 amount charged off $.....96,306)	(76,083)	(2,567)
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	125	0
15.	Total other income (Lines 12 through 14)	(75,958)	(2,567)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(8,348,555)	(8,702,072)
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(8,348,555)	(8,702,072)
19.	Federal and foreign income taxes incurred	(1,807,600)	(303,400)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(6,540,955)	(8,398,672)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	5,044,676	12,053,672
	GAINS AND (LOSSES) IN SURPLUS		
22.	Net income (from Line 20)	(6,540,955)	(8,398,672)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $..........0		
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	731,500	2,949,724
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26 Column 3)	(127,571)	(3,060,048)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		1,500,000
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in	11,075,000	
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	5,137,974	(7,008,996)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	10,182,650	5,044,676

DETAILS OF WRITE-INS

0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401.	NSF fees	125	
1402.			
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	125	0
3701.			
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	5,031,732	4,311,596
2. Net investment income	307,524	109,982
3. Miscellaneous income	(75,958)	(2,567)
4. Total (Lines 1 through 3)	5,263,298	4,419,011
5. Benefit and loss related payments	4,241,240	5,958,550
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,075,518	3,486,233
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) $..........0 net of tax on capital gains (losses)	(2,122,100)	(16,400)
10. Total (Lines 5 through 9)	4,194,658	9,428,383
11. Net cash from operations (Line 4 minus Line 10)	1,068,640	(5,009,372)
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	803,778	254,758
12.2 Stocks	1,008,334	
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(3,573)	(3,171)
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,808,539	251,587
13. Cost of investments acquired (long-term only):		
13.1 Bonds	6,959,198	2,299,505
13.2 Stocks	1,021,011	
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	7,980,209	2,299,505
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	(6,171,670)	(2,047,918)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		1,500,000
16.2 Capital and paid in surplus, less treasury stock	11,075,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	260,433	(634,930)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	11,335,433	865,070
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	6,232,403	(6,192,220)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,568,401	12,760,621
19.2 End of year (Line 18 plus Line 19.1)	12,800,804	6,568,401

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				0
2.	Allied lines				0
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril	8,141,870	2,740,657	8,877,773	2,004,754
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine				0
9.	Inland marine	13,717		7,766	5,951
10.	Financial guaranty				0
11.1	Medical malpractice - occurrence				0
11.2	Medical malpractice - claims-made				0
12.	Earthquake				0
13.	Group accident and health				0
14.	Credit accident and health (group and individual)				0
15.	Other accident and health				0
16.	Workers' compensation				0
17.1	Other liability - occurrence				0
17.2	Other liability - claims-made				0
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability				0
19.3, 19.4	Commercial auto liability				0
21.	Auto physical damage				0
22.	Aircraft (all perils)				0
23.	Fidelity				0
24.	Surety				0
26.	Burglary and theft				0
27.	Boiler and machinery				0
28.	Credit				0
29.	International				0
30.	Reinsurance - nonproportional assumed property				0
31.	Reinsurance - nonproportional assumed liability				0
32.	Reinsurance - nonproportional assumed financial lines				0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	8,155,587	2,740,657	8,885,539	2,010,705

DETAILS OF WRITE-INS

3301.					0
3302.					0
3303.					0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience.

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire					0
2.	Allied lines					0
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril	8,877,773				8,877,773
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	7,766				7,766
10.	Financial guaranty					0
11.1	Medical malpractice - occurrence					0
11.2	Medical malpractice - claims-made					0
12.	Earthquake					0
13.	Group accident and health					0
14.	Credit accident and health (group and individual)					0
15.	Other accident and health					0
16.	Workers' compensation					0
17.1	Other liability - occurrence					0
17.2	Other liability - claims-made					0
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability					0
19.3, 19.4	Commercial auto liability					0
21.	Auto physical damage					0
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety					0
26.	Burglary and theft					0
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Reinsurance - nonproportional assumed property					0
31.	Reinsurance - nonproportional assumed liability					0
32.	Reinsurance - nonproportional assumed financial lines					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0
34.	TOTALS	8,885,539	0	0	0	8,885,539
35.	Accrued retrospective premiums based on experience					
36.	Earned but unbilled premiums					
37.	Balance (sum of Lines 34 through 36)					8,885,539

DETAILS OF WRITE-INS

		1	2	3	4	5
3301.						0
3302.						0
3303.						0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [ ].

(b) State here basis of computation used in each case: Monthly pro-rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire						0
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril	64,285,117				56,143,247	8,141,870
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine	54,873				41,156	13,717
10.	Financial guaranty						0
11.1	Medical malpractice - occurrence						0
11.2	Medical malpractice - claims-made						0
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence						0
17.2	Other liability - claims-made						0
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability						0
19.3, 19.4	Commercial auto liability						0
21.	Auto physical damage						0
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety						0
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Reinsurance - nonproportional assumed property	XXX					0
31.	Reinsurance - nonproportional assumed liability	XXX					0
32.	Reinsurance - nonproportional assumed financial lines	XXX					0
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
34.	TOTALS	64,339,990	0	0	0	56,184,403	8,155,587

DETAILS OF WRITE-INS

3301.							0
3302.							0
3303.							0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums $..........0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $..........0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage 1 Direct Business	 2 Reinsurance Assumed	 3 Reinsurance Recovered	 4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire				0			0	
2.	Allied lines				0			0	
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril	21,933,198		17,759,944	4,173,254	1,147,624	582,198	4,738,680	236.4
5.	Commercial multiple peril				0			0	
6.	Mortgage guaranty				0			0	
8.	Ocean marine				0			0	
9.	Inland marine	4,625		3,470	1,155	3,940		5,095	85.6
10.	Financial guaranty				0			0	
11.1	Medical malpractice - occurrence				0			0	
11.2	Medical malpractice - claims-made				0			0	
12.	Earthquake				0			0	
13.	Group accident and health				0			0	
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation				0			0	
17.1	Other liability - occurrence				0			0	
17.2	Other liability - claims-made				0			0	
18.1	Products liability - occurrence				0			0	
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability				0			0	
19.3, 19.4	Commercial auto liability				0			0	
21.	Auto physical damage				0			0	
22.	Aircraft (all perils)				0			0	
23.	Fidelity				0			0	
24.	Surety				0			0	
26.	Burglary and theft				0			0	
27.	Boiler and machinery				0			0	
28.	Credit				0			0	
29.	International				0			0	
30.	Reinsurance - nonproportional assumed property	XXX			0			0	
31.	Reinsurance - nonproportional assumed liability	XXX			0			0	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	
34.	TOTALS	21,937,823	0	17,763,414	4,174,409	1,151,564	582,198	4,743,775	235.9

DETAILS OF WRITE-INS

		1	2	3	4	5	6	7	8
3301.					0			0	
3302.					0			0	
3303.					0			0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	XXX
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
	Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril	19,139,013		18,497,349	641,664	5,067,180		4,561,220	1,147,624	522,601
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine				0	3,940			3,940	
10.	Financial guaranty				0				0	
11.1	Medical malpractice - occurrence				0				0	
11.2	Medical malpractice - claims-made				0				0	
12.	Earthquake				0				0	
13.	Group accident and health				0				(a) 0	
14.	Credit accident and health (group and individual)				0				0	
15.	Other accident and health				0				(a) 0	
16.	Workers' compensation				0				0	
17.1	Other liability - occurrence				0				0	
17.2	Other liability - claims-made				0				0	
18.1	Products liability - occurrence				0				0	
18.2	Products liability - claims-made				0				0	
19.1, 19.2	Private passenger auto liability				0				0	
19.3, 19.4	Commercial auto liability				0				0	
21.	Auto physical damage				0				0	
22.	Aircraft (all perils)				0				0	
23.	Fidelity				0				0	
24.	Surety				0				0	
26.	Burglary and theft				0				0	
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
31.	Reinsurance - nonproportional assumed liability	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
33.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
34.	TOTALS	19,139,013	0	18,497,349	641,664	5,071,120	0	4,561,220	1,151,564	522,601

DETAILS OF WRITE-INS

3301.					0				0	
3302.					0				0	
3303.					0				0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including $..........0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	5,678,496			5,678,496
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	4,748,301			4,748,301
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	930,195	0	0	930,195
2. Commission and brokerage:				
2.1 Direct excluding contingent	395,000	17,127,078		17,522,078
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent		18,153,476		18,153,476
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees		1,587,751		1,587,751
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	395,000	561,353	0	956,353
3. Allowances to managers and agents				0
4. Advertising		6,201		6,201
5. Boards, bureaus and associations	2,987	53,246		56,233
6. Surveys and underwriting reports	31,495	561,337		592,832
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	58,361	1,040,168		1,098,529
8.2 Payroll taxes	4,511	80,400		84,911
9. Employee relations and welfare	3,937	70,162		74,099
10. Insurance	2,291	40,830		43,121
11. Directors' fees		23,850		23,850
12. Travel and travel items	4,674	83,313		87,987
13. Rent and rent items	5,277	94,058		99,335
14. Equipment	2,466	43,955		46,421
15. Cost or depreciation of EDP equipment and software	124	2,208		2,332
16. Printing and stationery	976	17,397		18,373
17. Postage, telephone and telegraph, exchange and express	2,905	51,776		54,682
18. Legal and auditing	21,960	391,392		413,353
19. Totals (Lines 3 to 18)	141,965	2,560,294	0	2,702,259
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $..........0		1,248,083		1,248,083
20.2 Insurance department licenses and fees		(1,274)		(1,274)
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)		567		567
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,247,377	0	1,247,377
21. Real estate expenses				0
22. Real estate taxes		623		623
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	2,035	36,268	36,424	74,727
25. Total expenses incurred	1,469,195	4,405,915	36,424	(a)..............5,911,534
26. Less unpaid expenses - current year	522,601	3,769,782		4,292,383
27. Add unpaid expenses - prior year	113,533	379,258		492,791
28. Amounts receivable relating to uninsured accident and health plans, prior year				0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,060,127	1,015,391	36,424	2,111,942

DETAILS OF WRITE-INS

2401. Micellaneous expenses	2,035	36,268		38,303
2402. Investment manager fees			15,000	15,000
2403. Investment processing fees			21,424	21,424
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	2,035	36,268	36,424	74,727

(a) Includes management fees of $..........0 to affiliates and $..........0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 55,161	73,459
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 118,496	150,537
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	22,798	22,798
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 234,049	234,119
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	430,504	480,913
11.	Investment expenses		(g) 36,424
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 95,625
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		132,049
17.	Net investment income (Line 10 minus Line 16)		348,864
	DETAILS OF WRITE-INS		
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above)		0

(a) Includes $.....4,494 accrual of discount less $.....13,561 amortization of premium and less $.....58,563 paid for accrued interest on purchases.
(b) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued dividends on purchases.
(c) Includes $..........0 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(d) Includes $..........0 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $.....144,618 accrual of discount less $..........0 amortization of premium and less $..........0 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
(h) Includes $.....95,625 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $..........0 depreciation on real estate and $..........0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Total
1.	U.S. government bonds	2,970			2,970
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates				0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates				0
2.2	Common stocks (unaffiliated)	(12,679)			(12,679)
2.21	Common stocks of affiliates				0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments	(3,573)			(3,573)
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	(13,282)	0	0	(13,282)
	DETAILS OF WRITE-INS				
0901.					0
0902.					0
0903.					0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Other invested assets (Schedule BA)			0
8. Receivables for securities			0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only)			0
12. Investment income due and accrued			0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
13.3 Accrued retrospective premiums			0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			0
14.2 Funds held by or deposited with reinsured companies			0
14.3 Other amounts receivable under reinsurance contracts			0
15. Amounts receivable relating to uninsured plans			0
16.1 Current federal and foreign income tax recoverable and interest thereon		287,000	287,000
16.2 Net deferred tax asset	3,336,200	2,874,400	(461,800)
17. Guaranty funds receivable or on deposit			0
18. Electronic data processing equipment and software			0
19. Furniture and equipment, including health care delivery assets	15,831	16,771	940
20. Net adjustment in assets and liabilities due to foreign exchange rates			0
21. Receivable from parent, subsidiaries and affiliates			0
22. Health care and other amounts receivable			0
23. Aggregate write-ins for other than invested assets	24,755	71,044	46,289
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	3,376,786	3,249,215	(127,571)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
26. TOTALS (Lines 24 and 25)	3,376,786	3,249,215	(127,571)

DETAILS OF WRITE-INS

0901.			0
0902.			0
0903.			0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0
2301. Other assets nonadmitted	24,755	71,044	46,289
2302.			0
2303.			0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	24,755	71,044	46,289

NOTES TO FINANCIAL STATEMENTS

Note 1 –Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of St. Johns Insurance Company, Inc. ("the Company") have been prepared on the basis of accounting practices prescribed or permitted by the Florida Office of Insurance Regulation ("FLOIR"). The accompanying financial statements reflect the operations of the Company for the years ended December 31, 2005 and December 31, 2004.

The FLOIR recognizes only statutory accounting practices prescribed or permitted by the state of Florida for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under Florida insurance law. The National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the state of Florida. However, the FLOIR has the right to prescribe or permit specific practices that deviate from prescribed practices. Although the state has adopted certain prescribed accounting practices that differ from those found in NAIC SAP, none of these differences affect the Company's financial statements.

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with statutory accounting practices prescribed or permitted by the FLOIR requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed, if any. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable, if applicable.

Net investment income earned consists primarily of interest, recognized on an accrual basis, less investment related expenses. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed.

In addition, the Company uses the following significant accounting policies:

1) Short-term investments are stated at amortized cost.

2) Investment grade bonds not backed by other loans and investment grade short-term fixed income investments are reported at amortized cost using the scientific method.

3) Investment grade loan-backed securities are reported at amortized cost using the scientific method, including anticipated prepayments at the date of purchase. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method.

4) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on prior experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

5) The Company does not consider anticipated investment income when evaluating the need for premium deficiency reserves.

6) The Company does not engage in the use of derivative instruments.

7) The Company capitalizes computer equipment and office furniture and equipment. This property is stated at cost net of accumulated depreciation. Office furniture and equipment is not admitted as an asset in these financial statements. Depreciation is provided using the straight-line method over the estimated useful life of the asset in accordance with NAIC SAP, which ranges generally three to seven years.

Note 2 –Accounting Changes and Corrections of Errors

A. Accounting Changes and Correction of Errors

The Company adjusted the classification of certain adjusting and other expenses paid previously reported in Schedule P Part 1 as defense and cost containment to adjusting and other. The reclassification had no impact on the net loss for the period.

B. Accounting Changes as a Result of Codification

None. The Company was not conducting business at the time the accounting changes were adopted on January 1, 2001.

NOTES TO FINANCIAL STATEMENTS

Note 3 –Business Combinations and Goodwill

None.

Note 4 –Discontinued Operations

None.

Note 5 –Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

None.

B. Debt Restructuring

None.

C. Reverse Mortgages

None.

D. Loan-Backed Securities

1) Not applicable.
2) Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker dealer on a quarterly basis.
3) Not applicable.

E. Repurchase Agreements

None.

F. Real Estate Impairments and Retail Land Sales

None.

Note 6 –Joint Ventures, Partnerships and Limited Liability Companies

None.

Note 7 –Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if the amount is over 90 days past due.

B. Amounts Nonadmitted

No investment income due and accrued was excluded from the December 31, 2005 and 2004 financial statements.

Note 8 –Derivative Instruments

None.

NOTES TO FINANCIAL STATEMENTS

Note 9 –Income Taxes

A. Components of Deferred Tax Assets and Deferred Tax Liabilities

	December 31, 2005	December 31, 2004
Gross deferred tax assets:		
Unearned premium reserve	$ 1,777,100	$ 548,100
Loss reserve discounting	150,400	63,000
Organizational costs	104,500	143,300
Bad debt reserve	34,000	0
Net operating loss	9,177,800	7,457,500
Total gross deferred tax assets	11,243,800	8,311,900
Tax rate	34%	34%
Tax effected gross deferred tax assets	3,822,900	2,791,900
Gross deferred tax liabilities:		
Depreciation	(26,900)	(38,600)
Total gross deferred tax liabilities	(26,900)	(38,600)
Tax rate	34%	34%
Tax effected gross deferred tax liabilities	(9,100)	(13,100)
Net deferred tax asset	3,813,800	2,778,800
Nonadmitted portion	(3,336,300)	(2,571,000)
Admitted net deferred tax asset	$ 477,500	$ 207,800
Net change in nonadmitted net deferred tax asset	$ (765,300)	$ (2,438,524)

In 2004, the Company's independent auditors adjusted the net deferred tax asset which only affected the amount of the nonadmitted portion of the net deferred tax asset. The net admitted deferred tax asset was unaffected. Accordingly, the Company has adjusted the note above to conform with auditors adjustment. Therefore, the net change in the nonadmitted deferred tax asset does not agree to the Exhibit of Nonadmitted Assets on page 13 by $303,500.

B. Unrecognized Deferred Tax Liabilities

None.

C. Current Tax and Change in Deferred Tax

None. The detail components of the Company's deferred tax amounts are presented in section A above.

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

	2005	Effective Rate	2004	Effective Rate
Federal income tax provision at statutory rates	$ (2,838,509)	(34.0%)	$ (2,958,706)	(34.0%)
(Decrease) increase in taxes due to:				
Unearned premium reserve	417,852	5.0	186,365	2.1
Loss reserve discounting	29,890	.4	21,429	.2
Organizational costs	(12,179)	(.1)	(12,179)	(.1)
Depreciation	3,992	.1	(13,130)	(.1)
Bad debt reserve	11,560	.1	0	.0
Other permanent differences	(4,589)	(.1)	8,966	.1
Net operating loss carryforward	2,391,983	28.6	2,767,255	31.8
Federal income taxes incurred reported in Annual Statement	$ 0	0.0%	$ 0	0.0%

E. Operating Loss Carryforwards

1) At December 31, 2005, the Company and its consolidated affiliates had the following net operating loss carryforwards :

Year Generated	Amount	Year of Expiration
2003	$ 210,530	2019
2004	7,248,197	2020
2005	1,719,039	2021
	$9,177,766	

2) The Company has no federal income taxes available for recoupment in the event of future operating losses.

F. Consolidated Federal Income Tax Return

1) The Company's federal income tax return is consolidated with its parent, St. Johns Financial Holdings, Inc. ("SJFHC"), and an affiliate, St. Johns MGA, Inc. ("SJMGA").

NOTES TO FINANCIAL STATEMENTS

2) The method of tax allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, without regard to the consolidated provision or benefit.

Note 10 –Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

On December 4, 2003 the Company was formed after receiving its Certificate of Authorization from the FLOIR. The Company's parent, St. Johns Financial Holdings Company, Inc., contributed $12,500,000 in capital to the Company. St James Financial Holding Company Inc. ("St. James" F/K/A Braishfield Holding, Inc.) and Seibels Bruce Group, Inc. ("Seibels") own 80% and 20%, respectively, of St. Johns Financial Holdings Company, Inc.

B. Detail of Transactions Greater Than ½% of Admitted Assets

In 2005 and 2004, St. James funded a portion of the Company's expenses (employee salaries, allocated salaries, rent, and certain other expenses) each month of the year. Within 30 days of the month end, these amounts were paid in full.

The Company subleased its corporate headquarters from St. James under a noncancellable operating lease that expired December 31, 2004. The Company went month to month until February 28, 2005, when the Company and St. James entered into a lease jointly to rent new office space. The new lease is shared equally with St. James and expires November 30, 2010. The monthly cost to the Company is $7,594.83 plus common area maintenance as charged by the landlord. Total lease cost to the Company was $98,365 and $90,784 in 2005 and 2004, respectively.

On December 30, 2004 the Company issued a $1,500,000 surplus note in return for cash to its parent, SJFHC, maturing on December 31, 2009. The surplus note bears interest at prime plus two and three-quarters percent (2 ¾%) not to exceed 12% and is adjusted quarterly beginning on March 31, 2005. Interest is payable quarterly beginning April 1, 2005. All interest and principal payments are to be approved by the FLOIR prior to payment. Interest payments related to the surplus note for 2005 amounted to $95,625.

C. Change in Terms of Intercompany Arrangements

No changes to report.

D. Amounts Due To or From Related Parties

The Company had the following amounts receivable from (payable to) related parties at December 31:

	2005	2004
Annual Statement, Page 3, Line 19:		
St. James	$ (345,195)	$ (165,304)
Annual Statement, Page 2, Line 13.1		
SJMGA	3,328,490	1,445,988

The St. James payable was settled within 30 days and the receivable from SJMGA was settled within 15 business days of year end.

E. Guarantees or Contingencies for Related Parties

None.

F. Management, Service Contracts, Cost Sharing Arrangements

The Company's employees compensation is funded by St. James and is reimbursed by the Company by the end of the following month.

The Company subleased its corporate headquarters from St. James under a noncancellable operating lease that expired December 31, 2004. The Company went month to month until February 28, 2005, when the Company and St. James entered into a lease jointly to rent new office space. The new lease is shared equally with St. James and expires November 30, 2010. The monthly cost to the Company is $7,594.83. Total lease cost to the Company was $98,365 and $90,784 in 2005 and 2004, respectively.

The Company has contracted with its affiliate, St. Johns MGA, Inc. ("SJMGA") to be its MGA in selling homeowner insurance policies. SJMGA is responsible for all policy processing, agent services, and claims handling for the Company. For these services SJMGA receives a 22% commission plus the actual commission paid to the producing agent which is estimated at 11% for a total of 33%. The commission is paid on written premium. Commissions earned under this arrangement are $20,017,634 and $5,806,244 in 2005 and 2004, respectively. During 2005 the 22% commission rate was decreased to 20% from January 1 to May 31, 2005, with the approval of the FLOIR.

G. Nature of Relationships That Could Affect Operations

All of the outstanding shares of the Company are owned by its parent, SJFHC, an insurance holding company incorporated in the state of Delaware.

H. Amount Deducted for Investment in Upstream Company

None.

NOTES TO FINANCIAL STATEMENTS

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets

None.

J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

None.

Note 11 –Debt

None.

Note 12 –Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company's full-time employees are able to participate in St. James' 401(k) plan. St. James can elect to make discretionary contributions. St. James made a discretionary contribution for the year ended 2003, however, the Company was not allocated any expense of the contribution. There was no discretionary contribution for 2005 or 2004.

Note 13 –Capital and Surplus, Shareholders' Dividend Restrictions, and Quasi-Reorganizations

A. Outstanding Shares

The Company has authorized 35,000 shares of common stock having a par value of $1 per share. At December 31, 2005 and 2004, there were 1,000 shares issued and outstanding.

B. Dividend Rate of Preferred Stock

None.

C. Dividend Restrictions

The Company is precluded from paying a dividend for the first three years of operation without the FLOIR expressed permission to do so under the consent order authorizing the Company to transact the homeowners insurance business in the State of Florida. Any approved dividend would be subject to the following:

> The maximum amount of dividends which can be paid by State of Florida insurance companies cannot exceed the larger of 10% of policyholders' surplus or the entire net income of the first preceding year plus a two year carryforward.
>
> The allowable dividend may also be computed as 10% of surplus with dividends constrained to assign funds minus 25% of unrealized capital gains.
>
> A third computation provides for the lesser of 10% of surplus or net investment income plus a three-year carryforward with dividends constrained to unassigned funds minus 25% of unrealized capital gains.
>
> In lieu of the above computations; the maximum dividend allowed by the Company may be up to the greater of 10 % of surplus derived from realized net operating profits and realized capital gains or net operating profits and net realized capital gains from the immediately preceding calendar year, limited to 115% of minimum required surplus after dividends. The maximum dividend allowable by the Company is $0.

D. Restrictions on Profits as Dividends

Within the restrictions in C. above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

E. Surplus Restrictions

Except as restricted in part C. above, None.

F. Mutual Surplus Advances

None.

G. Company Stock Held for Special Purposes

None.

H. Changes in Special Surplus Funds

None.

NOTES TO FINANCIAL STATEMENTS

I. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses, nonadmitted assets and provision for reinsurance is as follows:

	Increase (Decrease) in Surplus	
	Cumulative	Current Year
Unrealized gains and losses	$ 0	$ 0
Nonadmitted assets	(3,441,157)	(107,271)
Provision for reinsurance	0	0

J. Surplus Notes

On December 30, 2004 the Company issued a $1,500,000 surplus note in return for cash to its parent, SJFHC, maturing on December 31, 2009. The surplus note bears interest at prime plus two and three-quarters percent (2 ¾%) not to exceed 12% and is adjusted quarterly beginning March 31, 2005. Interest is payable quarterly beginning April 1, 2005. All interest and principal payments are to be approved by FLOIR prior to payment. In the event of a reorganization or liquidation, the holder of the surplus note is entitled a preferential right in the remaining assets of the Company equal to the unpaid principal balance, plus accrued interest, before any distributions of assets to the shareholders of the Company. Interest payments related to the surplus note for 2005 amounted to $95,625.

K. Quasi-Reorganizations

None

Note 14 –Contingencies

A. Contingent Commitments

The Company entered into a quota share reinsurance arrangement on June 1, 2004 ceding 50% of the unearned premium at June 1, 2004 and 50% of net written premiums subsequent to June 1, 2004. The reinsurance agreement had a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2005. The sliding scale commission was tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and options available in the reinsurance agreement, the Company has accrued $1,630,745 in ceding commission due to be returned to the reinsurer at December 31, 2005.

The Company entered into two quota share reinsurance arrangements on June 1, 2005 ceding 50% and 25% of the unearned premium at June 1, 2005 and 50% and 25% of net written premiums subsequent to June 1, 2005. The reinsurance agreements have a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2006. The sliding scale commissions are tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and options available in the reinsurance agreements, the Company has accrued $1400,000 and $600,000 in ceding commission due to be returned to the reinsurer at December 31, 2005.

B. Guaranty Fund and Other Assessments

The Company is subject to a guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued at the time of assessment, at the time the premiums were written (for premium based assessments) or at the time the losses were incurred (for loss based assessments). The Company is unable to estimate the possible amounts, if any, of such assessments. Accordingly, the Company is unable to determine the impact, if any, such assessments may have on the Company's financial position or results of operations.

C. Gain Contingencies

The Company entered into a quota share reinsurance arrangement on December 31, 2004 ceding 25% of the unearned premium at December 31, 2004. The reinsurance agreement had a sliding scale commission subject to adjustment at the end of the agreement on May 31, 2005. The sliding scale commission was tied to the ceded loss ratio performance of the Company. Based upon the Company's performance and options available in the reinsurance agreement, the Company has recorded $379,158 in ceding commission due to be returned to the Company at December 31, 2005.

D. All Other Contingencies

None.

Note 15 –Leases

A. Lessee Leasing Arrangements

1) The Company subleased its corporate headquarters from St. James under a noncancellable operating lease that expired December 31, 2004. The Company went month to month until February 28, 2005, when the Company and St. James entered into a lease jointly to rent new office space. The new lease is shared equally with St. James and expires November 30, 2010. The monthly cost to the Company is $7,594.83. Total lease cost to the Company was $98,365 and $90,784 in 2005 and 2004, respectively.

NOTES TO FINANCIAL STATEMENTS

2) Future minimum payments and expense are as follows:

Year	Amount
2006	$91,138
2007	91,138
2008	91,138
2009	91,138
2010	83,543

3) The Company is not involved in any sales-leaseback transactions.

B. Lessor Leasing Arrangements

None.

Note 16 –Information About Financial Instruments With Off-Balance Sheet Risk and With Concentrations of Credit Risk

A financial instrument has off-balance sheet risk of accounting loss if the risk of accounting loss to the Company may exceed the amount recognized as an asset, if any, or if the ultimate obligation may exceed the amount that is recognized as a liability. The Company did not hold financial instruments with off-balance sheet risk, nor did the Company engage in the use of derivative instruments during 2005.

Note 17 –Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None.

Note 18 –Gain or Loss to the Reporting Entity from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

None.

Note 19 –Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators

The Company has an exclusive contract with its affiliate, SJMGA, to provide policy processing and claim services. SJMGA writes, collects, and services the homeowner policies of the Company, in addition to, the claims servicing and adjustment. In 2005, SJMGA wrote $64,339,990 in direct written premium for the Company. SJMGA, FEIN 20-161791, is located at 6675 Westwood Blvd, Suite 360, Orlando, FL 32821.

Note 20 –September 11 Events

None.

Note 21 –Other Items

A. Extraordinary Items

None.

B. Troubled Debt Restructuring for Debtors

None.

C. Other Disclosures

1) At December 31, 2005 and 2004, cash with a carrying value of $250,618 was on deposit with state insurance departments, or their trustees, to satisfy regulatory requirements. The Company was not a party to any agreement requiring compensating balances of its invested assets or collateralization of its assets during 2005 or 2004.

2) Agents' Balances or Uncollected Premiums per Statement	$3,328,490 (1)	
Premiums collected from "Controlled" or "Controlling" Persons		$3,328,490 (2)
Premiums Collected by "Controlled" or "Controlling" Person within 15 working days immediately preceding reporting period; F.S.625.012(5) (a)1.		$3,328,490 (3)
*Amount of Applicable:		
Trust Fund	$ 0 (4)	
Letter of Credit	$ 0 (5)	
Financial Guaranty Bond	$ 0 (6)	
Total of Lines (4), (5), & (6)		$ 0(7)
(2) minus (3) minus (7), should not exceed zero		$ 0(8)

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Premiums Receivable

At December 31, 2005, The Company posted a reserve for potentially uncollectible accounts receivable at $34,000. The Company routinely assesses the collectibility of these receivables. Based upon the Company's limited experience and the FLOIR emergency orders that impacted the collectibility, less than 1% of the balance may become uncollectible. The potential loss is not material to the Company.

E. Business Interruption Insurance Recovery

None.

Note 22 –Events Subsequent

There were no events occurring subsequent to December 31, 2005 through the date of this filing meriting disclosure.

Note 23 –Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses, and unearned premium with individual reinsurers, authorized and unauthorized, that exceeds 3% of policyholders' surplus as follows:

NAIC Code	Federal ID#	Name of Reinsurer	Amount
10348	06-1430254	Arch Reinsurance Company	$26,649,000
N/A	AA-9991310	Florida Hurricane Catastrophe Fund	$10,269,671
N/A	AA-1780023	Hannover Reinsurance, Ltd.	$9,979,503
N/A	AA-1780017	E S Reins (Ireland) Ltd.	$2,494,876
N/A	AA-3190770	Ace Tempest Reins Co. Ltd	$905,323
N/A	AA-3194139	Axis Specialty Ltd.	$425,762
N/A	AA-1128001	Lloyd's Syndicate #2001	$338,680
N//A	AA-1128791	Lloyd's Syndicate #2791	$312,390

B. Reinsurance Recoverables in Dispute

None.

C. Reinsurance Assumed and Ceded

1) None. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2005:

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
b. All other	0	0	26,656,618	11,995,478	(26,656,618)	(11,995,478)
c. Totals	$ 0	$ 0	$ 26,656,618	$ 11,995,478	$(26,656,618)	$(11,995,478)
d. Direct unearned premium reserve			$35,542,157			

2) Certain reinsurance contracts provide for return commissions based on the actual loss experience of the reinsured business. Accrued at December 31, 2005 are as follows:

Description	Direct	Assumed	Ceded	Net
a. Contingent Commissions	$ 0	$ 0	$ 0	$ 0
b. Sliding Scale Commissions	$ 0	$ 0	$ 3,251,587	$ 3,251,587
c. Other Profit Commissions	$ 0	$ 0	$ 0	$ 0
d. Totals	$ 0	$ 0	$ 3,251,587	$ 3,251,587

3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

The Company has not written off any reinsurance balances during the periods ended December 31, 2005 and 2004.

E. Commutation of Ceded Reinsurance

None.

F. Retroactive Reinsurance

None.

NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit

None.

Note 24 –Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company is not party to any retrospectively rated insurance contracts or contracts subject to redetermination and has no accrued retrospective premiums at December 31, 2005.

Note 25 –Changes in Incurred Losses and Loss Adjustment Expenses

Reserves for net incurred losses and loss adjustment expenses attributable to insured events of prior years increased approximately $872,000 from $6.702 million in 2004 to $7.574 million in 2005 as a result of re-estimation of unpaid losses and supplemental claims made from the hurricane claims made in 2004. Homeowners was the only line of business affected. The increase is generally the ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes available regarding known claims.

Note 26 –Intercompany Pooling Arrangements

None.

Note 27 –Structured Settlements

None.

Note 28 –Health Care Receivables

None.

Note 29 –Participating Policies

None.

Note 30 –Premium Deficiency Reserves

The Company has not recorded any premium defiencieny reserves. The Company does not consider anticipated investment income in determining the need for premium deficiency reserves.

Note 31 –High Deductibles

None.

Note 32 –Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

None.

Note 33 –Asbestos and Environmental Reserves

None.

Note 34 –Subscriber Savings Accounts

None.

Note 35 –Multiple Peril Crop Insurance

None.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities		0.0		0.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	2,478,253	11.8	2,478,253	11.8
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations		0.0		0.0
1.44 Industrial development and similar obligations		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC		0.0		0.0
1.513 All other		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	3,182,500	15.2	3,182,500	15.2
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	481,483	2.3	481,483	2.3
1.523 All other		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,050,243	9.8	2,050,243	9.8
2.2 Unaffiliated foreign securities		0.0		0.0
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
4.6 Mezzanine real estate loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (including $.........0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale (including $.........0 property acquired in satisfaction of debt)		0.0		0.0
6. Contract loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash, cash equivalents and short-term investments	12,800,804	61.0	12,800,804	61.0
9. Other invested assets		0.0		0.0
10. Total invested assets	20,993,283	100.0	20,993,283	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? Florida

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change: not applicable
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2004

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. not applicable

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). not appliable

3.4 By what department or departments? Florida Office of Insurance Regulation

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [X] No [ ]
4.22 renewals? Yes [X] No [ ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control. ....%
7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Dixon Hughes, PLLC 1829 Eastchester Drive, High Point, NC 27261

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Butler, Dunlap, and Lindquist Acturaries, 1882 Capital Circle NE, #201, Tallahassee, FL 32308

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]
11.11 Name of real estate holding company:
11.12 Number of parcels involved ....
11.13 Total book/adjusted carrying value ....

11.2 If yes, provide explanation.

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

12.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No [ ]

14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

15. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers $................................0
- 16.12 To stockholders not officers $................................0
- 16.13 Trustees, supreme or grand (Fraternal only) $................................0

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers $................................0
- 16.22 To stockholders not officers $................................0
- 16.23 Trustees, supreme or grand (Fraternal only) $................................0

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others $................................0
- 17.22 Borrowed from others $................................0
- 17.23 Leased from others $................................0
- 17.24 Other $................................0

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

18.2 If answer is yes:
- 18.21 Amount paid as losses or risk adjustment $................................0
- 18.22 Amount paid as expenses $................................0
- 18.23 Other amounts paid $................................0

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No [ ]

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. $................................0

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 3-Special Deposits? Yes [X] No [ ]

20.2 If no, give full and complete information relating thereto.

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 3-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Loaned to others ....
- 21.22 Subject to repurchase agreements ....
- 21.23 Subject to reverse repurchase agreements ....
- 21.24 Subject to dollar repurchase agreements ....
- 21.25 Subject to reverse dollar repurchase agreements ....
- 21.26 Pledged as collateral ....
- 21.27 Placed under option agreements ....
- 21.28 Letter stock or securities restricted as to sale ....
- 21.29 Other ....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year: ....

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Branch Banking and Trust Company	10611 Deerwood Park Blvd., Jacksonville, FL 32256

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [ ] No [X]

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
108443	Branch Banking and Trust Company	10611 Deerwood Pk Blvd Jacksonville FL 32256

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
25.2999. TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	19,490,820	19,379,718	(111,102)
26.2 Preferred stocks			0
26.3 Totals	19,490,820	19,379,718	(111,102)

26.4 Describe the sources or methods utilized in determining the fair values:
The market values of bonds and preferred stocks shown above are based upon the closing prices of publicly traded issues. The market value of other issues were obtained from FT Interactive Data, Inc., a pricing service from independent security dealers.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $56,233
28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office Inc.	28,655
Demotech Inc.	35,000

29.1 Amount of payments for legal expenses, if any? $119,364
29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Colodny, Fass, Talenfeld, Karlinsky & Abate, PA	95,384

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $0
30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
1.2 If yes, indicate premium earned on U.S. business only. ....
1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ....
1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $.................................0
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $.................................0
1.6 Individual policies:
Most current three years:
1.61 Total premium earned $.................................0
1.62 Total incurred claims $.................................0
1.63 Number of covered lives 0
All years prior to most current three years:
1.64 Total premium earned $.................................0
1.65 Total incurred claims $.................................0
1.66 Number of covered lives 0
1.7 Group policies:
Most current three years:
1.71 Total premium earned $.................................0
1.72 Total incurred claims $.................................0
1.73 Number of covered lives 0
All years prior to most current three years:
1.74 Total premium earned $.................................0
1.75 Total incurred claims 0
1.76 Number of covered lives 0

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator		
2.2 Premium Denominator	2,010,705	
2.3 Premium Ratio (2.1/2.2)	0.0	0.0
2.4 Reserve Numerator		
2.5 Reserve Denominator	10,559,704	
2.6 Reserve Ratio (2.4/2.5)	0.0	0.0

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]
3.2 If yes, state the amount of calendar year premiums written on:
3.21 Participating ....
3.22 Non-participating policies ....

4. For Mutual Reporting Entities and Reciprocal Exchange only:
4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]
4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [ ]
4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ....%
4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ....

5. For Reciprocal Exchanges only:
5.1 Does the exchange appoint local agents? Yes [ ] No [ ]
5.2 If yes, is the commission paid:
5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]
5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]
5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? Yes [ ] No [ ]
5.5 If yes, give full information:

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
Not applicable. The Company does not write workers' compensation insurance.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The catastrophe modelling program, Risklink 4.5.1, was used to estimate the Company's probable maximum loss. Homeowners coverage (Forms HO3 and HO6) is the primary concentration of the Company's catastrophe exposure in the state of Florida. In Florida, there is a threat of hurricanes, tornadoes, hail, and severe thunder storms. The Company's net exposure in the event of a catastrophe was $1,250,000 up to a coverage level of $5,000,000 until December 31, 2005. After $5,000,000 all losses are 100% reinsured.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss?
The Company's net exposure in the event of a catastrophe as described above in 6.2 is $1,250,000. Quota share and catastrophe treaties cover 100% of the loss above $5,000,000.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]
6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [X] No [ ]
7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 2
7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [X] No [ ]
8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part,

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information:

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accounting retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [X] No [ ]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates? Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [X]

11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [X]

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $..................................0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $..................................0

12.2 Of the amount on Line 13.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds: $..................................0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A [X]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From ....%

12.42 To ....%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of credit ....

12.62 Collateral and other funds ....

13.1 What amount of installment notes is owned and now held by the reporting entity? $..................................0

13.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [ ] No [X]

13.3 If yes, what amount? ....

14.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $...................1,700,000

14.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

14.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount. 3

15.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No [X]

15.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

15.3 If the answer to 15.1 is yes, are the methods described in item 15.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ]

15.4 If the answer to 15.3 is no, are all the methods described in 15.2 entirely contained in written agreements? Yes [ ] No [ ]

15.5 If the answer to 15.4 is no, please explain:

16.1 Has the reporting entity guaranteed any financial premium accounts? Yes [ ] No [X]

16.2 If yes, give full information:

GENERAL INTERROGATORIES (continued)

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
17.11 Home					
17.12 Products					
17.13 Automobile					
17.14 Other*					

* Disclose type of coverage: ....

18.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [ ] No [X]

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

18.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 ....

18.12 Unfunded portion of Interrogatory 18.11 ....

18.13 Paid losses and loss adjustment expenses portion of Interrogatory 18.11 ....

18.14 Case reserves portion of Interrogatory 18.11 ....

18.15 Incurred but not reported portion of Interrogatory 18.11 ....

18.16 Unearned premium portion of Interrogatory 18.11 ....

18.17 Contingent commission portion of Interrogatory 18.11 ....

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

18.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5 ....

18.19 Unfunded portion of Interrogatory 18.18 ....

18.2.. Paid losses and loss adjustment expenses portion of Interrogatory 18.18 ....

18.21 Case reserves portion of Interrogatory 18.18 ....

18.22 Incurred but not reported portion of Interrogatory 18.18 ....

18.23 Unearned premium portion of Interrogatory 18.18 ....

18.24 Contingent commission portion of Interrogatory 18.18 ....

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

		1 2005	2 2004	3 2003	4 2002	5 2001
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	54,873				
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	64,285,117	17,943,039			
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
5.	Non-proportional reinsurance lines (Lines 30, 31 & 32)					
6.	Total (Line 34)	64,339,990	17,943,039	0	0	0
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	13,717				
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	8,141,870	3,810,721			
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
11.	Non-proportional reinsurance lines (Lines 30, 31 & 32)					
12.	Total (Line 34)	8,155,587	3,810,721	0	0	0
	Statement of Income (Page 4)					
13.	Net underwriting gain (loss) (Line 8)	(8,608,180)	(8,819,293)	(400,890)		
14.	Net investment gain (loss) (Line 11)	335,582	119,788	11,253		
15.	Total other income (Line 15)	(75,958)	(2,567)			
16.	Dividends to policyholders (Line 17)					
17.	Federal and foreign income taxes incurred (Line 19)	(1,807,600)	(303,400)			
18.	Net income (Line 20)	(6,540,956)	(8,398,672)	(389,637)	0	0
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	26,961,942	11,507,158	12,792,155		
20.	Premiums and considerations (Page 2, Col. 3):					
	20.1 In course of collection (Line 13.1)	3,294,490	1,445,988			
	20.2 Deferred and not yet due (Line 13.2)	1,396,642	534,669			
	20.3 Accrued retrospective premiums (Line 13.3)					
21.	Total liabilities excluding protected cell business (Page 3, Line 24)	16,779,292	6,462,482	738,483		
22.	Losses (Page 3, Lines 1 & 2)	1,151,564	582,197			
23.	Loss adjustment expenses (Page 3, Line 3)	522,601	113,533			
24.	Unearned premiums (Page 3, Line 9)	8,885,539	2,740,657			
25.	Capital paid up (Page 3, Lines 28 & 29)	1,000	1,000	1,000		
26.	Surplus as regards policyholders (Page 3, Line 35)	10,182,650	5,044,676	12,053,672		
	Risk-Based Capital Analysis					
27.	Total adjusted capital	10,182,650	5,044,676	12,053,672		
28.	Authorized control level risk-based capital	2,867,701	1,542,361	19,141		
	Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 10, Col. 3) x 100.0					
29.	Bonds (Line 1)	39.0	23.7			
30.	Stocks (Lines 2.1 & 2.2)					
31.	Mortgage loans on real estate (Lines 3.1 & 3.2)					
32.	Real estate (Lines 4.1, 4.2 & 4.3)					
33.	Cash, cash equivalents and short-term investments (Line 5)	61.0	76.3	100.0		
34.	Contract loans (Line 6)				XXX	XXX
35.	Other invested assets (Line 7)					
36.	Receivable for securities (Line 8)					
37.	Aggregate write-ins for invested assets (Line 9)					
38.	Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	0.0	0.0
	Investments in Parent, Subsidiaries and Affiliates					
39.	Affiliated bonds (Sch. D, Summary, Line 25, Col. 1)					
40.	Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
41.	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
42.	Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
43.	Affiliated mortgage loans on real estate					
44.	All other affiliated					
45.	Total of above lines 39 to 44	0	0	0	0	0
46.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0				

FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2005	2 2004	3 2003	4 2002	5 2001
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)					
48. Dividends to stockholders (Line 35)					
49. Change in surplus as regards policyholders for the year (Line 38)	5,137,974	(7,008,996)	12,053,672		
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,625				
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	21,933,198	12,962,602			
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
55. Total (Line 34)	21,937,823	12,962,602	0	0	0
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,155				
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,173,254	5,328,135			
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)					
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)					
61. Total (Line 34)	4,174,409	5,328,135	0	0	0
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	235.9	552.3			
64. Loss expenses incurred (Line 3)	73.1	73.9			
65. Other underwriting expenses incurred (Line 4)	219.1	297.9			
66. Net underwriting gain (loss) (Line 8)	(428.1)	(824.2)			
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	55.0	83.7			
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	309.0	626.2			
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0)	80.1	75.5			
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	606				
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100)	12.0				
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)					
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)					

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code.....0 NAIC Company Code....11844

BUSINESS IN GRAND TOTAL DURING THE YEAR

Line of Business	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies not Taken: 1 Direct Premiums Written	2 Direct Premiums Earned	3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril	64,285,117	39,736,659		35,511,086	21,933,198	43,400,171	24,206,193	230,116	322,167	336,591	17,112,471	1,246,313
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												
8. Ocean marine												
9. Inland marine	54,873	23,802		31,071	4,625	8,565	3,940				14,607	1,064
10. Financial guaranty												
11. Medical malpractice												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A&H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 All other A & H (b)												
15.7 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17. Other liability												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	0	0	0
34. TOTALS (a)	64,339,990	39,760,461	0	35,542,157	21,937,823	43,408,736	24,210,133	230,116	322,167	336,591	17,127,078	1,247,377

DETAILS OF WRITE-INS

3301.												
3302.												
3303.												
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 34 $..........0.

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products..........0 and number of persons insured under indemnity only products..........0.

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1.	Book/adjusted carrying value, December 31 of prior year	
2.	Increase (decrease) by adjustment:	
	2.1 Totals, Part 1, Column 11	
	2.2 Totals, Part 3, Column 7	
3.	Cost of acquired (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
	4.1 Totals, Part 1, Column 14	
	4.2 Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment:	
	6.1 Totals, Part 1, Column 12	
	6.2 Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at end of current period	0
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	0
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year		
2.	Amount loaned during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
3.	Accrual of discount and mortgage interest points and commitment fees		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		0
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		0
12.	Total nonadmitted amounts		
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2.	Cost of acquisitions during year:		
	2.1 Actual cost at time of acquisitions		
	2.2 Additional investment made after acquisitions		0
3.	Accrual of discount		
4.	Increase (decrease) by adjustment		
5.	Total profit (loss) on sale		
6.	Amounts paid on account or in full during the year		
7.	Amortization of premium		
8.	Increase (decrease) by foreign exchange adjustment		
9.	Book/adjusted carrying value of long-term invested assets at end of current period		0
10.	Total valuation allowance		
11.	Subtotal (Lines 9 plus 10)		0
12.	Total nonadmitted amounts		
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)		0

NONE

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	2,478,253	2,461,876	2,476,564	2,500,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	2,478,253	2,461,876	2,476,564	2,500,000
	5. United States				
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States	3,663,983	3,616,640	3,664,214	3,674,083
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	3,663,983	3,616,640	3,664,214	3,674,083
	17. United States				
Public Utilities	18. Canada				
(Unaffiliated)	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and	21. United States	2,050,243	2,004,837	2,062,067	1,950,000
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries				
	24. Totals	2,050,243	2,004,837	2,062,067	1,950,000
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	8,192,479	8,083,353	8,202,845	8,124,083
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States				
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries				
	34. Totals	0	0	0	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	0	0	0	
COMMON STOCKS	41. United States				
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	0	0	0	
	45. United States				
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	0	0	0	
	49. United States				
Industrial and Miscellaneous	50. Canada				
(Unaffiliated)	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	0	0	0	
	55. **Total Stocks**	0	0	0	
	56. **Total Bonds and Stocks**	8,192,479	8,083,353	8,202,845	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year		2,043,158
2. Cost of bonds and stocks acquired, Column 7, Part 3		7,980,209
3. Accrual of discount		4,495
4. Increase (decrease) by adjustment:		
4.1 Columns 12 - 14, Part 1		
4.2 Columns 15 - 17, Part 2, Section 1		
4.3 Column 15, Part 2, Section 2		
4.4 Columns 11 - 13, Part 4		0
5. Total gain (loss), Column 19, Part 4		(9,709)
6. Deduct consideration for bonds and stocks disposed of, Column 7, Part 4		1,812,112
7. Amortization of premium		13,561
8. Foreign exchange adjustment:		
8.1 Column 15, Part 1		
8.2 Column 19, Part 2, Section 1		
8.3 Column 16, Part 2, Section 2		
8.4 Column 15, Part 4		0
9. Book/adjusted carrying value at end of current period		8,192,480
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		8,192,480
12. Total nonadmitted amounts		
13. Statement value of bonds and stocks, current year		8,192,480

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	7,813,063	2,478,253				10,291,316	52.8	5,834,004	76.5	10,291,316	
1.2 Class 2						0	0.0				
1.3 Class 3						0	0.0				
1.4 Class 4						0	0.0				
1.5 Class 5						0	0.0				
1.6 Class 6						0	0.0				
1.7 Totals	7,813,063	2,478,253	0	0	0	10,291,316	52.8	5,834,004	76.5	10,291,316	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1						0	0.0				
2.2 Class 2						0	0.0				
2.3 Class 3						0	0.0				
2.4 Class 4						0	0.0				
2.5 Class 5						0	0.0				
2.6 Class 6						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. States, Territories and Possessions, etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1						0	0.0				
3.2 Class 2						0	0.0				
3.3 Class 3						0	0.0				
3.4 Class 4						0	0.0				
3.5 Class 5						0	0.0				
3.6 Class 6						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1						0	0.0				
4.2 Class 2						0	0.0				
4.3 Class 3						0	0.0				
4.4 Class 4						0	0.0				
4.5 Class 5						0	0.0				
4.6 Class 6						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	1,246,719	16.3	3,663,984	
5.2 Class 2						0	0.0				
5.3 Class 3						0	0.0				
5.4 Class 4						0	0.0				
5.5 Class 5						0	0.0				
5.6 Class 6						0	0.0				
5.7 Totals	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	1,246,719	16.3	3,663,984	0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusting Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1						0	0.0				
6.2 Class 2						0	0.0				
6.3 Class 3						0	0.0				
6.4 Class 4						0	0.0				
6.5 Class 5						0	0.0				
6.6 Class 6						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	0		0	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	3,485,277	303,066	1,747,177			5,535,520	28.4	548,970	7.2	5,535,520	
7.2 Class 2						0	0.0				
7.3 Class 3						0	0.0				
7.4 Class 4						0	0.0				
7.5 Class 5						0	0.0				
7.6 Class 6						0	0.0				
7.7 Totals	3,485,277	303,066	1,747,177	0	0	5,535,520	28.4	548,970	7.2	5,535,520	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1						0	0.0				
8.2 Class 2						0	0.0				
8.3 Class 3						0	0.0				
8.4 Class 4						0	0.0				
8.5 Class 5						0	0.0				
8.6 Class 6						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1						0	0.0				
9.2 Class 2						0	0.0				
9.3 Class 3						0	0.0				
9.4 Class 4						0	0.0				
9.5 Class 5						0	0.0				
9.6 Class 6						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. **Total Bonds Current Year**											
10.1 Class 1	11,675,327	5,182,941	2,589,699	42,294	559	19,490,820	100.0	XXX	XXX	19,490,820	0
10.2 Class 2	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.3 Class 3	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Class 4	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Class 5	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.6 Class 6	0	0	0	0	0	(c) 0	0.0	XXX	XXX	0	0
10.7 Totals	11,675,327	5,182,941	2,589,699	42,294	559	(b) 19,490,820	100.0	XXX	XXX	19,490,820	0
10.8 Line 10.7 as a % of Col. 6	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Class 1	5,656,775	918,820	966,899	87,199		XXX	XXX	7,629,693	100.0	7,629,693	
11.2 Class 2						XXX	XXX	0	0.0		
11.3 Class 3						XXX	XXX	0	0.0		
11.4 Class 4						XXX	XXX	0	0.0		
11.5 Class 5						XXX	XXX	(c) 0	0.0		
11.6 Class 6						XXX	XXX	(c) 0	0.0		
11.7 Totals	5,656,775	918,820	966,899	87,199	0	XXX	XXX	(b) 7,629,693	100.0	7,629,693	0
11.8 Line 11.7 as a % of Col. 8	74.1	12.0	12.7	1.1	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Class 1	11,675,327	5,182,941	2,589,699	42,294	559	19,490,820	100.0	7,629,693	100.0	19,490,820	XXX
12.2 Class 2						0	0.0	0	0.0	0	XXX
12.3 Class 3						0	0.0	0	0.0	0	XXX
12.4 Class 4						0	0.0	0	0.0	0	XXX
12.5 Class 5						0	0.0	0	0.0	0	XXX
12.6 Class 6						0	0.0	0	0.0	0	XXX
12.7 Totals	11,675,327	5,182,941	2,589,699	42,294	559	19,490,820	100.0	7,629,693	100.0	19,490,820	XXX
12.8 Line 12.7 as a % of Col. 6	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Class 1						0	0.0	0	0.0	XXX	0
13.2 Class 2						0	0.0	0	0.0	XXX	0
13.3 Class 3						0	0.0	0	0.0	XXX	0
13.4 Class 4						0	0.0	0	0.0	XXX	0
13.5 Class 5						0	0.0	0	0.0	XXX	0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes $..........0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes $..........0 current year, $..........0 prior year of bonds with Z designations and $..........0 current year, $..........0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class are under regulatory review.

(c) Includes $..........0 current year, $..........0 prior year of bonds with 5* designations and $..........0 current year, $..........0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. **U.S. Governments, Schedules D & DA (Group 1)**											
1.1 Issuer Obligations	7,813,063	2,478,253				10,291,316	52.8	5,834,004	76.5	10,291,316	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
1.7 Totals	7,813,063	2,478,253	0	0	0	10,291,316	52.8	5,834,004	76.5	10,291,316	0
2. **All Other Governments, Schedules D & DA (Group 2)**											
2.1 Issuer Obligations						0	0.0				
2.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined						0	0.0				
2.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
2.5 Defined						0	0.0				
2.6 Other						0	0.0				
2.7 Totals	0	0	0	0	0	0	0.0	0		0	0
3. **States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)**											
3.1 Issuer Obligations						0	0.0				
3.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined						0	0.0				
3.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
3.5 Defined						0	0.0				
3.6 Other						0	0.0				
3.7 Totals	0	0	0	0	0	0	0.0	0		0	0
4. **Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)**											
4.1 Issuer Obligations						0	0.0				
4.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined						0	0.0				
4.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
4.5 Defined						0	0.0				
4.6 Other						0	0.0				
4.7 Totals	0	0	0	0	0	0	0.0	0		0	0
5. **Special Revenue & Special Assessment Obligations, etc., Non-Guaranteed, Schedules D & DA (Group 5)**											
5.1 Issuer Obligations						0	0.0				
5.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	1,246,719	16.3	3,663,984	
5.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
5.5 Defined						0	0.0				
5.6 Other						0	0.0				
5.7 Totals	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	1,246,719	16.3	3,663,984	0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. **Public Utilities (Unaffiliated), Schedules D & DA (Group 6)**											
6.1 Issuer Obligations						0	0.0				
6.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined						0	0.0				
6.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
6.5 Defined						0	0.0				
6.6 Other						0	0.0				
6.7 Totals	0	0	0	0	0	0	0.0	0		0	0
7. **Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)**											
7.1 Issuer Obligations	3,485,277	303,066	1,747,177			5,535,520	28.4	548,970	7.2	5,535,520	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined						0	0.0				
7.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
7.5 Defined						0	0.0				
7.6 Other						0	0.0				
7.7 Totals	3,485,277	303,066	1,747,177	0	0	5,535,520	28.4	548,970	7.2	5,535,520	0
8. **Credit Tenant Loans, Schedules D & DA (Group 8)**											
8.1 Issuer Obligations						0	0.0				
8.7 Totals	0	0	0	0	0	0	0.0	0		0	0
9. **Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)**											
9.1 Issuer Obligations						0	0.0				
9.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined						0	0.0				
9.4 Other						0	0.0				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
9.5 Defined						0	0.0				
9.6 Other						0	0.0				
9.7 Totals	0	0	0	0	0	0	0.0	0		0	0

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values By Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total from Column 6 Prior Year	9 % from Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. **Total Bonds Current Year**											
10.1 Issuer Obligations	11,298,340	2,781,319	1,747,177	0	0	15,826,836	81.2	XXX	XXX	15,826,836	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	XXX	XXX	3,663,984	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	11,675,327	5,182,941	2,589,699	42,294	559	19,490,820	100.0	XXX	XXX	19,490,820	0
10.8 Line 10.7 as a % of Col. 6	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. **Total Bonds Prior Year**											
11.1 Issuer Obligations	5,586,535	247,469	548,970			XXX	XXX	6,382,974	83.7	6,382,974	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						XXX	XXX	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined	70,240	671,351	417,929	87,199		XXX	XXX	1,246,719	16.3	1,246,719	
11.4 Other						XXX	XXX	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
11.5 Defined						XXX	XXX	0	0.0		
11.6 Other						XXX	XXX	0	0.0		
11.7 Totals	5,656,775	918,820	966,899	87,199	0	XXX	XXX	7,629,693	100.0	7,629,693	0
11.8 Line 11.7 as a % of Col. 8	74.1	12.0	12.7	1.1	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. **Total Publicly Traded Bonds**											
12.1 Issuer Obligations	11,298,340	2,781,319	1,747,177			15,826,836	81.2	6,382,974	83.7	15,826,836	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined	376,987	2,401,622	842,522	42,294	559	3,663,984	18.8	1,246,719	16.3	3,663,984	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other						0	0.0	0	0.0	0	XXX
12.7 Totals	11,675,327	5,182,941	2,589,699	42,294	559	19,490,820	100.0	7,629,693	100.0	19,490,820	XXX
12.8 Line 12.7 as a % of Col. 6	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	59.9	26.6	13.3	0.2	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. **Total Privately Placed Bonds**											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ ASSET-BACKED SECURITIES:											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1 Total	2 Bonds	3 Mortgage Loans	4 Other Short-term Investment Assets (a)	5 Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value December 31 of prior year	5,586,535	5,586,535			
2. Cost of short-term investments acquired	38,820,364	38,820,364			
3. Increase (decrease) by adjustment	144,036	144,036			
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	(3,573)	(3,573)			
6. Consideration received on disposal of short-term investments	33,745,448	33,745,448			
7. Book/adjusted carrying value, current year	10,801,914	10,801,914	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	10,801,914	10,801,914	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	10,801,914	10,801,914	0	0	0
12. Income collected during year	197,090	197,090			
13. Income earned during year	197,158	197,158			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Sch. DB-Pt. A-Verification Between Years
NONE

Sch. DB-Pt. B-Verification Between Years
NONE

Sch. DB-Pt. C-Verification Between Years
NONE

Sch. DB-Pt. D-Verification Between Years
NONE

Sch. DB-Pt. E-Verification
NONE

Sch. DB-Pt. F-Sn. 1
NONE

Sch. DB-Pt. F-Sn. 2
NONE

Sch. F-Pt. 1
NONE

Sch. F-Pt. 2
NONE

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	Reinsurance Recoverable on 7	8	9	10	11	12	13	14	15	Reinsurance Payable 16	17	18	19
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	Reinsurance Premiums Ceded	Paid Losses	Paid LAE	Known Case Loss Reserves	Known Case LAE Reserves	IBNR Loss Reserves	IBNR LAE Reserves	Unearned Premiums	Contingent Commissions	Cols. 7 thru 14 Totals	Ceded Balances Payable	Other Amounts Due to Reinsurers	Net Amount Recoverable From Reinsurers Col. 15-[16+17]	Funds Held By Company Under Reinsurance Treaties
Authorized																		
Other U.S. Unaffiliated Insurers																		
06-1430254	10348	Arch Reinsurance Company	NE		31,377	401	452	6,240	(86)	1,072	799	17,771		26,649	1,375	3,031	22,243	
13-4924125	10227	American Reinsurance Company	DE		335					4	4			8	49		(42)	
13-5616275	19453	Transatlantic Rein Co.	NY		113									0	24		(24)	
0599999.	Total Authorized Other U.S. Unaffiliated Insurers				31,825	401	452	6,240	(86)	1,075	803	17,771	0	26,657	1,449	3,031	22,177	0
Pools-Mandatory Pools																		
AA-9991310		Florida Hurricane Catastrophe Fund	FL		1,794	133	15	6,706	335	2,934	147			10,270	(1,181)		11,450	
0699999.	Total Authorized Pools - Mandatory Pools				1,794	133	15	6,706	335	2,934	147	0	0	10,270	(1,181)	0	11,450	0
Other Non-U.S. Insurers																		
AA-1126033		Lloyd's Syndicate #33	UK		128					2	3			5	27		(22)	
AA-1127400		Lloyd's Syndicate #1400	UK		121	(4)	5	86	(3)	1	11			97	26		72	
AA-1128001		Lloyd's Syndicate #2001	UK		1,157	(13)	15	287	(9)	12	47			339	170		168	
AA-1128003		Lloyd's Syndicate #2003	UK		338	(7)	8	144	(5)	4	20			164	60		105	
AA-1128020		Lloyd's Syndicate #2020	UK		71									0	15		(15)	
AA-1128121		Lloyd's Syndicate #2121	UK		57			76	(3)	2	13			89	12		77	
AA-1128791		Lloyd's Syndicate #2791	UK		263	(13)	15	287	(9)		33			312	56		257	
0899999.	Total Authorized Other Non-U.S. Insurers				2,135	(37)	42	881	(29)	22	126	0	0	1,007	366	0	641	0
0999999.	Total Authorized				35,754	498	510	13,826	221	4,031	1,076	17,771	0	37,933	634	3,031	34,268	0
Unauthorized																		
Other Non-U.S. Insurers																		
AA-1120810		Ace European Group Ltd	UK		106	(7)	8	144	(5)	2	19			162	22		139	
AA-3190770		Ace Tempest Reins Co. Ltd	BM		1,221	(139)	44	896	(29)	14	119			905	186		719	
AA-3194126		Arch Reinsurance Ltd	BM		523					7	8			15	60		(45)	9
AA-3194139		Axis Specialty Ltd	BM		765	(16)	19	384	(12)	4	48			426	117		309	
AA-3194161		Catlin Insurance Co. Ltd	BM		232					4	4			8	49		(42)	
AA-1780017		E S Reins (Ireland) Ltd	IE		3,141	(89)	45	598	(10)	97	77	1,777		2,495	138	44	2,313	
AA-3194130		Endurance Specialty Ins. Ltd	BM		537	(11)	13	256	(8)	4	33			286	77		209	
AA-1780023		Hannover Reins (Ireland) Ltd	IE		12,562	(356)	179	2,393	(40)	388	307	7,108		9,980	550	177	9,253	
AA-3194129		Montpelier Re Ins. Ltd	BM		336					4	4			8	71		(64)	
AA-3190838		Tokio Millenium Re Ltd	BM		535									0	113		(113)	
AA-3190757		XL Re Ltd	BM		472					7	8			15	50		(35)	
1799999.	Total Unauthorized Other Non-U.S. Insurers				20,430	(617)	307	4,671	(105)	530	627	8,886	0	14,299	1,434	221	12,644	9
1899999.	Total Unauthorized				20,430	(617)	307	4,671	(105)	530	627	8,886	0	14,299	1,434	221	12,644	9
1999999.	Total Authorized and Unauthorized				56,184	(119)	816	18,497	116	4,561	1,703	26,657	0	52,232	2,068	3,252	46,912	9
9999999.	Totals				56,184	(119)	816	18,497	116	4,561	1,703	26,657	0	52,232	2,068	3,252	46,912	9

Note A: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of $50,000.

1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
(1) Arch Reinsurance Company	45%	17,771
(2) E S Reins (Ireland) Ltd	45%	1,777
(3) Hannover Reins (Ireland) Ltd	45%	7,108
(4)		
(5)		

Note B: Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999,

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	Reinsurance Recoverable on									Reinsurance Payable		18	19
						7	8	9	10	11	12	13	14	15	16	17		
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	Reinsurance Premiums Ceded	Paid Losses	Paid LAE	Known Case Loss Reserves	Known Case LAE Reserves	IBNR Loss Reserves	IBNR LAE Reserves	Unearned Premiums	Contingent Commissions	Cols. 7 thru 14 Totals	Ceded Balances Payable	Other Amounts Due to Reinsurers	Net Amount Recoverable From Reinsurers Col. 15-[16+17]	Funds Held By Company Under Reinsurance Treaties

Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
(1) Arch Reinsurance Company	26,649	17,771	Yes [ ] No [X]
(2) Florida Hurricane Catastrophe Fund	10,270		Yes [ ] No [X]
(3) Hannover Reins (Ireland) Ltd.	9,980	7,108	Yes [ ] No [X]
(4) E S Reins (Ireland) Ltd.	2,495	1,777	Yes [ ] No [X]
(5) Ace Tempest Reins Co. Ltd.	905		Yes [ ] No [X]

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							12	13
				5	Overdue					11		
					6	7	8	9	10			
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Current	1 to 29 Days	30 to 90 Days	91 to 120 Days	Over 120 Days	Total Overdue Cols. 6 + 7 + 8 + 9	Total Due Cols. 5 + 10	Percentage Overdue Col. 10 / Col. 11	Percentage more than 120 Days Overdue Col. 9 / Col. 11
Authorized												
Other U.S. Unaffiliated Insurers												
06-1430254	10348	Arch Reinsurance Company	NE	853					0	853	0.0	0.0
0599999.	Total Authorized - Other U.S. Unaffiliated Insurers			853	0	0	0	0	0	853	0.0	0.0
Pools-Mandatory Pools												
AA-9991310		Florida Hurricane Catastrophe Fund	FL	149					0	149	0.0	0.0
0699999.	Total Authorized - Pools - Mandatory Pools			149	0	0	0	0	0	149	0.0	0.0
Other Non-U.S. Insurers												
AA-1127400		Lloyd's Syndicate #1400	UK	1					0	1	0.0	0.0
AA-1128001		Lloyd's Syndicate #2001	UK	2					0	2	0.0	0.0
AA-1128003		Lloyd's Syndicate #2003	UK	1					0	1	0.0	0.0
AA-1128791		Lloyd's Syndicate #2791	UK	2					0	2	0.0	0.0
0899999.	Total Authorized - Other Non-U.S. Insurers			6	0	0	0	0	0	6	0.0	0.0
0999999.	Total Authorized			1,008	0	0	0	0	0	1,008	0.0	0.0
Unauthorized												
Other Non-U.S. Insurers												
AA-1120810		Ace European Group Ltd	UK	1					0	1	0.0	0.0
AA-3190770		Ace Tempest Reins Co. Ltd	BM	(95)					0	(95)	0.0	0.0
AA-3194139		Axis Specialty Ltd	BM	3					0	3	0.0	0.0
AA-1780017		E S Reins (Ireland) Ltd	IE	(44)					0	(44)	0.0	0.0
AA-3194130		Endurance Specialty Ins. Ltd	BM	2					0	2	0.0	0.0
AA-1780023		Hannover Reins (Ireland) Ltd	IE	(177)					0	(177)	0.0	0.0
1799999.	Total Unauthorized - Other Non-U.S. Insurers			(310)	0	0	0	0	0	(310)	0.0	0.0
1899999.	Total Unauthorized			(310)	0	0	0	0	0	(310)	0.0	0.0
1999999.	Total Authorized and Unauthorized			697	0	0	0	0	0	697	0.0	0.0
9999999.	Totals			697	0	0	0	0	0	697	0.0	0.0

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Recoverable all Items Schedule F, Part 3, Col. 15	6 Funds Held By Company Under Reinsurance Treaties	7 Letters of Credit	8 Ceded Balances Payable	9 Miscellaneous Balances	10 Other Allowed Offset Items	11 Sum of Columns 6 thru 10 but not in excess of Column 5	12 Subtotal Col. 5 minus Col. 11	13 Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	14 20% of Amount in Col. 13	15 Smaller of Col. 11 or Col. 14	16 Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	17 Total Provision for Unauthorized Reinsurance Smaller of Col. 5 or Cols. 12 + 15 + 16
Other Non-U.S. Insurers																
AA-1120810		Ace European Group Ltd	UK	162		218	22			162	0		0	0		0
AA-3190770		Ace Tempest Reins Co. Ltd	BM	905		1,559	186			905	0		0	0		0
AA-3194126		Arch Reinsurance Ltd	BM	15	9		60			15	0		0	0		0
AA-3194139		Axis Specialty Ltd	BM	426		379	117			426	0		0	0		0
AA-3194161		Catlin Insurance Co. Ltd	BM	8		4	49			8	0		0	0		0
AA-1780017		E S Reins (Ireland) Ltd	IE	2,495		2,748	138	44		2,495	0		0	0		0
AA-3194130		Endurance Specialty Ins. Ltd	BM	286		254	77			286	0		0	0		0
AA-1780023		Hannover Reins (Ireland) Ltd	IE	9,980		10,992	550	177		9,980	0		0	0		0
AA-3194129		Montpelier Re Ins. Ltd	BM	8		4	71			8	0		0	0		0
AA-3190838		Tokio Millenium Re Ltd	BM				113			0	0		0	0		0
AA-3190757		XL Re Ltd	BM	15		9	50			15	0		0	0		0
0899999.	Total Other Non-U.S. Insurers			14,299	9	16,169	1,434	221	0	14,299	0	0	0	0	0	0
0999999.	Total Affiliates and Others			14,299	9	16,169	1,434	221	0	14,299	0	0	0	0	0	0
9999999.	Totals			14,299	9	16,169	1,434	221	0	14,299	0	0	0	0	0	0

1. Amounts in dispute totaling $..........0 are included in Column 5.
2. Amounts in dispute totaling $..........0 are excluded from Column 13.

Sch. F-Pt. 6
NONE

Sch. F-Pt. 7
NONE

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

		1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
	ASSETS (Page 2, Col. 3)			
1.	Cash and invested assets (Line 10)	20,993,283		20,993,283
2.	Premiums and considerations (Line 13)	4,691,132		4,691,132
3.	Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1)	697,246		697,246
4.	Funds held by or deposited with reinsured companies (Line 14.2)			0
5.	Other assets	580,281		580,281
6.	Net amount recoverable from reinsurers		51,534,534	51,534,534
7.	Totals (Line 26)	26,961,942	51,534,534	78,496,476
	LIABILITIES (Page 3)			
8.	Losses and loss adjustment expenses (Lines 1 through 3)	1,674,165	24,877,916	26,552,081
9.	Taxes, expenses, and other obligations (Lines 4 through 8)	3,797,282		3,797,282
10.	Unearned premiums (Line 9)	8,885,539	26,656,618	35,542,157
11.	Advance premiums (Line 10)			0
12.	Dividends declared and unpaid (Line 11.1 and 11.2)			0
13.	Ceded reinsurance premiums payable (net of ceding commissions) (Line 12)	2,068,152		2,068,152
14.	Funds held by company under reinsurance treaties (Line 13)	8,959		8,959
15.	Amounts withheld or retained by company for account of others (Line 14)			0
16.	Provision for reinsurance (Line 16)			0
17.	Other liabilities (Lines 15 and 17 through 23)	345,195		345,195
18.	Total liabilities excluding protected cell business (Line 26 minus Line 25)	16,779,292	51,534,534	68,313,826
19.	Surplus as regards policyholders (Line 35)	10,182,650	XXX	10,182,650
20.	Totals (Line 36)	26,961,942	51,534,534	78,496,476

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements?..Yes [ ] No [X]

If yes, give full explanation:

Sch. H-Pt. 1
NONE

Sch. H-Pt. 2
NONE

Sch. H-Pt. 3
NONE

Sch. H-Pt. 4
NONE

Sch. H-Pt. 5
NONE

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX								0	XXX
2. 1996			0								0	XXX
3. 1997			0								0	XXX
4. 1998			0								0	XXX
5. 1999			0								0	XXX
6. 2000			0								0	XXX
7. 2001			0								0	XXX
8. 2002			0								0	XXX
9. 2003			0								0	XXX
10. 2004	6,980	5,910	1,070	18,596	12,315	131	126	2,129	1,208	40	7,207	XXX
11. 2005	39,761	37,750	2,011	16,304	13,082	110	90	3,238	2,449	14	4,031	XXX
12. Totals	XXX	XXX	XXX	34,900	25,397	241	216	5,367	3,657	54	11,238	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior												0	XXX
2. 1996												0	XXX
3. 1997												0	XXX
4. 1998												0	XXX
5. 1999												0	XXX
6. 2000												0	XXX
7. 2001												0	XXX
8. 2002												0	XXX
9. 2003												0	XXX
10. 2004	444	258	563	471	5	3	7	7	131	46		365	XXX
11. 2005	18,695	18,239	4,508	4,090	23	17	302	300	1,874	1,446	53	1,310	XXX
12. Totals	19,139	18,497	5,071	4,561	28	20	309	307	2,005	1,492	53	1,675	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 1996	0	0	0	0.0	0.0	0.0				0	0
3. 1997	0	0	0	0.0	0.0	0.0				0	0
4. 1998	0	0	0	0.0	0.0	0.0				0	0
5. 1999	0	0	0	0.0	0.0	0.0				0	0
6. 2000	0	0	0	0.0	0.0	0.0				0	0
7. 2001	0	0	0	0.0	0.0	0.0				0	0
8. 2002	0	0	0	0.0	0.0	0.0				0	0
9. 2003	0	0	0	0.0	0.0	0.0				0	0
10. 2004	22,006	14,434	7,572	315.3	244.2	707.7				278	87
11. 2005	45,054	39,713	5,341	113.3	105.2	265.6				874	436
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,152	523

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										DEVELOPMENT	
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 One Year	12 Two Year
1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,960	6,566	606	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,124	XXX	XXX
										12. Totals	606	0

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										11	12
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000										XXX	XXX
2. 1996											XXX	XXX
3. 1997	XXX										XXX	XXX
4. 1998	XXX	XXX									XXX	XXX
5. 1999	XXX	XXX	XXX								XXX	XXX
6. 2000	XXX	XXX	XXX	XXX							XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,334	6,286	XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,242	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	309	92
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	420

SCHEDULE P - PART 1A - HOMEOWNERS/FARMOWNERS

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX								0	XXX
2. 1996			0								0	
3. 1997			0								0	
4. 1998			0								0	
5. 1999			0								0	
6. 2000			0								0	
7. 2001			0								0	
8. 2002			0								0	
9. 2003			0								0	
10. 2004	6,980	5,910	1,070	18,596	12,315	131	126	2,129	1,208	40	7,207	1,985
11. 2005	39,737	37,732	2,005	16,300	13,079	110	90	3,238	2,449	14	4,030	4,171
12. Totals	XXX	XXX	XXX	34,896	25,394	241	216	5,367	3,657	54	11,237	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
1. Prior												0	
2. 1996												0	
3. 1997												0	
4. 1998												0	
5. 1999												0	
6. 2000												0	
7. 2001												0	
8. 2002												0	
9. 2003												0	
10. 2004	444	258	563	471	5	3	7	7	131	46		365	22
11. 2005	18,695	18,239	4,504	4,090	23	17	302	300	1,874	1,446	53	1,306	1,752
12. Totals	19,139	18,497	5,067	4,561	28	20	309	307	2,005	1,492	53	1,671	1,774

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter- Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 1996	0	0	0	0.0	0.0	0.0				0	0
3. 1997	0	0	0	0.0	0.0	0.0				0	0
4. 1998	0	0	0	0.0	0.0	0.0				0	0
5. 1999	0	0	0	0.0	0.0	0.0				0	0
6. 2000	0	0	0	0.0	0.0	0.0				0	0
7. 2001	0	0	0	0.0	0.0	0.0				0	0
8. 2002	0	0	0	0.0	0.0	0.0				0	0
9. 2003	0	0	0	0.0	0.0	0.0				0	0
10. 2004	22,006	14,434	7,572	315.3	244.2	707.7				278	87
11. 2005	45,046	39,710	5,336	113.4	105.2	266.1				870	436
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,148	523

Sch. P-Pt. 1B
NONE

Sch. P-Pt. 1C
NONE

Sch. P-Pt. 1D
NONE

Sch. P-Pt. 1E
NONE

Sch. P-Pt. 1F-Sn. 1
NONE

Sch. P-Pt. 1F-Sn. 2
NONE

Sch. P-Pt. 1G
NONE

Sch. P-Pt. 1H-Sn. 1
NONE

Sch. P-Pt. 1H-Sn. 2
NONE

SCHEDULE P - PART 1I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned: 1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss and Loss Expense Payments: Loss Payments: 4 Direct and Assumed	5 Ceded	Defense and Cost Containment Payments: 6 Direct and Assumed	7 Ceded	Adjusting and Other Payments: 8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
1. Prior	XXX	XXX	XXX								0	XXX
2. 2004			0								0	XXX
3. 2005	24	18	6	4	3						1	XXX
4. Totals	XXX	XXX	XXX	4	3	0	0	0	0	0	1	XXX

	Losses Unpaid: Case Basis: 13 Direct and Assumed	14 Ceded	Bulk + IBNR: 15 Direct and Assumed	16 Ceded	Defense and Cost Containment Unpaid: Case Basis: 17 Direct and Assumed	18 Ceded	Bulk + IBNR: 19 Direct and Assumed	20 Ceded	Adjusting and Other Unpaid: 21 Direct and Assumed	22 Ceded	23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
1. Prior												0	
2. 2004												0	
3. 2005			4									4	
4. Totals	0	0	4	0	0	0	0	0	0	0	0	4	0

	Total Losses and Loss Expenses Incurred: 26 Direct and Assumed	27 Ceded	28 Net	Loss and Loss Expense Percentage (Incurred/Premiums Earned): 29 Direct and Assumed	30 Ceded	31 Net	Nontabular Discount: 32 Loss	33 Loss Expense	34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount: 35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 2004	0	0	0	0.0	0.0	0.0				0	0
3. 2005	8	3	5	33.3	16.7	83.3				4	0
4. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	4	0

Sch. P-Pt. 1J
NONE

Sch. P-Pt. 1K
NONE

Sch. P-Pt. 1L
NONE

Sch. P-Pt. 1M
NONE

Sch. P-Pt. 1N
NONE

Sch. P-Pt. 1O
NONE

Sch. P-Pt. 1P
NONE

Sch. P-Pt. 1R-Sn. 1
NONE

Sch. P-Pt. 1R-Sn. 2
NONE

Sch. P-Pt. 1S
NONE

SCHEDULE P - PART 2A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										Development	
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 One Year	12 Two Year
1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,960	6,566	606	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,119	XXX	XXX
										12. Totals	606	0

SCHEDULE P - PART 2B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

NONE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

SCHEDULE P - PART 2C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

NONE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

SCHEDULE P - PART 2D - WORKERS' COMPENSATION

NONE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

SCHEDULE P - PART 2E - COMMERCIAL MULTIPLE PERIL

NONE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

SCHEDULE P - PART 2F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										Development	
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 One Year	12 Two Year
1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

NONE

SCHEDULE P - PART 2F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

NONE

SCHEDULE P - PART 2G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER & MACHINERY)

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

NONE

SCHEDULE P - PART 2H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

NONE

SCHEDULE P - PART 2H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

NONE

SCHEDULE P - PART 2I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										Development	
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 One Year	12 Two Year
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5	XXX	XXX
										4. Totals	0	0

SCHEDULE P - PART 2J - AUTO PHYSICAL DAMAGE

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										4. Totals	0	0

SCHEDULE P - PART 2K - FIDELITY/SURETY

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										4. Totals	0	0

SCHEDULE P - PART 2L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										4. Totals	0	0

SCHEDULE P - PART 2M - INTERNATIONAL

NONE

1. Prior											0	0
2. 1996											0	0
3. 1997	XXX										0	0
4. 1998	XXX	XXX									0	0
5. 1999	XXX	XXX	XXX								0	0
6. 2000	XXX	XXX	XXX	XXX							0	0
7. 2001	XXX	XXX	XXX	XXX	XXX						0	0
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					0	0
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				0	0
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			0	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
										12. Totals	0	0

Sch. P-Pt. 2N
NONE

Sch. P-Pt. 2O
NONE

Sch. P-Pt. 2P
NONE

Sch. P-Pt. 2R-Sn. 1
NONE

Sch. P-Pt. 2R-Sn. 2
NONE

Sch. P-Pt. 2S
NONE

SCHEDULE P - PART 3A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005		
1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,334	6,286	1,449	592
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,241	1,693	726

SCHEDULE P - PART 3B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3D - WORKERS' COMPENSATION

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3E - COMMERCIAL MULTIPLE PERIL

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

NONE

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005		
1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

NONE

1. Prior	000										XXX	XXX
2. 1996											XXX	XXX
3. 1997	XXX										XXX	XXX
4. 1998	XXX	XXX									XXX	XXX
5. 1999	XXX	XXX	XXX								XXX	XXX
6. 2000	XXX	XXX	XXX	XXX							XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

SCHEDULE P - PART 3H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

NONE

1. Prior	000											
2. 1996												
3. 1997	XXX											
4. 1998	XXX	XXX										
5. 1999	XXX	XXX	XXX									
6. 2000	XXX	XXX	XXX	XXX								
7. 2001	XXX	XXX	XXX	XXX	XXX							
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Containment Expenses Reported at Year End ($000 omitted) 1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	000			XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1	XXX	XXX

SCHEDULE P - PART 3J - AUTO PHYSICAL DAMAGE

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	000				
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

SCHEDULE P - PART 3K - FIDELITY/SURETY

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	000			XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

SCHEDULE P - PART 3L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	000			XXX	XXX
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

SCHEDULE P - PART 3M - INTERNATIONAL

NONE

1. Prior	000										XXX	XXX
2. 1996											XXX	XXX
3. 1997	XXX										XXX	XXX
4. 1998	XXX	XXX									XXX	XXX
5. 1999	XXX	XXX	XXX								XXX	XXX
6. 2000	XXX	XXX	XXX	XXX							XXX	XXX
7. 2001	XXX	XXX	XXX	XXX	XXX						XXX	XXX
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX	XXX
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

Sch. P-Pt. 3N
NONE

Sch. P-Pt. 3O
NONE

Sch. P-Pt. 3P
NONE

Sch. P-Pt. 3R-Sn. 1
NONE

Sch. P-Pt. 3R-Sn. 2
NONE

Sch. P-Pt. 3S
NONE

SCHEDULE P - PART 4A - HOMEOWNERS/FARMOWNERS

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	309	92
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	416

SCHEDULE P - PART 4B - PRIVATE PASSENGER AUTO LIABILITY/MEDICAL

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4C - COMMERCIAL AUTO/TRUCK LIABILITY/MEDICAL

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4D - WORKERS' COMPENSATION

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4E - COMMERCIAL MULTIPLE PERIL

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4F - SECTION 1 - MEDICAL MALPRACTICE - OCCURRENCE

NONE

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4F - SECTION 2 - MEDICAL MALPRACTICE - CLAIMS-MADE

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4G - SPECIAL LIABILITY (OCEAN MARINE, AIRCRAFT (ALL PERILS), BOILER AND MACHINERY)

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4H - SECTION 1 - OTHER LIABILITY - OCCURRENCE

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4H - SECTION 2 - OTHER LIABILITY - CLAIMS-MADE

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4I - SPECIAL PROPERTY (FIRE, ALLIED LINES, INLAND MARINE, EARTHQUAKE, BURGLARY AND THEFT)

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4

SCHEDULE P - PART 4J - AUTO PHYSICAL DAMAGE

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4K - FIDELITY/SURETY

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4L - OTHER (INCLUDING CREDIT, ACCIDENT AND HEALTH)

NONE

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 4M - INTERNATIONAL

NONE

1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

Sch. P-Pt. 4N
NONE

Sch. P-Pt. 4O
NONE

Sch. P-Pt. 4P
NONE

Sch. P-Pt. 4R-Sn. 1
NONE

Sch. P-Pt. 4R-Sn. 2
NONE

Sch. P-Pt. 4S
NONE

SCHEDULE P - PART 5A - HOMEOWNERS/FARMOWNERS

SECTION 1

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,292	1,449
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,693

SECTION 2

Years in Which Premiums Were Earned and Losses Were Incurred	Number of Claims Outstanding Direct and Assumed at Year End									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	84	22
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,752

SECTION 3

Years in Which Premiums Were Earned and Losses Were Incurred	Cumulative Number of Claims Reported Direct and Assumed at Year End									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,840	1,985
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,171

Sch. P-Pt. 5B-Sn. 1
NONE

Sch. P-Pt. 5B-Sn. 2
NONE

Sch. P-Pt. 5B-Sn. 3
NONE

Sch. P-Pt. 5C-Sn. 1
NONE

Sch. P-Pt. 5C-Sn. 2
NONE

Sch. P-Pt. 5C-Sn. 3
NONE

Sch. P-Pt. 5D-Sn. 1
NONE

Sch. P-Pt. 5D-Sn. 2
NONE

Sch. P-Pt. 5D-Sn. 3
NONE

Sch. P-Pt. 5E-Sn. 1
NONE

Sch. P-Pt. 5E-Sn. 2
NONE

Sch. P-Pt. 5E-Sn. 3
NONE

Sch. P-Pt. 5F-Sn. 1A
NONE

Sch. P-Pt. 5F-Sn. 2A
NONE

Sch. P-Pt. 5F-Sn. 3A
NONE

Sch. P-Pt. 5F-Sn. 1B
NONE

Sch. P-Pt. 5F-Sn. 2B
NONE

Sch. P-Pt. 5F-Sn. 3B
NONE

Sch. P-Pt. 5H-Sn. 1A
NONE
Sch. P-Pt. 5H-Sn. 2A
NONE
Sch. P-Pt. 5H-Sn. 3A
NONE
Sch. P-Pt. 5H-Sn. 1B
NONE
Sch. P-Pt. 5H-Sn. 2B
NONE
Sch. P-Pt. 5H-Sn. 3B
NONE
Sch. P-Pt. 5R-Sn. 1A
NONE
Sch. P-Pt. 5R-Sn. 2A
NONE
Sch. P-Pt. 5R-Sn. 3A
NONE
Sch. P-Pt. 5R-Sn. 1B
NONE
Sch. P-Pt. 5R-Sn. 2B
NONE
Sch. P-Pt. 5R-Sn. 3B
NONE
Sch. P-Pt. 6C-Sn. 1
NONE
Sch. P-Pt. 6C-Sn. 2
NONE
Sch. P-Pt. 6D-Sn. 1
NONE
Sch. P-Pt. 6D-Sn. 2
NONE
Sch. P-Pt. 6E-Sn. 1
NONE
Sch. P-Pt. 6E-Sn. 2
NONE
Sch. P-Pt. 6H-Sn. 1A
NONE
Sch. P-Pt. 6H-Sn. 2A
NONE

Sch. P-Pt. 6H-Sn. 1B
NONE

Sch. P-Pt. 6H-Sn. 2B
NONE

Sch. P-Pt. 6M-Sn. 1
NONE

Sch. P-Pt. 6M-Sn. 2
NONE

Sch. P-Pt. 6N-Sn. 1
NONE

Sch. P-Pt. 6N-Sn. 2
NONE

Sch. P-Pt. 6O-Sn. 1
NONE

Sch. P-Pt. 6O-Sn. 2
NONE

Sch. P-Pt. 6R-Sn. 1A
NONE

Sch. P-Pt. 6R-Sn. 2A
NONE

Sch. P-Pt. 6R-Sn. 1B
NONE

Sch. P-Pt. 6R-Sn. 2B
NONE

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS

($000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners	1,671		0.0	8,142		0.0
2. Private passenger auto liability/medical			0.0			0.0
3. Commercial auto/truck liability/medical			0.0			0.0
4. Workers' compensation			0.0			0.0
5. Commercial multiple peril			0.0			0.0
6. Medical malpractice - occurrence			0.0			0.0
7. Medical malpractice - claims-made			0.0			0.0
8. Special liability			0.0			0.0
9. Other liability - occurrence			0.0			0.0
10. Other liability - claims-made			0.0			0.0
11. Special property	4		0.0	14		0.0
12. Auto physical damage			0.0			0.0
13. Fidelity/surety			0.0			0.0
14. Other			0.0			0.0
15. International			0.0			0.0
16. Reinsurance - nonproportional assumed property	XXX	XXX	XXX	XXX	XXX	XXX
17. Reinsurance - nonproportional assumed liability	XXX	XXX	XXX	XXX	XXX	XXX
18. Reinsurance - nonproportional assumed financial lines	XXX	XXX	XXX	XXX	XXX	XXX
19. Products liability - occurrence			0.0			0.0
20. Products liability - claims-made			0.0			0.0
21. Financial guaranty/mortgage guaranty			0.0			0.0
22. Totals	1,675	0	0.0	8,156	0	0.0

SECTION 2

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) 1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 3

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End ($000 omitted) 1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 7A - PRIMARY LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 5

Years in Which Policies Were Issued	Net Reserve for Premium Adjustments and Accrued Retrospective Premiums at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS

($000 Omitted)

SECTION 1

Schedule P - Part 1	1 Total Net Losses and Expenses Unpaid	2 Net Losses and Expenses Unpaid on Loss Sensitive Contracts	3 Loss Sensitive as Percentage of Total	4 Total Net Premiums Written	5 Net Premiums Written on Loss Sensitive Contracts	6 Loss Sensitive as Percentage of Total
1. Homeowners/farmowners	1,671		0.0	8,142		0.0
2. Private passenger auto liability/medical			0.0			0.0
3. Commercial auto/truck liability/medical			0.0			0.0
4. Workers' compensation			0.0			0.0
5. Commercial multiple peril			0.0			0.0
6. Medical malpractice - occurrence			0.0			0.0
7. Medical malpractice - claims-made			0.0			0.0
8. Special liability			0.0			0.0
9. Other liability - occurrence			0.0			0.0
10. Other liability - claims-made			0.0			0.0
11. Special property	4		0.0	14		0.0
12. Auto physical damage			0.0			0.0
13. Fidelity/surety			0.0			0.0
14. Other			0.0			0.0
15. International			0.0			0.0
16. Reinsurance - nonproportional assumed property			0.0			0.0
17. Reinsurance - nonproportional assumed liability			0.0			0.0
18. Reinsurance - nonproportional assumed financial lines			0.0			0.0
19. Products liability - occurrence			0.0			0.0
20. Products liability - claims-made			0.0			0.0
21. Financial guaranty/mortgage guaranty			0.0			0.0
22. Totals	1,675	0	0.0	8,156	0	0.0

SECTION 2

NONE

Years in Which Policies Were Issued	Incurred Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SECTION 3

NONE

Years in Which Policies Were Issued	Bulk and Incurred But Not Reported Reserves for Losses and Defense and Cost Containment Expenses at Year End ($000 omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

SCHEDULE P - PART 7B - REINSURANCE LOSS SENSITIVE CONTRACTS (continued)

SECTION 4

Years in Which Policies Were Issued	Net Earned Premiums Reported At Year End ($000 Omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 5

Years in Which Policies Were Issued	Net Reserve For Premium Adjustments And Accrued Retrospective Premiums At Year End ($000 Omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 6

Years in Which Policies Were Issued	Incurred Adjustable Commissions Reported At Year End ($000 Omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SECTION 7

Years in Which Policies Were Issued	Reserves For Commission Adjustments At Year End ($000 Omitted)									
	1 1996	2 1997	3 1998	4 1999	5 2000	6 2001	7 2002	8 2003	9 2004	10 2005
1. Prior										
2. 1996										
3. 1997	XXX									
4. 1998	XXX	XXX								
5. 1999	XXX	XXX	XXX							
6. 2000	XXX	XXX	XXX	XXX						
7. 2001	XXX	XXX	XXX	XXX	XXX					
8. 2002	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2003	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P INTERROGATORIES

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in Which Premiums Were Earned and Losses Were Incurred	1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01 Prior			
1.02 1996			
1.03 1997			
1.04 1998			
1.05 1999			
1.06 2000			
1.07 2001			
1.08 2002			
1.09 2003			
1.10 2004			
1.11 2005			
1.12 Totals	0	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No [ ]

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this statement? Yes [X] No [ ]

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [ ] No [X]

   If Yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

   Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

   Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: (in thousands of dollars)
   5.1 Fidelity ....
   5.2 Surety ....

6. Claim count information is reported per claim or per claimant. (Indicate which). PER CLAIM
   If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [X] No [ ]

7.2 An extended statement may be attached.
During 2004 and 2005, the Company experienced severe losses due to the increased hurricane activity in Florida. The Company was impacted by the four storms that hit Florida in 2004. In 2005, the Company incurred losses on three storms. One of these storms exceeded the net retention for the Company and is 100% reinsured via the FHCF and the Company's catastrophe reinsurance. The other two storms are covered up to 75% of the total loss by the Company's quota share reinsurance.
Accordingly, the losses and lae incurred reflect those storms. For 2004, three of the four storms exceeded the Company's attachment to the Florida Hurricane Catastrophe Fund (FHCF) on a direct basis at $3,118,623. All claims amounts per storm above the FHCF attachment were 95% covered by the FHCF and the quota share reinsurer.
In addition, certain parts of the FHCF reimbursement also affected the reimbursement of lae and the resulting net lae amount.

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (YES or NO)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
1. Alabama AL	NO								
2. Alaska AK	NO								
3. Arizona AZ	NO								
4. Arkansas AR	NO								
5. California CA	NO								
6. Colorado CO	NO								
7. Connecticut CT	NO								
8. Delaware DE	NO								
9. District of Columbia DC	NO								
10. Florida FL	YES	64,339,990	39,760,461		21,937,823	43,408,736	24,210,133		
11. Georgia GA	NO								
12. Hawaii HI	NO								
13. Idaho ID	NO								
14. Illinois IL	NO								
15. Indiana IN	NO								
16. Iowa IA	NO								
17. Kansas KS	NO								
18. Kentucky KY	NO								
19. Louisiana LA	NO								
20. Maine ME	NO								
21. Maryland MD	NO								
22. Massachusetts MA	NO								
23. Michigan MI	NO								
24. Minnesota MN	NO								
25. Mississippi MS	NO								
26. Missouri MO	NO								
27. Montana MT	NO								
28. Nebraska NE	NO								
29. Nevada NV	NO								
30. New Hampshire NH	NO								
31. New Jersey NJ	NO								
32. New Mexico NM	NO								
33. New York NY	NO								
34. North Carolina NC	NO								
35. North Dakota ND	NO								
36. Ohio OH	NO								
37. Oklahoma OK	NO								
38. Oregon OR	NO								
39. Pennsylvania PA	NO								
40. Rhode Island RI	NO								
41. South Carolina SC	NO								
42. South Dakota SD	NO								
43. Tennessee TN	NO								
44. Texas TX	NO								
45. Utah UT	NO								
46. Vermont VT	NO								
47. Virginia VA	NO								
48. Washington WA	NO								
49. West Virginia WV	NO								
50. Wisconsin WI	NO								
51. Wyoming WY	NO								
52. American Samoa AS	NO								
53. Guam GU	NO								
54. Puerto Rico PR	NO								
55. US Virgin Islands VI	NO								
56. Canada CN	NO								
57. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
58. Totals	(a) 1	64,339,990	39,760,461	0	21,937,823	43,408,736	24,210,133	0	0

DETAILS OF WRITE-INS

5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

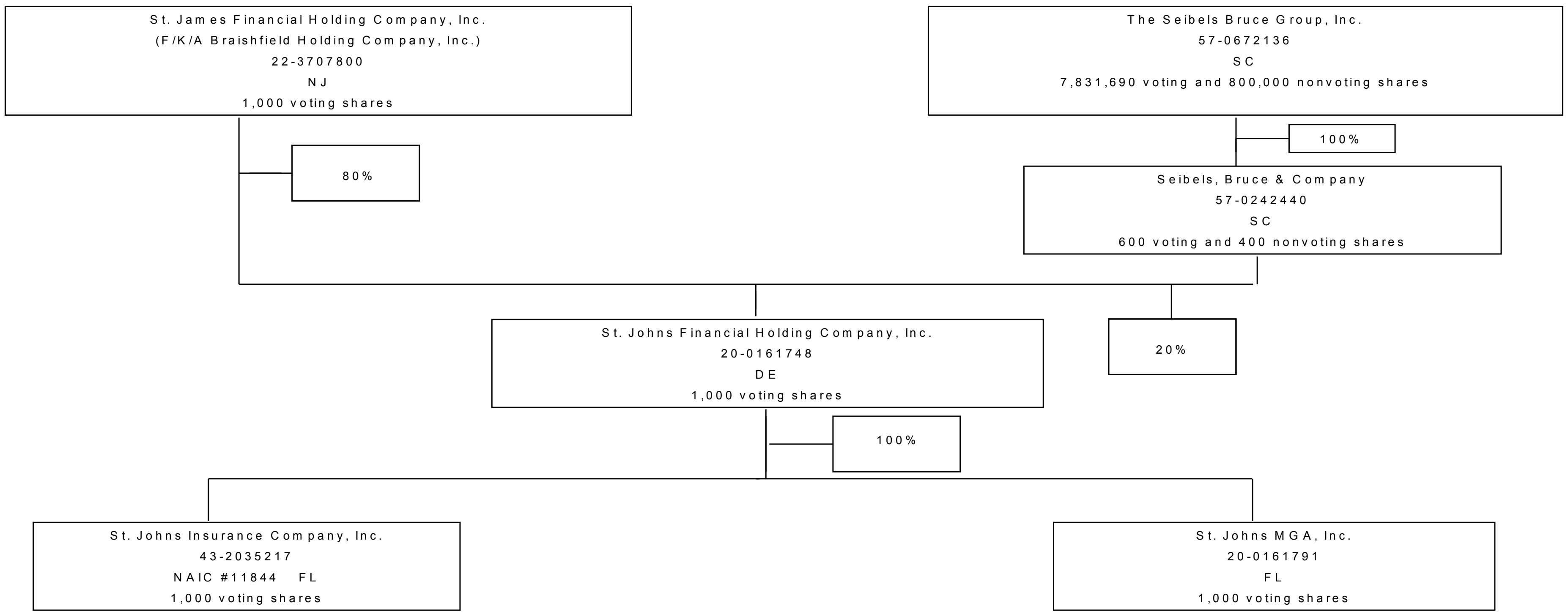
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE T - PART 2
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN
Allocated by States and Territories

		Direct Business Only					
	States, Etc.	1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	6 Totals
1.	Alabama AL						0
2.	Alaska AK						0
3.	Arizona AZ						0
4.	Arkansas AR						0
5.	California CA						0
6.	Colorado CO						0
7.	Connecticut CT						0
8.	Delaware DE						0
9.	District of Columbia DC						0
10.	Florida FL						0
11.	Georgia GA						0
12.	Hawaii HI						0
13.	Idaho ID						0
14.	Illinois IL						0
15.	Indiana IN						0
16.	Iowa IA						0
17.	Kansas KS						0
18.	Kentucky KY						0
19.	Louisiana LA						0
20.	Maine ME						0
21.	Maryland MD						0
22.	Massachusetts MA						0
23.	Michigan MI						0
24.	Minnesota MN						0
25.	Mississippi MS						0
26.	Missouri MO						0
27.	Montana MT						0
28.	Nebraska NE	NONE					0
29.	Nevada NV						0
30.	New Hampshire NH						0
31.	New Jersey NJ						0
32.	New Mexico NM						0
33.	New York NY						0
34.	North Carolina NC						0
35.	North Dakota ND						0
36.	Ohio OH						0
37.	Oklahoma OK						0
38.	Oregon OR						0
39.	Pennsylvania PA						0
40.	Rhode Island RI						0
41.	South Carolina SC						0
42.	South Dakota SD						0
43.	Tennessee TN						0
44.	Texas TX						0
45.	Utah UT						0
46.	Vermont VT						0
47.	Virginia VA						0
48.	Washington WA						0
49.	West Virginia WV						0
50.	Wisconsin WI						0
51.	Wyoming WY						0
52.	American Samoa AS						0
53.	Guam GU						0
54.	Puerto Rico PR						0
55.	US Virgin Islands VI						0
56.	Canada CN						0
57.	Aggregate Other Alien OT						0
58.	Totals	0	0	0	0	0	0

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y (Continued)

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1 NAIC Company Code	2 Federal ID Number	3 Names of Insurers and Parent, Subsidiaries or Affiliates	4 Shareholder Dividends	5 Capital Contributions	6 Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	7 Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	8 Management Agreements and Service Contracts	9 Income/ (Disbursements) Incurred under Reinsurance Agreements	10 *	11 Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	12 Totals	13 Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
Affiliated Transactions												
	22-3707800	St. James Financial Holding Company, Inc.		(7,500,000)			3,560,071				(3,939,929)	
	57-0672136	The Seibels Bruce Group, Inc.									0	
	57-0242440	Seibels, Bruce & Company		(1,875,000)			5,222,911				3,347,911	
	20-0161748	St. Johns Financial Holding Company, Inc.		(1,700,000)			3,137,612				1,437,612	
11844	43-2035217	St. Johns Insurance Company, Inc.		11,075,000			41,295,882				52,370,882	
	20-0161791	St. Johns MGA, Inc.					(53,216,476)				(53,216,476)	
9999999.	Control Totals		0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be acepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Responses
MARCH FILING	
1. Will an actuarial opinion be filed by March 1?	YES
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	YES
3. Will the Risk-Based Capital Report be filed with the NAIC by March 1?	YES
4. Will the Risk-Based Capital Report be filed with the state of domicile, if required, by March 1?	YES
5. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	YES
APRIL FILING	
6. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	YES
7. Will the Management's Discussion and Analysis be filed by April 1?	YES
8. Will the Investment Risk Interrogatories be filed by April 1?	YES
MAY FILING	
9. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?	NO
JUNE FILING	
10. Will an audited financial report be filed by June 1?	YES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	NO
12. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	NO
13. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	NO
14. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?	NO
15. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	NO
16. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	NO
17. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	YES
APRIL FILING	
18. Will the Credit Insurance Experience Exhibit be filed with state of domicile and the NAIC by April 1?	NO
19. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	NO
20. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	NO

EXPLANATIONS:

BAR CODE:

* 1 1 8 4 4 2 0 0 5 2 0 1 0 0 0 0 0 *

* 1 1 8 4 4 2 0 0 5 4 2 0 0 0 0 0 0 *

* 1 1 8 4 4 2 0 0 5 2 4 0 0 0 0 0 0 *

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* 1 1 8 4 4 2 0 0 5 4 5 0 0 0 0 0 0 *

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NONE

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NONE

Sch. A-Pt. 1
NONE

Sch. A-Pt. 2
NONE

Sch. A-Pt. 3
NONE

Sch. B-Pt. 1
NONE

Sch. B-Pt. 2
NONE

Sch. BA-Pt. 1
NONE

Sch. BA-Pt. 2
NONE

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond Char	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B /A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due and Accrued	Gross Amount Received During Year	Acquired	Maturity
U.S. Government - Issuer Obligations																					
3133XB B2 0	FHLB				1	496,039	98.688	493,440	500,000	496,541		502			4.375	4.609	MS	6,319	10,938	08/08/2005	03/17/2010
3128X2 EV 3	FHLMC			1	1	499,269	99.844	499,219	500,000	498,799		(470)			4.750	4.606	JD	1,517	23,750	06/02/2005	12/08/2010
31359M C5 0	FNMA			1	1	499,900	98.406	492,030	500,000	499,909		9			4.625	4.683	JD	1,927	11,563	07/08/2005	06/01/2010
31359M SY 0	FNMA				1	492,401	97 938	489,688	500,000	493,326		925			4.000	4 588	MS	6,611	10,000	08/08/2005	09/02/2008
31359M TQ 6	FNMA				1	488,955	97 500	487,500	500,000	489,677		722			3.875	4.704	MN	2,368	9,688	10/13/2005	11/17/2008
0199999. U.S. Government - Issuer Obligations						2,476,564	XXX	2,461,877	2,500,000	2,478,252	0	1,688	0	0	XXX	XXX	XXX	18,742	65,939	XXX	XXX
0399999. Total - U.S. Government						2,476,564	XXX	2,461,877	2,500,000	2,478 252	0	1,688	0	0	XXX	XXX	XXX	18,742	65 939	XXX	XXX
Special Revenue & Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions - Defined Multi-Class Residential Mortgage-Backed Securities																					
31393R C4 0	FHLMC REMIC SER ES 2617				1	481,094	96 965	484,825	500,000	481,483		389			4.000	4.831	MON	1,667	1,667	11/10/2005	05/15/2015
31394K YT 5	FHLMC REMIC SER ES 2692 PN				1	245,469	97 926	244,815	250,000	246,902		1,029			4.500	5.174	MON	938	11,250	06/01/2004	01/15/2027
31395A RF 4	FHLMC REMIC SER ES 2804				1	476,058	97 944	461,226	470,907	475,394		(505)			5.000	4.656	MON	1,962	23,559	09/17/2004	07/15/2021
31395K BF 9	FHLMC REMIC SER ES 2897				1	238,129	99.174	230,551	232,472	237,434		(703)			5.000	4 249	MON	969	11,630	12/21/2004	12/15/2015
31395L ZN 4	FHLMC REMIC SER ES 2936				1	254,570	97 948	244,870	250,000	254,051		(519)			5.000	4.483	MON	1,042	10,417	02/11/2005	09/15/2030
31395T WR 1	FHLMC REMIC SER ES 2974				1	235,756	99.119	231,330	233,386	235,538		(219)			5.000	4.774	MON	972	6,819	05/24/2005	10/15/2022
31393D DL 2	FNMA REMIC TRUST 2003-58				1	249,180	97 951	244,878	250,000	249,205		26			4.500	4.670	MON	938	2,813	09/01/2005	02/25/2027
31394C PT 3	FNMA REMIC TRUST 2005-10				1	492,500	98 343	491,715	500,000	492,811		312			5.000	5 531	MON	2,083	4,167	10/13/2005	08/25/2023
31394C VC 3	FNMA REMIC TRUST 2005-15				1	253,125	97 978	244,945	250,000	252,795		(330)			5.000	4.767	MON	1,042	10,417	02/23/2005	10/25/2030
31394D 2N 9	FNMA REMIC TRUST 2005-47				1	252,031	100.696	251,740	250,000	251,964		(67)			5.500	5.437	MON	1,146	2,292	10/25/2005	09/25/2024
38374C NF 4	GNMA REMIC TRUST 2003-76 CL				1	248,984	99 355	248,388	250,000	249,089		79			5.000	5 219	MON	1,042	12,500	06/25/2004	01/20/2031
38374H TY 6	GNMA REMIC TRUST 2004-61				1	237,318	100.017	237,358	237,318	237,318					5.000	5.116	MON	989		12/12/2005	05/16/2010
2799999. Special Revenue - Defined Multi-Class Residential Mtg.-Backed Securities						3,664,214	XXX	3,616,641	3,674,083	3,663,984	0	(508)	0	0	XXX	XXX	XXX	14,790	97,531	XXX	XXX
3199999. Total - Special Revenue & Special Assessment Obligations						3,664,214	XXX	3,616,641	3,674,083	3,663 984	0	(508)	0	0	XXX	XXX	XXX	14,790	97 531	XXX	XXX
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																					
40429C AA 0	HSBC FINANCE CORPORATION				1FE	500,149	105.000	472,500	450,000	493,798		(4,876)			6.750	4.735	MN	3,881	23,625	09/09/2005	05/15/2011
459200 BA 8	INTERNATIONAL BUS NESS MACHS				1FE	303,711	99.193	297,579	300,000	303,589		(122)			4.750	4 598	MN	1,267	7,125	09/21/2005	11/29/2012
52517P SC 6	LEHMAN BROS HLDGS INC MTN				1FE	492,767	107 967	485,851	450,000	488,237		(3,400)			6.625	5.044	JJ	13,498	16,563	09/09/2005	01/18/2012
78442F AB 4	SLM CORP MTN				1FE	462,210	100.145	450,653	450,000	461,553		(656)			5.125	4.726	FA	7,944	6,402	09/09/2005	08/27/2012
931142 CA 9	WAL MART STORES INC				1FE	303,231	99.418	298,254	300,000	303,066		(165)			4.750	4 553	FA	5,382		09/21/2005	08/15/2010
3999999. Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations						2,062,068	XXX	2,004,837	1,950,000	2,050,243	0	(9,219)	0	0	XXX	XXX	XXX	31,972	53,715	XXX	XXX
4599999. Total - Industrial & Miscellaneous (Unaffiliated)						2,062,068	XXX	2,004,837	1,950,000	2,050 243	0	(9,219)	0	0	XXX	XXX	XXX	31 972	53,715	XXX	XXX
Totals																					
5499999. Total - Issuer Obligations						4,538,632	XXX	4,466,714	4,450,000	4,528,495	0	(7,531)	0	0	XXX	XXX	XXX	50,714	119,654	XXX	XXX
5699999. Total - Defined Multi-Class Residential Mortgage-Backed Securities						3,664,214	XXX	3,616,641	3,674,083	3,663 984	0	(508)	0	0	XXX	XXX	XXX	14,790	97 531	XXX	XXX
6099999. Grand Total - Bonds						8,202,846	XXX	8,083,355	8,124,083	8,192,479	0	(8,039)	0	0	XXX	XXX	XXX	65,504	217,185	XXX	XXX

Sch. D-Pt. 2-Sn. 1
NONE

Sch. D-Pt. 2-Sn. 2
NONE

SCHEDULE D - PART 3

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends
Bonds - U.S. Government								
3133XB B2 0	FHLB		08/08/2005	VARIOUS		496,039	500,000	3,099
3128X2 EV 3	FHLMC		06/02/2005	CHASE SECURIT ES		499,269	500,000	8,035
31359M C5 0	FNMA		07/08/2005	LEHMAN BROTHERS		499,900	500,000	2,569
31359M SY 0	FNMA		08/08/2005	CHASE SECURIT ES		492,401	500,000	8,722
31359M TQ 6	FNMA		10/13/2005	GOLMAN SACHS		488,955	500,000	7,911
0399999.	Total - Bonds - U.S. Government					2,476 564	2 500,000	30 336
Bonds - Special Revenue and Special Assessment								
31393R C4 0	FHLMC REMIC SERIES 2617		11/10/2005	CHASE SECURIT ES		481,094	500,000	833
31395L ZN 4	FHLMC REMIC SERIES 2936		02/11/2005	LEGG MASON WOOD WALKER		254,570	250,000	833
31395T WR 1	FHLMC REMIC SERIES 2974		05/24/2005	BRANCH BANK NG & TRUST		252,539	250,000	903
31393D DL 2	FNMA REMIC TRUST 2003-58		09/01/2005	ADVEST		249,180	250,000	188
31394C PT 3	FNMA REMIC TRUST 2005-10		10/13/2005	LEGG MASON WOOD WALKER		492,500	500,000	1,181
31394C VC 3	FNMA REMIC TRUST 2005-15		02/23/2005	LEGG MASON WOOD WALKER		253,125	250,000	938
31394D 2N 9	FNMA REMIC TRUST 2005-47		10/25/2005	LEGG MASON WOOD WALKER		252,031	250,000	1,031
38374H TY 6	GNMA REMIC TRUST 2004-61		12/12/2005	ST FEL NICOLAUS		237,318	237,318	461
3199999.	Total - Bonds - Special Revenue and Special Assessments					2,472,357	2,487,318	6,368
Bonds - Industrial and Miscellaneous								
40429C AA 0	HSBC FINANCE CORPORATION		09/09/2005	HSBC		220,526	200,000	4,463
459200 BA 8	NTERNATIONAL BUSINESS MACHS		09/21/2005	WACHOVIA		303,711	300,000	4,631
52517P SC 6	LEHMAN BROS HLDGS NC MTN		09/09/2005	JEFFERIES AND CO		220,814	200,000	2,061
78442F AB 4	SLM CORP MTN		09/09/2005	VARIOUS		462,210	450,000	4,363
931142 CA 9	WAL MART STORES INC		09/21/2005	HSBC		303,231	300,000	1,624
4599999.	Total - Bonds - Industrial and Miscellaneous					1,510,492	1,450,000	17,142
6099997.	Total - Bonds - Part 3					6,459,413	6,437,318	53,846
6099998.	Total - Bonds - Summary Item from Part 5					499,785	500,000	4,717
6099999.	Total - Bonds					6,959,198	6,937,318	58,563
7299998.	Total - Common Stocks - Summary Item from Part 5					1,021,011	XXX	
7299999.	Total - Common Stocks					1,021,011	XXX	0
7399999.	Total - Preferred and Common Stocks					1,021,011	XXX	0
7499999.	Total - Bonds, Preferred and Common Stocks					7,980,209	XXX	58,563

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUS P Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B /A.C.V. (11+12-13)	Total Foreign Exchange Change in B /A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date
Bonds - U.S. Government																				
31359M TT 0	FEDERAL NATL MTG ASSN	...	06/15/2005.	CALLED		250,000	250,000	247,168	247,469		270		270		247,740		2 261	2 261	5,000	12/15/2008.
0399999.	Total - Bonds - U.S. Government					250,000	250,000	247,168	247,469	0	270	0	270	0	247,740	0	2,261	2,261	5,000	XXX
Bonds - Special Revenue and Special Assessment																				
31395A RF 4	FHLMC REMIC SERIES 2804	...	12/15/2005.	PR NC PAL RECEIPT		19,636	19,636	19,851	19,844		(208)		(208)		19,636			0	522	07/15/2021.
31395K BF 9	FHLMC REMIC SERIES 2897	...	12/15/2005.	PR NC PAL RECEIPT		17,528	17,528	17,955	17,955		(427)		(427)		17,528			0	472	12/15/2015.
31395T WR 1	FHLMC REMIC SERIES 2974	...	12/15/2005.	PR NC PAL RECEIPT		16,614	16,614	16,783	16,783		(169)		(169)		16,614			0	295	10/15/2022.
3199999.	Total - Bonds - Special Revenue and Special Assessments					53,778	53,778	54,589	54,582	0	(804)	0	(804)	0	53,778	0	0	0	1,289	XXX
6099997.	Total - Bonds - Part 4					303,778	303,778	301,757	302,051	0	(534)	0	(534)	0	301,518	0	2,261	2,261	6,289	XXX
6099998.	Total - Bonds - Summary tem from Part 5					500,000	500,000	499,785	499,785		(494)		(494)		499,291		709	709	17,813	XXX
6099999.	Total - Bonds					803,778	803,778	801,542	801,836	0	(1,028)	0	(1,028)	0	800,809	0	2,970	2,970	24,102	XXX
Common Stocks - Banks, Trust and Insurance Companies																				
05527P 40 4	BRANCH BANK NG & TRUST COMPANY	...	12/21/2005.	BRANCH BANKING & TRUST..	1.000	9	XXX	1	1				0		1		8	8		XXX
6799999.	Total - Common Stocks - Banks, Trust and Insurance Companies					9	XXX	1	1	0	0	0	0	0	1	0	8	8	0	XXX
7299997.	Total - Common Stocks - Part 4					9	XXX	1	1	0	0	0	0	0	1	0	8	8	0	XXX
7299998.	Total - Common Stocks - Summary tem from Part 5					1,008,325	XXX	1,021,011	1,021,011				0		1,021,011		(12,687)	(12,687)	22,798	XXX
7299999.	Total - Common Stocks					1,008,334	XXX	1,021,012	1,021,012	0	0	0	0	0	1,021,012	0	(12,679)	(12,679)	22,798	XXX
7399999.	Total - Preferred and Common Stocks					1,008,334	XXX	1,021,012	1,021,012	0	0	0	0	0	1,021,012	0	(12,679)	(12,679)	22,798	XXX
7499999.	Total - Bonds, Preferred and Common Stocks					1,812,112	XXX	1,822,554	1,822,848	0	(1,028)	0	(1,028)	0	1,821,821	0	(9,709)	(9,709)	46,900	XXX

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/ Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (12+13-14)	Total Foreign Exchange Change in B /A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Government																				
3128X0 BD 0	FHLMC	...	06/02/2005.	VARIOUS	10/11/2005.	CALLED @ 100.0000000	500,000	499,785	500,000	499,291		(494)		(494)			709	709	17,813	4,717
0399999.	Total - Bonds - U.S. Government						500,000	499,785	500,000	499,291	0	(494)	0	(494)	0	0	709	709	17,813	4,717
6099998.	Total - Bonds						500,000	499,785	500,000	499,291	0	(494)	0	(494)	0	0	709	709	17,813	4,717
Common Stocks - Banks, Trust and Insurance Companies																				
05527P 40 4	BRANCH BANK NG & TRUST COMPANY	...	12/01/2005.	BRANCH BANKING & TRUST..	12/21/2005.	BRANCH BANK NG & TRUST..	106,589.230	1,021,011	1,008 325	1,021,011				0			(12,687)	(12,687)	22,798	
6799999.	Total - Common Stocks - Banks, Trust and Insurance Companies							1,021,011	1,008,325	1,021,011	0	0	0	0	0	0	(12,687)	(12,687)	22,798	0
7299998.	Total - Common Stocks							1,021,011	1,008,325	1,021,011	0	0	0	0	0	0	(12,687)	(12,687)	22,798	0
7399999.	Total - Preferred and Common Stocks							1,021,011	1,008,325	1,021,011	0	0	0	0	0	0	(12,687)	(12,687)	22,798	0
7499999.	Total - Bonds, Preferred and Common Stocks							1,520,796	1,508,325	1,520,302	0	(494)	0	(494)	0	0	(11,978)	(11,978)	40,611	4,717

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date 9 Number of Shares	 10 % of Outstanding

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: $.....12,023,769.
2. Total amount of intangible assets nonadmitted $..........0.

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date 5 Number of Shares	 6 % of Outstanding

NONE

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1	Codes		4	5	6	7	Change in Book/Adjusted Carrying Value				12	13	Interest						20
Description	2 Code	3 Foreign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	8 Unrealized Valuation Increase/ (Decrease)	9 Current Year's (Amortization)/ Accretion	10 Current Year's Other Than Temporary Impairment Recognized	11 Total Foreign Exchange Change in B /A.C.V.	Par Value	Actual Cost	14 Amount Due and Accrued December 31 of Current Year on Bond Not in Default	15 Non-Admitted Due and Accrued	16 Rate of	17 Effective Rate of	18 How Paid	19 Gross Amount Received	Paid for Accrued Interest
U.S. Government Bonds - Issuer Obligations																			
FEDERAL NATL MTG ASSN DISC NT			12/21/2005	MERR LL LYNCH	01/31/2006	747,442		934			750,000	746,508				4.242	MAT		
FEDERAL NATL MTG ASSN DISC NT			12/21/2005	LEHMAN BROTHERS	04/18/2006	740,395		974			750,000	739,421				4.462	MAT		
FEDL FARM CRED BK CONS DISC NT			12/19/2005	MERR LL LYNCH	03/24/2006	495,101		768			500,000	494,333				4.416	MAT		
FEDL HOME LN MTG CORP DISC NT			12/21/2005	LEHMAN BROTHERS	03/14/2006	743,619		965			750,000	742,654				4.361	MAT		
FEDL HOME LN MTG CORP DISC NT			12/08/2005	NATIONSBANC-MONTGOMERY	04/05/2006	494,418		1,405			500,000	493,013				4.420	MAT		
FEDL HOME LN MTG CORP DISC NT			12/23/2005	SALOMON SMITH BARNEY	04/26/2006	295,980		310			300,000	295,670				4.345	MAT		
FEDL HOME LOAN BK CONS DISC NT			12/21/2005	NATIONSBANC-MONTGOMERY	01/11/2006	749,174		907			750,000	748,267				4.101	MAT		
US TREASURY MONEY MARKET FD #21			12/30/2005	BRANCH BANKING & TRUST	06/30/2006	3,546,934					3,546,934	3,546,934	99		1.000	1.005	MON	20,645	
0199999. U.S. Government Bonds - Issuer Obligations						7,813,063	0	6,263	0	0	7,846,934	7,806,800	99	0	XXX	XXX	XXX	20,645	0
0399999. Total - U.S. Government Bonds						7,813,063	0	6,263	0	0	7,846,934	7,806,800	99	0	XXX	XXX	XXX	20,645	0
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations																			
AMERICAN GENERAL F N CP			10/27/2005	GOLMAN SACHS	02/28/2006	496,651		3,757			500,000	492,893				4.253	MAT		
BB&T TRUST MONEY MARKET			12/30/2005	BRANCH BANKING & TRUST	12/31/2006	1,000,000					1,000,000	1,000,000					MAT		
BELL SOUTH CORP CP			12/12/2005	LEHMAN BROTHERS	02/14/2006	497,425		1,162			500,000	496,264				4.376	MAT		
CIT GROUP INC CP			10/27/2005	CHASE SECURITIES	02/21/2006	497,021		3,803			500,000	493,217				4.372	MAT		
MORGAN STANLEY CP			10/14/2005	MORGAN STANLEY & CO	02/10/2006	497,754		4,376			500,000	493,378				4.193	MAT		
3999999. Industrial and Miscellaneous (Unaf iliated) - Issuer Obligations						2,988,851	0	13,098	0	0	3,000,000	2,975,752	0	0	XXX	XXX	XXX	0	0
4599999. Total - Industrial and Miscellaneous (Unaffiliated)						2,988,851	0	13,098	0	0	3,000,000	2,975,752	0	0	XXX	XXX	XXX	0	0
Total Bonds																			
5499999. Subtotals - Issuer Obligations						10,801,914	0	19,361	0	0	10,846,934	10,782,552	99	0	XXX	XXX	XXX	20,645	0
6099999. Subtotals - Bonds						10,801,914	0	19,361	0	0	10,846,934	10,782,552	99	0	XXX	XXX	XXX	20,645	0
8299999. Total - Short-Term Investments						10,801,914	0	19,361	0	0	XXX	10,782,552	99	0	XXX	XXX	XXX	20,645	0

Sch. DB-Pt. A-Sn. 1
NONE

Sch. DB-Pt. A-Sn. 2
NONE

Sch. DB-Pt. A-Sn. 3
NONE

Sch. DB-Pt. B-Sn. 1
NONE

Sch. DB-Pt. B-Sn. 2
NONE

Sch. DB-Pt. B-Sn. 3
NONE

Sch. DB-Pt. C-Sn. 1
NONE

Sch. DB-Pt. C-Sn. 2
NONE

Sch. DB-Pt. C-Sn. 3
NONE

Sch. DB-Pt. D-Sn. 1
NONE

Sch. DB-Pt. D-Sn. 2
NONE

Sch. DB-Pt. D-Sn. 3
NONE

Sch. DB-Pt. E-Sn. 1
NONE

SCHEDULE E - PART 1 - CASH

1 Depository		2 Code	3 Rate of Interest	4 Amount of Interest Received During Year	5 Amount of Interest Accrued December 31 of Current Year	6 Balance	7 *
Open Depositories							
Branch Banking and Trust Company	Jacksonville, Florida			29,846		1,251,845	XXX
State of FL Bureau of Collateral Securities	Tallahassee, Florida	C		6,532		250,618	XXX
Deposits in 0 depositories that do not exceed the							XXX
0199999. Total - Open Depositories		XXX	XXX	36,378	0	1,502,463	XXX
0399999. Total Cash on Deposit		XXX	XXX	36,378	0	1,502,463	XXX
0599999. Total Cash		XXX	XXX	36,378	0	1,502,463	XXX

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	1,089,918	4. April	1,639,504	7. July	1,596,934	10. October	1,476,852
2. February	438,311	5. May	1,665,165	8. August	2,591,352	11. November	3,474,696
3. March	572,296	6. June	2,187,093	9. September	1,046,174	12. December	1,502,463

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Gross Investment Income
Cash Equivalents								
912795 W5 6	US TREASURY BILL 03/09/06		12/21/2005		03/09/2006	496,427		582
0199999.	Totals					496,427	0	582

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

	1	2	Deposits with the State of Domicile for the Benefit of All Policyholders		All Other Special Deposits	
States, Etc.	Type of Deposit	Purpose of Deposit	3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
1. Alabama AL						
2. Alaska AK						
3. Arizona AZ						
4. Arkansas AR						
5. California CA						
6. Colorado CO						
7. Connecticut CT						
8. Delaware DE						
9. District of Columbia DC						
10. Florida FL	ST	Property and Casualty	250,618	250,618		
11. Georgia GA						
12. Hawaii HI						
13. Idaho ID						
14. Illinois IL						
15. Indiana IN						
16. Iowa IA						
17. Kansas KS						
18. Kentucky KY						
19. Louisiana LA						
20. Maine ME						
21. Maryland MD						
22. Massachusetts MA						
23. Michigan MI						
24. Minnesota MN						
25. Mississippi MS						
26. Missouri MO						
27. Montana MT						
28. Nebraska NE						
29. Nevada NV						
30. New Hampshire NH						
31. New Jersey NJ						
32. New Mexico NM						
33. New York NY						
34. North Carolina NC						
35. North Dakota ND						
36. Ohio OH						
37. Oklahoma OK						
38. Oregon OR						
39. Pennsylvania PA						
40. Rhode Island RI						
41. South Carolina SC						
42. South Dakota SD						
43. Tennessee TN						
44. Texas TX						
45. Utah UT						
46. Vermont VT						
47. Virginia VA						
48. Washington WA						
49. West Virginia WV						
50. Wisconsin WI						
51. Wyoming WY						
52. American Samoa AS						
53. Guam GU						
54. Puerto Rico PR						
55. US Virgin Islands VI						
56. Canada CN						
57. Aggregate Other Alien OT	XXX	XXX	0	0	0	0
58. Total	XXX	XXX	250,618	250,618	0	0

DETAILS OF WRITE-INS

5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for line 57 from overflow page	XXX	XXX	0	0	0	0
5799. Total (Lines 5701 thru 5303+5798) (Line 57 above)	XXX	XXX	0	0	0	0

4. A resolution from the Applicant's governing board which contains the following:
   a. A statement clearly authorizing the Applicant to participate in the Program;
   b. A statement that the Applicant's governing board has reviewed the Surplus Note, Form SBA 15-2, which is available on the Board's website, www.sbafla.com, under "Insurance Capital Build-Up Incentive Program" then "Surplus Note," and that the Applicant is able to comply and intends to comply with the requirements of the Surplus Note including the requirement that the New Capital be unencumbered;
   c. A statement that the Applicant, if selected, intends to meet all the requirements of the Program including but not limited to meeting the Surplus and writing ratios.

Attached.

CONSENT RESOLUTION OF
BOARD OF DIRECTORS
OF
ST. JOHNS INSURANCE COMPANY, INC.

The undersigned, being all of the Directors of St. Johns Insurance Company, Inc. (the "Corporation "), in accordance with and pursuant to section 607.0821 of the Florida Statutes and the bylaws for the Corporation, do hereby unanimously authorize and adopt the following resolution(s):

WHEREAS, the Board has determined that it is desirable and in the best interest of the Corporation to increase the surplus of the Corporation to an amount in excess of $50,000,000 by participating in the Insurance Capital Build-Up Incentive Program to expand the Corporation's capacity to write homeowners insurance in the State of Florida in 2006 and subsequent years.

WHEREAS, the Board has reviewed the following material concerning the Insurance Capital Build-Up Incentive Program: SB 1980 Section 5 which created Florida Statute Section 215.5595 (signed into law by Governor Jeb Bush on May 16. 2006); the emergency rules, F.A.C. 19ER06-03, created to the enact the above Statute; the application for the Insurance Capital Build-Up Incentive Program including its attachments; and the Surplus Note as proposed to be adopted.

WHEREAS, the Board has reviewed the Surplus Note, Form SBA 15-2, as amended by the Corporation and believes the Corporation can comply and intends to comply with the requirements of the Surplus Note as amended, including the requirement that the New Capital received by the Corporation will be unencumbered.

WHEREAS, the Board acknowledges and intends to meet all of the requirements of the Program including but not limited to meeting the Surplus and writing ratios to the best of the Corporation's ability while expanding the capacity within the State of Florida.

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors authorizes the Corporation to participate in the Insurance Capital Build-Up Incentive Program.

2. The Board of Directors believes the Corporation can comply and intends to comply with the requirements of the Surplus Note as amended, including the requirement that that the New Capital received by the Corporation will be unencumbered.

3. The Board of Directors acknowledges and intends to meet all of the requirements of the Program including but not limited to meeting the Surplus and writing ratios to the best of the Corporation's ability while expanding the

expanding the capacity within the State of Florida

4. The Board of Directors authorizes and directs the officers of the Corporation to perform any acts and execute any documents necessary or appropriate to effectuate this resolution.

June 8, 2006

James J. McCahill

Robert P. Lucas

Christopher J. McHattie, Esq.

Michael A. Culbertson

Reese J. Bowen

5. List of all Officers and Board Members

Executive Management:
- President - James J. McCahill
- Chief Underwriting Officer & Managing Director - Reese Bowen
- Chief Financial Officer - Scot Moore
- Vice President Claims - Russell Beck
- Secretary/Treasurer – Edward Falzarano

Board of Directors:
- Jim McCahill, President and Chief Executive officer of St. James Group
- Robert P. Lucas, Executive Vice President of St. James Group
- Reese Bowen, Senior Vice President of St. James Group
- Michael Culbertson, President of Seibels Bruce Group, Inc.
- Christopher McHattie, Esq.

6. Biographical Information on Executive Officers

James McCahill

James McCahill has been the President and Chief Executive Officer of St. James Insurance Group, Inc., previously known as Braishfield, since joining the firm in 1990. He has successfully re-engineered the firm from a regional retail brokerage to a thriving Program Manager/Managing General Agency, divesting the firm of all retail business in 1997.

Mr. McCahill began his insurance career in 1979 with Marsh in New York where he was a member of the Major accounts Casualty Division. He joined Palmer &Cay of Savannah, Ga. in 1984 and was ultimately named Director of Commercial Operations. Responsibilities included management of customer service, marketing, underwriting, loss control engineering, claims, (fully insured and TPA), and sales management.

Mr. McCahill is a graduate of Rollins College. He was approved as Underwriter at Lloyd's of London in 1987, and has held a Binding Authority since then. He has served on and chaired numerous insurance company councils and advisory boards. He obtained his CIC designation in 1988 and is a licensed Insurance Broker with a Surplus Lines Authority in various states.

Mr. McCahill has served on numerous civic and social boards. He is a member of the Executive Council and Advisory Board of Directors of Fairleigh Dickinson University, and is a member of the Board of Directors of Opera at Florham, and a Trustee of The Several Sources Foundation. He is also Chairman of the Board of Directors for St. Johns Insurance Company.

Reese Bowen

Bowen is the Managing Director for the St. Johns Insurance Company. Bowen has over 30 years of experience in Insurance and Risk Management. He has developed and managed insurance and reinsurance operations domestically and internationally for regional and Fortune 500 companies.

Bowen has been engaged in the development of international insurance company operations for the largest international casualty company, including the design and implementation of unique ceded reinsurance transactions to the Bermuda and London market.

Bowen began his career as an underwriter for a major property and casualty insurance company. He developed one of the first compensating balance plans and securitized self-insurance programs for a leading casualty insurance company. As a reinsurance broker he has consulted with regional and specialty underwriting companies engaged in industry and product specific programs.

He has managed projects that include:

~ Single parent reinsurance companies
~ Financial reinsurance plans for casualty programs
~ Unique rating plans for high hazard industries
~ Risk analysis for merger and acquisitions
~ Commutation of self funded reserves
~ Portfolio transfers
~ Critical analysis of ceded reinsurance portfolios

Bowen has his BBA in Insurance and Risk Management from Georgia State University, Atlanta, Ga.

Scot Moore

Scot Moore directs and administers the financial policies and affairs of St. Johns Insurance Company and its affiliates. He leads the company's financial processes and activities necessary to drive and support corporate goals, strategies and initiatives. He also is responsible for the statutory, monthly internal reporting, and serves in the areas of strategic and business planning and operational and financial audits. In addition Moore, was recruited to employ his experience in a broad spectrum of rapidly expanding/startup company environments and his work with complex business structures.
Moore previously served as Treasurer and Chief Financial Officer of Universal Land Title Inc. and Alliance Title of America Inc. until mid 2000. From 1992 to 1994, Moore served as Vice President of Accounting for Bankers Insurance, where he administered accounting and finance for more than 30 entities. Prior to joining Bankers, he served as Audit Manager for Gregory, Sharer & Stuart, P.A., in St. Petersburg, Fla. a position he also held with KPMG Peat Marwick in the same locale from 1986 to 1992.
Moore graduated from Stetson University with a B.B.A. in Accounting and Master of Accountancy. He also holds a number of professional designations (CPA, AIAF, ARC) and is active in professional accounting associations.

Edward Falzarano

Edward Falzarano joined Braishfield Associates/St. James Insurance Group in 2000 as the Chief Financial Officer. He brings over 17 years of financial management, control and IT experience in an agency environment. He has been a leader in the advancement and development of automation and financial control systems in the insurance industry. Falzarano’s insurance experience began as the CFO of the Detroit Diesel Allison Distributor in Miami, Fla., purchasing insurance. This experience, coupled with his demonstrated knowledge in automation and financial control, primed him as the CFO for the South Florida Assurex Partner, Seitlin & Company. During his tenure, he led Seitlin through a series of successful acquisitions that were made possible by the implementation of an integrated agency automation system. In 1998 Falzarano joined Gow & Hanna in New York where he was recruited to perform the roles of CFO and CIO for this dynamic wholesale agency. Subsequent to the sale of Gow & Hanna, Falzarano joined Spectrum Insurance Group, a large regional broker in New Jersey. There, he was responsible for reorganizing the accounting, administration and automation services. Responsibilities with Spectrum included the creation of a five-year financial business model, ultimately resulting in the merger of Spectrum with a lead financial institution.

Falzarano has been an active member of the Delphi System User Group and was one of the founders of The Large User Group Applied Systems.

Falzarano is a graduate of Montclair University with a B.S. in Accounting, and Fairleigh Dickinson University, Madison, N.J. with an M.B.A. in Finance.

Russell Beck

Russell Beck has 16 years' experience in homeowners insurance claims management.

Prior to joining St. Johns Insurance Company, Beck was regional claims manager and catastrophe claims manager for Risk Enterprise Management, the TPA Division of Zurich Risk Management Services, where he managed property claims for Florida Select, Texas Select, and California Select.

He also was responsible for planning, staffing and overseeing the technical and catastrophe vendor network and the performance of multiple branch offices.

Beck is a graduate of Florida State University and is a Florida State Certified Residential Contractor and a Senior Claims Law Associate. He is licensed in Florida, Texas and South Carolina.

INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM
SURPLUS NOTE #1

Amount $ 20,000,000

Term: 20 years

Payment Dates: Quarterly on October 1, January 1, April 1, and July 1

Interest Rate Determination Date: The interest rate shall be determined two business days prior to the payment date in order to set the rate for the following quarter.

Day Count: actual days divided by 360 for the specified quarter.

This Surplus Note is executed this 25th day of June, 2006, by and between St. Johns Insurance Company, Inc. an Insurer authorized to write residential property and casualty insurance in Florida ("Insurer"), and The State Board of Administration of Florida ("Board"), the parties. It is deemed to be in the best interest of the Insurer to increase its Surplus as to policyholders for the purpose of increasing the number of new residential policies covering the risk of hurricanes the Insurer writes in Florida.

The Insurer's application for this Surplus Note was received by the Board on June 14, 2006, and the Insurer has, on or before the date of this Surplus Note, contributed $20,000,000 in New Capital, as defined below, to its Surplus.

For and in consideration of the mutual agreements as set forth, the Insurer hereby makes a contribution to Surplus in New Capital of $ 20,000,000 and covenants to meet the Minimum Writing Ratio of Net Written Premium to Surplus of at least 2:1 for the term of this Surplus Note.

DEFINITIONS APPLICABLE TO THIS SURPLUS NOTE:

(a) "Applicant means the Insurer making application under the Program.

(b) "Approve,""Approving,""Approved," or "Approval" means the Insurer's application has been approved contingent upon a review and prioritization of all the applicants who may have applied for the limited funds available under the Program during the application periods specified in (4)(e), (f), or (g) of Rule 19ER06-3. If the amount of the Surplus Notes requested does not exceed the funds available during these application periods, it will not be necessary for the Board to prioritize applicants prior to distributing funds, but in all cases the Insurer shall be required to contribute New Capital and provide verification of a deposit prior to the Board distributing the proceeds derived from the Surplus Note.

(c) "Board" means the State Board of Administration of Florida.

(d) "Cash" or "Cash Equivalents" means unencumbered cash or unencumbered cash equivalents as specified in Section 625.012(1), F.S. Cash Equivalents are short-term, highly liquid investments, with original maturities of 3 months or less, which are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

(e) “Impair” or “Impaired” means the Insurer’s Surplus is below the Minimum Required Surplus as specified in Section 215.5595(2)(c), F.S.
(f) “Insurer” means an authorized insurance company seeking to participate in the Program.
(g) “Minimum Capital Contribution” means, with respect to Insurers who apply to the Board by July 1, 2006, a contribution of New Capital to its Surplus which is at least equal to the amount of the Surplus Note. “Minimum Capital Contribution” means, with respect to all other applicants applying after July 1, 2006 and before June 1, 2007, a contribution to its Surplus that is twice the amount of the Surplus Note.
(h) “Minimum Required Surplus” means, for purposes of this Program, that the Insurer’s total Surplus, after the issuance of the Surplus Note and New Capital contribution equals at least $50 million.
(i) “Minimum Writing Ratio” means a 2:1 ratio of Net Written Premium to Surplus.
(j) “Net Written Premium” means direct Premium plus assumed Premium less ceded Premium.
(k) “New Capital” must be in the form of Cash or Cash Equivalents and be recorded as additional paid-in capital or new stock issued. New Capital does not include Citizens Property Insurance Corporation take-out bonuses pursuant to Section 627.3511, F.S. A New Capital contribution does not constitute contributions by the Insurer made prior to the Insurer’s application date for the Surplus Note or any other funds contributed to the Insurer’s Surplus which are made for purposes other than in conjunction with the requirements of the Program.
(l) “Surplus Note” means the Surplus Note issued by the Insurer to the Board.
(m) “Office” means the Office of Insurance Regulation, which was created in Section 20.121(3), F.S.
(n) ‘Premium” means premiums relating to residential property insurance in Florida including the peril of wind.
(o) “Program” means the Insurance Capital Build-Up Incentive Program created by Section 215.5595, F.S.
(p) “Substantial Impairment” or “Substantially Impair” means that the Commissioner of Insurance Regulation (Commissioner) has solvency concerns that the Insurer may not be able to meet the obligations of its policyholders and has provided the Board with a written explanation.
(q) “Surplus” means the Insurer’s admitted assets less the Insurer’s liabilities and refers to the entire Surplus of the Insurer.

THIS SURPLUS NOTE IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:
(1) No Prepayment Penalties: There is no penalty for pre-payment of this Surplus Note.
(2) Surplus Note Proceeds: The Surplus Note proceeds will be distributed by the issuance of a check to the Insurer.
(3) Statutory Requirements:
(a) Minimum Required Surplus: Insurer represents, as a condition of obtaining this Surplus Note, that Insurer’s Surplus, New Capital, and the Surplus Note, when added together, equals at least $50 million.
(b) $50 million Limit for Insurers and Insurer Groups: The Insurer represents that the Program proceeds to be made available to the Insurer under this Surplus Note, together with Program proceeds already received or applied for by other members of the Insurer group, when added together does not exceed $50 million.

(c) New Capital Contributions to Surplus: The contribution to Surplus is made in the form of $20 million and meets or exceeds the Minimum Capital Contribution as defined above. This (These) asset(s) have been approved by the Office as found to be acceptable assets pursuant to Part II of Chapter 625, F.S.

(d) Depository Letter: Prior to the execution of this Surplus Note, Insurer has provided to the Board a letter from a depository institution which states the amount of unencumbered Cash or Cash Equivalents that have been deposited into the Insurer's account.

(e) Writing Ratio: The Insurer represents that it is now at the Minimum Writing Ratio and will maintain the Minimum Writing Ratio during the term of the Surplus Note. In the alternative, the Insurer may represent that it is not currently at the Minimum Writing Ratio, but it will meet that ratio within sixty days from the date the Surplus Note is executed and will maintain the Minimum Writing Ratio for the term of the Surplus Note.

(f) The Insurer represents that it will make all quarterly filings using Form SBA 15-3 to the Office. This Form is available on the Board's website, www.sbafla.com, under "Insurance Capital Build-Up Incentive Program" then "Quarterly Net Written Premium Report."

(4) Payment Conditions:

(a) Payment Address: Payments shall be quarterly and shall be remitted as follows: ____
____.

(b) Interest Rate: The Surplus Note shall accrue interest on the unpaid principal balance at a rate equivalent to the 10-year U.S. Treasury Bond rate. The rate will be adjusted quarterly for the term of the Surplus Note based on the 10-year Constant Maturity Treasury rate.

(c) Interest for the First Three Years: For the first three years of the Surplus Note, Insurer is required to pay interest only. However, principal payments can be made during this time. Interest payments shall begin to accrue from the date of this Surplus Note.

(d) Repayment Limitations: Any payment of principal or interest by the Insurer on this Surplus Note must be approved by the Commissioner, who shall approve the payment unless the Commissioner determines that such payment will Substantially Impair the financial condition of the Insurer. If such a determination is made, the Commissioner shall approve such payment that will not Substantially Impair the financial condition of the Insurer. The Board will seek approval of payments from the Commissioner and will notify any Insurer if a payment of principal and/or interest has been disapproved or, if a lower amount has been approved, the amount by which the usual payment is to be reduced.

(5) Default: Conditions, Consequences, and Insurer Responsibilities:

(a) Conditions Resulting in Default:

1. Failure to reach the Minimum Writing Ratio within 60 days of an Insurer receiving the proceeds of the Surplus Note distributed by the Board or the failure to maintain the Minimum Writing Ratio once reached.

2. Failure to submit quarterly filings of Form SBA 15-3 to the Office.

3. Failure to maintain the Minimum Required Surplus except for situations involving the payment of losses resulting from a catastrophic event or a series of events resulting in catastrophic losses.

4. Misuse of Program Proceeds: The Surplus Note will be in default if proceeds received pursuant to the Surplus Note are converted into any asset not authorized under Part II of Chapter 625, F.S.

5. Failure to make a payment of interest and/or principal where the payment by the Insurer has been approved by the Office.

6. Failure to make a payment of interest and/or principal where the payment by the Insurer has not been approved by the Office, but alternative payments have been approved.
7. False or Misleading Statements. Any representations, including those made in the application and/or accompanying documentation, which is false or misleading.
8. When the Insurer pays any ordinary or extraordinary dividend when there are payments of principal or interest payments that are past due under the Surplus Note.
(b) Consequences of Default: For all defaults, the Board, in its sole discretion, may exercise any one of the following options:
1. Increase the interest rate to the maximum interest rate permitted by law;
2. Accelerate the repayment of principal and interest;
3. Shorten the term of the Surplus Note;
4. Call the Surplus Note and demand full repayment.
(c) Insurer responsibilities: The Insurer shall notify the Board when any of the above conditions resulting in default arises.
(6) Reorganization, Dissolution, or Liquidation: In the event of reorganization, dissolution, 100% reinsurance or liquidation of Insurer, pursuant to Section 215.5595(5), F.S., the Board shall be treated as a class 3 creditor pursuant to Section 631.271, F.S., for the unpaid principal and interest on this Surplus Note.
(7) Resolution by Governing Board: The Insurer's governing board has passed a resolution which authorizes Insurer to enter into this Surplus Note and to meet all the requirements contained in this Surplus Note.
(8) Governing Law: This Surplus Note is governed by the laws of the State of Florida, without giving effect to conflict of law provisions thereof. Any dispute or claim arising out of or in connection with this Surplus Note will be submitted exclusively to the Circuit Court for the Second Judicial Circuit, in and for Leon County, Florida for trial and determination by the court. The parties consent to the jurisdiction of such court and to service of process outside the State of Florida pursuant to the requirements of such court in any matter submitted to it.
(9) Supplemental Agreements:

a) Applicant agrees to define "Net Written Premiums" to be direct written premiums plus assumed premiums less cancellations. Net Written Premiums as defined shall not exceed 9 to 1. The purpose of this definition is to expand the writings of the insurer without jeopardizing and /or impairing the surplus of the insurer which is a possibility under the current definition.

(10) Entire Agreement: This Surplus Note contains the entire agreement between the above referenced parties. There are no other addendums or agreements with any other party which form a part of this contract.

IN WITNESS WHEREOF, this agreement has been executed as of the date above.

Attest ____________________________________

____________________________By__________________________

Attest: _______________________________________

____________________________By__________________________

INSURANCE CAPITAL BUILD-UP INCENTIVE PROGRAM
SURPLUS NOTE # 2

Amount $ 20,000,000

Term: 20 years

Payment Dates: Quarterly on October 1, January 1, April 1, and July 1

Interest Rate Determination Date: The interest rate shall be determined two business days prior to the payment date in order to set the rate for the following quarter.

Day Count: actual days divided by 360 for the specified quarter.

This Surplus Note is executed this 25th day of June, 2006, by and between St. Johns Insurance Company, Inc. an Insurer authorized to write residential property and casualty insurance in Florida ("Insurer"), and The State Board of Administration of Florida ("Board"), the parties. It is deemed to be in the best interest of the Insurer to increase its Surplus as to policyholders for the purpose of increasing the number of new residential policies covering the risk of hurricanes the Insurer writes in Florida.

The Insurer's application for this Surplus Note was received by the Board on June 14, 2006, and the Insurer has, on or before the date of this Surplus Note, contributed $20,000,000 in New Capital, as defined below, to its Surplus.

For and in consideration of the mutual agreements as set forth, the Insurer hereby makes a contribution to Surplus in New Capital of $ 20,000,000 and covenants to meet the Minimum Writing Ratio of Net Written Premium to Surplus of at least 2:1 for the term of this Surplus Note.

DEFINITIONS APPLICABLE TO THIS SURPLUS NOTE:
(a) "Applicant means the Insurer making application under the Program.
(b) "Approve,""Approving,""Approved," or "Approval" means the Insurer's application has been approved contingent upon a review and prioritization of all the applicants who may have applied for the limited funds available under the Program during the application periods specified in (4)(e), (f), or (g) of Rule 19ER06-3. If the amount of the Surplus Notes requested does not exceed the funds available during these application periods, it will not be necessary for the Board to prioritize applicants prior to distributing funds, but in all cases the Insurer shall be required to contribute New Capital and provide verification of a deposit prior to the Board distributing the proceeds derived from the Surplus Note.
(c) "Board" means the State Board of Administration of Florida.
(d) "Cash" or "Cash Equivalents" means unencumbered cash or unencumbered cash equivalents as specified in Section 625.012(1), F.S. Cash Equivalents are short-term, highly liquid investments, with original maturities of 3 months or less, which are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.
(e) "Impair" or "Impaired" means the Insurer's Surplus is below the Minimum Required Surplus as specified in Section 215.5595(2)(c), F.S.

(f) “Insurer” means an authorized insurance company seeking to participate in the Program.
(g) “Minimum Capital Contribution” means, with respect to Insurers who apply to the Board by July 1, 2006, a contribution of New Capital to its Surplus which is at least equal to the amount of the Surplus Note. “Minimum Capital Contribution” means, with respect to all other applicants applying after July 1, 2006 and before June 1, 2007, a contribution to its Surplus that is twice the amount of the Surplus Note.
(h) “Minimum Required Surplus” means, for purposes of this Program, that the Insurer’s total Surplus, after the issuance of the Surplus Note and New Capital contribution equals at least $50 million.
(i) “Minimum Writing Ratio” means a 2:1 ratio of Net Written Premium to Surplus.
(j) “Net Written Premium” means direct Premium plus assumed Premium less ceded Premium.
(k) “New Capital” must be in the form of Cash or Cash Equivalents and be recorded as additional paid-in capital or new stock issued. New Capital does not include Citizens Property Insurance Corporation take-out bonuses pursuant to Section 627.3511, F.S. A New Capital contribution does not constitute contributions by the Insurer made prior to the Insurer’s application date for the Surplus Note or any other funds contributed to the Insurer’s Surplus which are made for purposes other than in conjunction with the requirements of the Program.
(l) “Surplus Note” means the Surplus Note issued by the Insurer to the Board.
(m) “Office” means the Office of Insurance Regulation, which was created in Section 20.121(3), F.S.
(n) ‘Premium” means premiums relating to residential property insurance in Florida including the peril of wind.
(o) “Program” means the Insurance Capital Build-Up Incentive Program created by Section 215.5595, F.S.
(p) “Substantial Impairment” or “Substantially Impair” means that the Commissioner of Insurance Regulation (Commissioner) has solvency concerns that the Insurer may not be able to meet the obligations of its policyholders and has provided the Board with a written explanation.
(q) “Surplus” means the Insurer’s admitted assets less the Insurer’s liabilities and refers to the entire Surplus of the Insurer.

THIS SURPLUS NOTE IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:
(1) No Prepayment Penalties: There is no penalty for pre-payment of this Surplus Note.
(2) Surplus Note Proceeds: The Surplus Note proceeds will be distributed by the issuance of a check to the Insurer.
(3) Statutory Requirements:
(a) Minimum Required Surplus: Insurer represents, as a condition of obtaining this Surplus Note, that Insurer’s Surplus, New Capital, and the Surplus Note, when added together, equals at least $50 million.
(b) $50 million Limit for Insurers and Insurer Groups: The Insurer represents that the Program proceeds to be made available to the Insurer under this Surplus Note, together with Program proceeds already received or applied for by other members of the Insurer group, when added together does not exceed $50 million.
(c) New Capital Contributions to Surplus: The contribution to Surplus is made in the form of $20 million and meets or exceeds the Minimum Capital Contribution as defined above. This

(These) asset(s) have been approved by the Office as found to be acceptable assets pursuant to Part II of Chapter 625, F.S.
(d) Depository Letter: Prior to the execution of this Surplus Note, Insurer has provided to the Board a letter from a depository institution which states the amount of unencumbered Cash or Cash Equivalents that have been deposited into the Insurer's account.
(e) Writing Ratio: The Insurer represents that it is now at the Minimum Writing Ratio and will maintain the Minimum Writing Ratio during the term of the Surplus Note. In the alternative, the Insurer may represent that it is not currently at the Minimum Writing Ratio, but it will meet that ratio within sixty days from the date the Surplus Note is executed and will maintain the Minimum Writing Ratio for the term of the Surplus Note.
(f) The Insurer represents that it will make all quarterly filings using Form SBA 15-3 to the Office. This Form is available on the Board's website, www.sbafla.com, under "Insurance Capital Build-Up Incentive Program" then "Quarterly Net Written Premium Report."
(4) Payment Conditions:
(a) Payment Address: Payments shall be quarterly and shall be remitted as follows: ____
____.
(b) Interest Rate: The Surplus Note shall accrue interest on the unpaid principal balance at a rate equivalent to the 10-year U.S. Treasury Bond rate. The rate will be adjusted quarterly for the term of the Surplus Note based on the 10-year Constant Maturity Treasury rate.
(c) Interest for the First Three Years: For the first three years of the Surplus Note, Insurer is required to pay interest only. However, principal payments can be made during this time. Interest payments shall begin to accrue from the date of this Surplus Note.
(d) Repayment Limitations: Any payment of principal or interest by the Insurer on this Surplus Note must be approved by the Commissioner, who shall approve the payment unless the Commissioner determines that such payment will Substantially Impair the financial condition of the Insurer. If such a determination is made, the Commissioner shall approve such payment that will not Substantially Impair the financial condition of the Insurer. The Board will seek approval of payments from the Commissioner and will notify any Insurer if a payment of principal and/or interest has been disapproved or, if a lower amount has been approved, the amount by which the usual payment is to be reduced.
(5) Default: Conditions, Consequences, and Insurer Responsibilities:
(a) Conditions Resulting in Default:
1. Failure to reach the Minimum Writing Ratio within 60 days of an Insurer receiving the proceeds of the Surplus Note distributed by the Board or the failure to maintain the Minimum Writing Ratio once reached.
2. Failure to submit quarterly filings of Form SBA 15-3 to the Office.
3. Failure to maintain the Minimum Required Surplus except for situations involving the payment of losses resulting from a catastrophic event or a series of events resulting in catastrophic losses.
4. Misuse of Program Proceeds: The Surplus Note will be in default if proceeds received pursuant to the Surplus Note are converted into any asset not authorized under Part II of Chapter 625, F.S.
5. Failure to make a payment of interest and/or principal where the payment by the Insurer has been approved by the Office.
6. Failure to make a payment of interest and/or principal where the payment by the Insurer has not been approved by the Office, but alternative payments have been approved.

7. False or Misleading Statements. Any representations, including those made in the application and/or accompanying documentation, which is false or misleading.
8. When the Insurer pays any ordinary or extraordinary dividend when there are payments of principal or interest payments that are past due under the Surplus Note.
(b) Consequences of Default: For all defaults, the Board, in its sole discretion, may exercise any one of the following options:
1. Increase the interest rate to the maximum interest rate permitted by law;
2. Accelerate the repayment of principal and interest;
3. Shorten the term of the Surplus Note;
4. Call the Surplus Note and demand full repayment.
(c) Insurer responsibilities: The Insurer shall notify the Board when any of the above conditions resulting in default arises.
(6) Reorganization, Dissolution, or Liquidation: In the event of reorganization, dissolution, 100% reinsurance or liquidation of Insurer, pursuant to Section 215.5595(5), F.S., the Board shall be treated as a class 3 creditor pursuant to Section 631.271, F.S., for the unpaid principal and interest on this Surplus Note.
(7) Resolution by Governing Board: The Insurer's governing board has passed a resolution which authorizes Insurer to enter into this Surplus Note and to meet all the requirements contained in this Surplus Note.
(8) Governing Law: This Surplus Note is governed by the laws of the State of Florida, without giving effect to conflict of law provisions thereof. Any dispute or claim arising out of or in connection with this Surplus Note will be submitted exclusively to the Circuit Court for the Second Judicial Circuit, in and for Leon County, Florida for trial and determination by the court. The parties consent to the jurisdiction of such court and to service of process outside the State of Florida pursuant to the requirements of such court in any matter submitted to it.
(9) Supplemental Agreements:

a) Applicant will be in compliance with the Board's definition of Net Written Premiums to surplus ratio no later than the second quarter of 2007. Given the current reinsurance agreements committed to by the Applicant, the amount of new writings required to meet the ratio, and sudden influx of capital anticipated by this program, the Applicant will be in compliance by the end of June 2007. Accordingly, the 60 day rule is suspended until June 2007.

(10) Entire Agreement: This Surplus Note contains the entire agreement between the above referenced parties. There are no other addendums or agreements with any other party which form a part of this contract.

IN WITNESS WHEREOF, this agreement has been executed as of the date above.

Attest ____________________________________

____________________________By___________________________

Attest: _______________________________________

____________________________By___________________________