

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

STATUTORY FINANCIAL STATEMENTS

JANUARY 31, 2011

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July 25, 2011

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statutory statement of admitted assets, liabilities and surplus of Alabama Insurance Underwriting Association as of January 31, 2011, and the related accompanying statutory statement of operations and changes in surplus for the three months then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes. The financial statements have been prepared in conformity with statutory accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the Insurance Department of the State of Alabama, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with statutory accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the Insurance Department of the State of Alabama.

Management is responsible for the preparation and fair presentation of the financial statements and supplementary schedules in accordance with statutory accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the Insurance Department of the State of Alabama, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and supplementary schedules.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements and supplementary schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and supplementary schedules.

Management has elected to omit substantially all of the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with the statutory accounting practices. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the assets, liabilities, equity, revenues, and expenses and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements do not include a provision or liability for federal income taxes because the members are taxed individually on their share of Association earnings.

We are not independent with respect to Alabama Insurance Underwriting Association because we performed certain accounting services that impaired our independence.

*O'Sullivan Creel, LLP*

Certified Public Accountants

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF ADMITTED ASSETS, LIABILITIES AND SURPLUS**  
**As of January 31, 2011**

**EXHIBIT 1**

<b>Description</b>	<b>Ledger Assets</b>	<b>Assets Not Admitted</b>	<b>Admitted Assets</b>
<b><u>ASSETS</u></b>			
Cash	\$ 44,420,618	\$ -	\$ 44,420,618
Accounts receivable	5,601	5,601	-
Interest accrued	1,266		1,266
Furniture and equipment - net of depreciation	97,253	97,253	-
Data processing equipment - net of depreciation	46,270		46,270
Programming - net of amortization	149,274	149,274	-
Prepaid reinsurance	3,281,047		3,281,047
Section 444 Deposit (I.R.S.)	245,773		245,773
Intangible Pension Asset	21,402		21,402
Total Assets	<u>48,268,504</u>	<u>252,128</u>	<u>48,016,376</u>
<b><u>LIABILITIES AND SURPLUS</u></b>			
Reserves for:			
Unpaid losses (include IBNR)			1,082,162
Unpaid loss adjustment expenses			108,217
Unearned premiums			19,808,687
Premium taxes			84,963
Total Reserves			<u>21,084,029</u>
<b>Payables for:</b>			
Operating expenses and other accounts payable			343,598
Amounts withheld for A/C of others			42,544
Premiums received in advance			1,337,616
Total Payables			<u>1,723,758</u>
Surplus			<u>25,208,589</u>
Total Liabilities and Surplus			<u>\$ 48,016,376</u>

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF OPERATIONS AND SURPLUS**  
**Quarter Ended January 31, 2011**

**EXHIBIT 2**

<b>DESCRIPTION</b>	<b>Quarter 11/1/2010 - 01/31/2011</b>	<b>Year-To-Date 11/1/2010 - 01/31/2011</b>
<b>UNDERWRITING INCOME:</b>		
Premiums Earned	\$ 5,249,378	\$ 5,249,378
<b>DEDUCTIONS:</b>		
Losses incurred	174,596	174,596
Loss expenses incurred	44,785	44,785
Operating expenses incurred	1,540,702	1,540,702
Total deductions	<u>1,760,083</u>	<u>1,760,083</u>
Net Underwriting Gain or (Loss)	<u>3,489,295</u>	<u>3,489,295</u>
<b>OTHER INCOME (EXPENSE):</b>		
Net investment income	16,011	16,011
Realized Gains (Losses)	-	-
Other Income	(31)	(31)
Service fees	107,100	107,100
Gain (loss) on sale of non admitted asset	(1,642)	(1,642)
Total other income (expense)	<u>121,438</u>	<u>121,438</u>
Net Income or (Loss)	<u>\$ 3,610,733</u>	<u>\$ 3,610,733</u>
<b>SURPLUS ACCOUNT:</b>		
Surplus (prior period)	21,603,106	21,603,106
Net income or (loss)	3,610,733	3,610,733
Change in assets not admitted	(5,250)	(5,250)
Assessments or (distributions)	-	-
Net change in surplus	<u>3,605,483</u>	<u>3,605,483</u>
Surplus (current period)	<u>\$ 25,208,589</u>	<u>\$ 25,208,589</u>

*See Accountant's Compilation Report*

## SUPPLEMENTARY INFORMATION

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS**

Quarter Ended January 31, 2011

EXHIBIT 3A

Description	Quarter 11/1/2010 - 1/31/2011									Year-to-Date 11/1/2010 - 1/31/2011								
	Policy Year									Policy Year								
	2011	2010	2009	2008	2007	2006	2005	2004	Total	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>INCOME RECEIVED:</b>																		
Premiums Written	\$ 7,985,732	\$ (388,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,597,714	\$ 7,985,732	\$ (388,018)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,597,714
Reinsurance Premium Ceded	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)
Net Premiums Written	3,527,459	(388,018)	-	-	-	-	-	-	3,139,441	3,527,459	(388,018)	-	-	-	-	-	-	3,139,441
Interest Received	14,746	1,898	-	-	-	-	-	-	16,644	14,746	1,898	-	-	-	-	-	-	16,644
Realized Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	(31)	-	-	-	-	-	-	-	(31)	(31)	-	-	-	-	-	-	-	(31)
Service Fees	107,100	-	-	-	-	-	-	-	107,100	107,100	-	-	-	-	-	-	-	107,100
Gain (loss) on sale of non admitted asset	(1,642)	-	-	-	-	-	-	-	(1,642)	(1,642)	-	-	-	-	-	-	-	(1,642)
<b>Total Income</b>	<b>3,647,632</b>	<b>(386,120)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,261,512</b>	<b>3,647,632</b>	<b>(386,120)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,261,512</b>
<b>EXPENSES PAID:</b>																		
Losses	-	229,329	-	-	-	-	-	-	229,329	-	229,329	-	-	-	-	-	-	229,329
Loss Adjustment Expenses	-	15,460	430	-	-	-	30,946	-	46,836	-	15,460	430	-	-	-	30,946	-	46,836
Commissions	423,505	158,030	-	-	-	-	-	-	581,535	423,505	158,030	-	-	-	-	-	-	581,535
Operating Expenses	485,578	189,389	-	-	-	-	-	-	674,967	485,578	189,389	-	-	-	-	-	-	674,967
Premium Taxes	191,556	283,531	-	-	-	-	-	-	475,087	191,556	283,531	-	-	-	-	-	-	475,087
<b>Total Expenses Paid</b>	<b>1,100,639</b>	<b>875,739</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,946</b>	<b>-</b>	<b>2,007,754</b>	<b>1,100,639</b>	<b>875,739</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,946</b>	<b>-</b>	<b>2,007,754</b>
<b>Net Cash Change</b>	<b>2,546,993</b>	<b>(1,261,859)</b>	<b>(430)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,946)</b>	<b>-</b>	<b>1,253,758</b>	<b>2,546,993</b>	<b>(1,261,859)</b>	<b>(430)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,946)</b>	<b>-</b>	<b>1,253,758</b>
<b>RESERVES:</b>																		
<i>DEDUCT (CURRENT PERIOD)</i>																		
Unpaid Losses (include IBNR)	168,473	790,689	22,000	-	-	-	101,000	-	1,082,162	168,473	790,689	22,000	-	-	-	101,000	-	1,082,162
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	16,848	79,069	2,200	-	-	-	10,100	-	108,217	16,848	79,069	2,200	-	-	-	10,100	-	108,217
Operating Expenses	386,142	-	-	-	-	-	-	-	386,142	386,142	-	-	-	-	-	-	-	386,142
Unearned Premiums	6,990,562	12,818,125	-	-	-	-	-	-	19,808,687	6,990,562	12,818,125	-	-	-	-	-	-	19,808,687
Premium Taxes	84,963	-	-	-	-	-	-	-	84,963	84,963	-	-	-	-	-	-	-	84,963
<i>ADD (PRIOR PERIOD)</i>																		
Unpaid Losses (include IBNR)	-	1,078,895	33,000	-	-	-	25,000	-	1,136,895	-	1,078,895	33,000	-	-	-	25,000	-	1,136,895
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	-	80,918	2,475	-	-	-	1,875	25,000	110,268	-	80,918	2,475	-	-	-	1,875	25,000	110,268
Operating Expenses	-	378,460	-	-	-	-	-	-	378,460	-	378,460	-	-	-	-	-	-	378,460
Unearned Premiums	-	21,918,624	-	-	-	-	-	-	21,918,624	-	21,918,624	-	-	-	-	-	-	21,918,624
Premium Taxes	-	283,531	-	-	-	-	-	-	283,531	-	283,531	-	-	-	-	-	-	283,531
<b>Net Reserve Change</b>	<b>(7,646,988)</b>	<b>10,052,545</b>	<b>11,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84,225)</b>	<b>25,000</b>	<b>2,357,607</b>	<b>(7,646,988)</b>	<b>10,052,545</b>	<b>11,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84,225)</b>	<b>25,000</b>	<b>2,357,607</b>
<b>OTHER CHANGES:</b>																		
<i>DEDUCT (PRIOR PERIOD)</i>																		
Interest Accrued	-	1,898	-	-	-	-	-	-	1,898	-	1,898	-	-	-	-	-	-	1,898
Assets Not Admitted	-	(246,878)	-	-	-	-	-	-	(246,878)	-	(246,878)	-	-	-	-	-	-	(246,878)
<i>ADD (CURRENT PERIOD)</i>																		
Interest Accrued	1,266	-	-	-	-	-	-	-	1,266	1,266	-	-	-	-	-	-	-	1,266
Assets Not Admitted	(252,128)	-	-	-	-	-	-	-	(252,128)	(252,128)	-	-	-	-	-	-	-	(252,128)
<b>Net Other Changes</b>	<b>(250,862)</b>	<b>244,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,882)</b>	<b>(250,862)</b>	<b>244,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,882)</b>
Assessments or (Distributions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Retained Surplus	-	-	(6,507)	-	-	-	-	-	(6,507)	-	-	(6,507)	-	-	-	-	-	(6,507)
<b>Change in Members' Surplus</b>	<b>\$ (5,350,857)</b>	<b>\$ 9,035,666</b>	<b>\$ 4,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (115,171)</b>	<b>\$ 25,000</b>	<b>\$ 3,598,976</b>	<b>\$ (5,350,857)</b>	<b>\$ 9,035,666</b>	<b>\$ 4,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (115,171)</b>	<b>\$ 25,000</b>	<b>\$ 3,598,976</b>

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION****SURPLUS FOR UNSETTLED YEARS**

Inception to Quarter Ended January 31, 2011

Exhibit 3B

Description	Policy Year									Total
	2011	2010	2009	2008	2007	2006	2005	2004		
<b>INCOME RECEIVED:</b>										
Premiums Written	\$ 7,985,732	\$ 37,682,278	\$ 29,434,815	\$ 24,452,221	\$ 23,456,599	\$ 17,328,303	\$ 6,309,269	\$ 5,411,236	\$ 152,060,453	
Reinsurance Premiums Ceded	(4,458,273)	(17,700,790)	(16,106,473)	(14,994,792)	(10,799,284)	(4,500,230)	(1,882,296)	(2,051,362)	(72,493,500)	
Net Premiums Written	3,527,459	19,981,488	13,328,342	9,457,429	12,657,315	12,828,073	4,426,973	3,359,874	79,566,953	
Interest Received	14,746	21,405	109,245	486,548	677,305	307,607	212,181	223,321	2,052,358	
Realized Gains	-	-	-	-	-	-	(86)	(31,218)	(31,304)	
Other Income	(31)	153	982	3,391	3,670	40	4,403	78	12,686	
Service Fees	107,100	497,585	392,596	269,337	187,836	175,703	29,034	13,920	1,673,111	
Gain (loss) on sale of non admitted asset	(1,642)	-	-	100	623	(203)	-	-	(1,122)	
Total Income	3,647,632	20,500,631	13,831,165	10,216,805	13,526,749	13,311,220	4,672,505	3,565,975	83,272,682	
<b>EXPENSES PAID:</b>										
Losses	-	655,995	166,949	872,086	512,315	930,913	12,292,114	18,506,292	33,936,664	
Loss Adjustment Expenses	-	57,161	58,182	21,099	14,945	17,029	1,268,444	1,641,018	3,077,878	
Commissions	423,505	3,009,738	2,351,557	1,961,534	2,235,084	1,744,247	630,929	540,534	12,897,128	
Operating Expenses	485,578	2,300,018	2,013,301	1,753,057	1,450,948	1,036,093	998,911	642,359	10,680,265	
Premium Taxes	191,556	1,350,035	1,028,777	855,726	848,275	624,158	176,320	199,338	5,274,185	
Total Expenses Paid	1,100,639	7,372,947	5,618,766	5,463,502	5,061,567	4,352,440	15,366,718	21,529,541	65,866,120	
Net Cash Change	2,546,993	13,127,684	8,212,399	4,753,303	8,465,182	8,958,780	(10,694,213)	(17,963,566)	17,406,562	
<b>RESERVES:</b>										
DEDUCT (CURRENT PERIOD)										
Unpaid Losses (include IBNR)	168,473	790,689	22,000	-	-	-	101,000	-	1,082,162	
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	
Unpaid Loss Adjustment Expenses	16,848	79,069	2,200	-	-	-	10,100	-	108,217	
Operating Expenses	386,142	-	-	-	-	-	-	-	386,142	
Unearned Premiums	6,990,562	12,818,125	-	-	-	-	-	-	19,808,687	
Premium Taxes	84,963	-	-	-	-	-	-	-	84,963	
Total Reserves	7,646,988	13,687,883	24,200	-	-	-	111,100	-	21,470,171	
<b>OTHER CHANGES:</b>										
ADD										
Interest Accrued	1,266	-	-	-	-	-	-	-	1,266	
Assets Not Admitted	(252,128)	-	-	-	-	-	-	-	(252,128)	
Total Other Changes	(250,862)	-	-	-	-	-	-	-	(250,862)	
Assessments or (Distributions)	-	-	-	-	-	-	10,000,000	19,523,060	29,523,060	
Total Surplus	(5,350,857)	(560,199)	8,188,199	4,753,303	8,465,182	8,958,780	(805,313)	1,559,494	25,208,589	
Retained Surplus	-	-	(4,912,919)	-	-	-	-	-	(4,912,919)	
Members' Surplus	\$ (5,350,857)	\$ (560,199)	\$ 3,275,280	\$ 4,753,303	\$ 8,465,182	\$ 8,958,780	\$ (805,313)	\$ 1,559,494	\$ 20,295,670	

See Accountant's Compilation Report



**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF PREMIUMS**  
**Quarter Ended January 31, 2011**

**EXHIBIT 4A**

Description	Quarter 11/1/2010 - 1/31/2011									Year-to-Date 11/1/2010 - 1/31/2011								
	Policy Year									Policy Year								
	2011	2010	2009	2008	2007	2006	2005	2004	Total	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>PREMIUMS WRITTEN:</b>																		
Fire	\$ 383,214	\$ (23,994)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,220	\$ 383,214	\$ (23,994)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,220
E.C. & VMM	7,602,518	(364,024)	-	-	-	-	-	-	7,238,494	7,602,518	(364,024)	-	-	-	-	-	-	7,238,494
Reinsurance Premium Ceded E.C.	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)
<b>Total</b>	<b>3,527,459</b>	<b>(388,018)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,139,441</b>	<b>3,527,459</b>	<b>(388,018)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,139,441</b>
<b>UNEARNED PREMIUMS: (PRIOR PERIOD)</b>																		
Fire	-	1,096,102	-	-	-	-	-	-	1,096,102	-	1,096,102	-	-	-	-	-	-	1,096,102
E.C. & VMM	-	20,822,522	-	-	-	-	-	-	20,822,522	-	20,822,522	-	-	-	-	-	-	20,822,522
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>21,918,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,918,624</b>	<b>-</b>	<b>21,918,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,918,624</b>
<b>UNEARNED PREMIUMS: PERIOD)</b>																		
Fire	335,453	627,581	-	-	-	-	-	-	963,034	335,453	627,581	-	-	-	-	-	-	963,034
E.C. & VMM	6,655,109	12,190,544	-	-	-	-	-	-	18,845,653	6,655,109	12,190,544	-	-	-	-	-	-	18,845,653
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,990,562</b>	<b>12,818,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,808,687</b>	<b>6,990,562</b>	<b>12,818,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,808,687</b>
<b>EARNED PREMIUMS:</b>																		
Fire	47,761	444,527	-	-	-	-	-	-	492,288	47,761	444,527	-	-	-	-	-	-	492,288
E.C. & VMM	947,409	8,267,954	-	-	-	-	-	-	9,215,363	947,409	8,267,954	-	-	-	-	-	-	9,215,363
Reinsurance Earned Ceded E.C.	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)	(4,458,273)	-	-	-	-	-	-	-	(4,458,273)
<b>Total</b>	<b>\$(3,463,103)</b>	<b>\$ 8,712,481</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,249,378</b>	<b>\$(3,463,103)</b>	<b>\$ 8,712,481</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,249,378</b>

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSSES**  
**Quarter Ended January 31, 2011**

**EXHIBIT 4B**

Description	Quarter 11/1/2010 - 1/31/2011								Year-to-Date 11/1/2010 - 1/31/2011									
	Policy Year								Policy Year									
	2011	2010	2009	2008	2007	2006	2005	2004	Total	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>PAID LOSSES:</b>																		
Fire	\$ -	\$ 209,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,364	\$ -	\$ 209,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,364
E.C. & VMM	-	19,965	-	-	-	-	-	-	19,965	-	19,965	-	-	-	-	-	-	19,965
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	229,329	-	-	-	-	-	-	229,329	-	229,329	-	-	-	-	-	-	229,329
<b>OUTSTANDING LOSSES (CURRENT PERIOD)*</b>																		
Fire	7,725	110,166	10,000	-	-	-	-	-	127,891	7,725	110,166	10,000	-	-	-	-	-	127,891
E.C. & VMM	160,748	680,523	12,000	-	-	-	101,000	-	954,271	160,748	680,523	12,000	-	-	-	101,000	-	954,271
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	168,473	790,689	22,000	-	-	-	101,000	-	1,082,162	168,473	790,689	22,000	-	-	-	101,000	-	1,082,162
<b>OUTSTANDING LOSSES (PRIOR PERIOD)*</b>																		
Fire	-	264,693	21,000	-	-	-	-	-	285,693	-	264,693	21,000	-	-	-	-	-	285,693
E.C. & VMM	-	814,202	12,000	-	-	-	25,000	-	851,202	-	814,202	12,000	-	-	-	25,000	-	851,202
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	1,078,895	33,000	-	-	-	25,000	-	1,136,895	-	1,078,895	33,000	-	-	-	25,000	-	1,136,895
<b>INCURRED LOSSES:</b>																		
Fire	7,725	54,837	(11,000)	-	-	-	-	-	51,562	7,725	54,837	(11,000)	-	-	-	-	-	51,562
E.C. & VMM	160,748	(113,714)	-	-	-	-	76,000	-	123,034	160,748	(113,714)	-	-	-	-	76,000	-	123,034
Total	168,473	(58,877)	(11,000)	-	-	-	76,000	-	174,596	168,473	(58,877)	(11,000)	-	-	-	76,000	-	174,596
<b>IBNR (CURRENT PERIOD)</b>																		
Fire	7,725	33,176	-	-	-	-	-	-	40,901	7,725	33,176	-	-	-	-	-	-	40,901
E.C. & VMM	153,488	618,963	-	-	-	-	-	-	772,451	153,488	618,963	-	-	-	-	-	-	772,451
Total	161,213	652,139	-	-	-	-	-	-	813,352	161,213	652,139	-	-	-	-	-	-	813,352
<b>IBNR (PRIOR PERIOD)</b>																		
Fire	-	40,193	-	-	-	-	-	-	40,193	-	40,193	-	-	-	-	-	-	40,193
E.C. & VMM	-	729,182	-	-	-	-	-	-	729,182	-	729,182	-	-	-	-	-	-	729,182
Total	\$ -	\$ 769,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 769,375	\$ -	\$ 769,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 769,375

\*Includes IBNR

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES**  
**Quarter Ended January 31, 2011**

EXHIBIT 4C

Description	Quarter 11/1/2010 - 1/31/2011									Year-to-Date 11/1/2010 - 1/31/2011								
	Policy Year									Policy Year								
	2011	2010	2009	2008	2007	2006	2005	2004	Total	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>LOSS EXPENSES PAID:</b>																		
Fire	\$ -	\$ 4,522	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,540	\$ -	\$ 4,522	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,540
E.C. & VMM	-	10,938	412	-	-	-	30,946	-	42,296	-	10,938	412	-	-	-	30,946	-	42,296
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	15,460	430	-	-	-	30,946	-	46,836	-	15,460	430	-	-	-	30,946	-	46,836
<b>UNPAID LOSS EXPENSES (CURRENT PERIOD)*</b>																		
Fire	773	11,017	1,000	-	-	-	-	-	12,790	773	11,017	1,000	-	-	-	-	-	12,790
E.C. & VMM	16,075	68,052	1,200	-	-	-	10,100	-	95,427	16,075	68,052	1,200	-	-	-	10,100	-	95,427
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	16,848	79,069	2,200	-	-	-	10,100	-	108,217	16,848	79,069	2,200	-	-	-	10,100	-	108,217
<b>UNPAID LOSS EXPENSES (PRIOR PERIOD)*</b>																		
Fire	-	19,852	1,575	-	-	-	-	-	21,427	-	19,852	1,575	-	-	-	-	-	21,427
E.C. & VMM	-	61,066	900	-	-	-	1,875	25,000	88,841	-	61,066	900	-	-	-	1,875	25,000	88,841
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	80,918	2,475	-	-	-	1,875	25,000	110,268	-	80,918	2,475	-	-	-	1,875	25,000	110,268
<b>INCURRED LOSS EXPENSES:</b>																		
Fire	773	(4,313)	(557)	-	-	-	-	-	(4,097)	773	(4,313)	(557)	-	-	-	-	-	(4,097)
E.C. & VMM	16,075	17,924	712	-	-	-	39,171	(25,000)	48,882	16,075	17,924	712	-	-	-	39,171	(25,000)	48,882
Total	\$ 16,848	\$ 13,611	\$ 155	\$ -	\$ -	\$ -	\$ 39,171	\$ (25,000)	\$ 44,785	\$ 16,848	\$ 13,611	\$ 155	\$ -	\$ -	\$ -	\$ 39,171	\$ (25,000)	\$ 44,785

\*Includes IBNR