

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2009

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

FINANCIAL STATEMENTS

APRIL 30, 2009

CONTENTS

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



O'SULLIVAN CREEL, LLP
Certified Public Accountants & Consultants

September 4, 2009

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

251.943.8571
Fax: 251.943.1415

www.osullivancreel.com

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

We have compiled the accompanying statement of assets, liabilities and members' equity of Alabama Insurance Underwriting Association as of April 30, 2009, and the related statements of operations and members' equity for the six months then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

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

O'Sullivan Creel, LLP

Certified Public Accountants

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
As of April 30, 2009

EXHIBIT 1

Description	Ledger Assets	Assets Not Admitted	Admitted Assets
ASSETS			
Cash	25,681,575		25,681,575
Interest accrued	2,940		2,940
Furniture and equipment - net of depreciation	60,718	60,718	
Data processing equipment - net of depreciation	25,631		25,631
Programming - net of amortization	136,872	136,872	
Section 444 Deposit (I.R.S.)	341,521		341,521
Prepaid Reinsurance Premium	1,248,959		1,248,959
Intangible Pension Asset	41,882		41,882
Returned Checks	2,496	2,496	
Total Assets	<u>27,542,594</u>	<u>200,086</u>	<u>27,342,508</u>
LIABILITIES AND EQUITY			
Reserves for:			
Unpaid losses (include IBNR)			669,226
Reins. Recoverable-unpaid losses			0
Unpaid loss adjustment expenses			42,274
Reins. Recoverable-unpaid loss. exp.			0
Unearned premiums			12,079,039
Premium taxes			228,086
Total Reserves			<u>13,018,625</u>
Payables for:			
Operating expenses and other accounts payable			235,616
Amounts withheld for A/C of others			45,056
Accrued Pension Obligation			43,099
Distributions Payable Members			0
Premiums Refundable			0
Premiums received in advance			1,408,956
Ceded Reinsurance Payable			0
Total Payables			<u>1,732,727</u>
Members' Equity			<u>12,591,156</u>
Total Liabilities and Equity			<u>27,342,508</u>

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATEMENT OF OPERATIONS AND MEMBERS' EQUITY
Quarter Ended April 30, 2009

EXHIBIT 2

DESCRIPTION	Quarter 02/01/2009 - 04/30/2009	Year-To-Date 11/01/2008 - 04/30/2009
UNDERWRITING INCOME:		
Premiums Earned	2,700,903	5,507,628
DEDUCTIONS:		
Losses incurred	484,845	548,527
Loss expenses incurred	72,546	66,737
Operating expenses incurred	1,199,115	2,131,270
Total deductions	1,756,506	2,746,534
Net Underwriting Gain or (Loss)	944,397	2,761,094
OTHER INCOME (EXPENSE):		
Net investment income	24,557	90,587
Realized Gains (Losses)	0	0
Other Income	1,147	1,129
Service fees	85,840	150,137
Total other income (expense)	111,544	241,853
Net Income or (Loss)	1,055,941	3,002,947
EQUITY ACCOUNT:		
Members' equity (prior period)	11,533,422	9,623,546
Net income or (loss)	1,055,941	3,002,947
Change in assets not admitted	1,793	(35,337)
Assessments or (distributions)	0	0
Net change in equity	1,057,734	2,967,610
Members' Equity (current period)	12,591,156	12,591,156

SUPPLEMENTARY INFORMATION

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

MEMBERS' EQUITY
Quarter Ended April 30, 2009

EXHIBIT 3A

Description	2/01/2009 - 04/30/2009						Year-to-Date 02/01/2009 - 04/30/2009							
	2009	2008	2007	2006	2005	2004	Total	2009	2008	2007	2006	2005	2004	Total
INCOME RECEIVED:														
Premiums Written	6,730,532	(101,613)	0	0	0	0	6,628,919	11,350,936	(200,471)	0	0	0	0	11,150,465
Reinsurance Premium Ceded	(3,746,875)	0	0	0	0	0	(3,746,875)	(7,493,750)	0	0	0	0	0	(7,493,750)
Net Premiums Written	2,983,657	(101,613)	0	0	0	0	2,882,044	3,857,186	(200,471)	0	0	0	0	3,656,715
Interest Received	32,962	0	0	0	0	0	32,962	87,646	33,900	0	0	0	0	121,546
Realized Gains	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	1,147	0	0	0	0	0	1,147	1,129	0	0	0	0	0	1,129
Service Fees	85,840	0	0	0	0	0	85,840	150,137	0	0	0	0	0	150,137
Gain on sale of non admitted asset	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Income	3,103,606	(101,613)	0	0	0	0	3,001,993	4,096,098	(166,571)	0	0	0	0	3,929,527
EXPENSES PAID:														
Losses	5,480	507,475	10,947	0	(69,864)	0	454,038	5,480	518,631	123,820	0	(69,864)	0	578,067
Loss Adjustment Expenses	0	4,555	2,167	0	54,333	9,532	70,587	0	4,555	2,167	0	60,616	9,532	76,870
Commissions	467,800	(8,129)	0	0	0	0	459,671	701,116	(8,400)	0	0	0	0	692,716
Operating Expenses	449,593	0	0	0	0	0	449,593	784,795	119,634	0	0	0	0	904,429
Premium Taxes	0	0	0	0	0	0	0	152,637	115,357	0	0	0	0	267,994
Total Expenses Paid	922,873	503,901	13,114	0	(15,531)	9,532	1,433,889	1,644,028	749,777	125,987	0	(9,248)	9,532	2,520,076
Net Cash Change	2,180,733	(605,514)	(13,114)	0	15,531	(9,532)	1,568,104	2,452,070	(916,348)	(125,987)	0	9,248	(9,532)	1,409,451
REINSURANCE RECOVERABLE:														
<i>DEDUCT (PRIOR PERIOD)</i>														
Reins. Recoverable-Losses Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reins. Recoverable-Loss Exp. Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>ADD (CURRENT PERIOD)</i>														
Reins. Recoverable-Losses Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reins. Recoverable-Loss Exp. Paid	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Change	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES:														
<i>DEDUCT (CURRENT PERIOD)</i>														
Unpaid Losses (include IBNR)	223,012	336,214	5,000	0	85,000	20,000	669,226	223,012	336,214	5,000	0	85,000	20,000	669,226
Reins. Recoverable-Unpaid Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unpaid Loss Adj. Expenses	13,464	20,560	375	0	6,375	1,500	42,274	13,464	20,560	375	0	6,375	1,500	42,274
Operating Expenses	280,672	0	0	0	0	0	280,672	280,672	0	0	0	0	0	280,672
Unearned Premiums	8,416,987	3,662,052	0	0	0	0	12,079,039	8,416,987	3,662,052	0	0	0	0	12,079,039
Premium Taxes	228,086	0	0	0	0	0	228,086	228,086	0	0	0	0	0	228,086
<i>ADD (PRIOR PERIOD)</i>														
Unpaid Losses (include IBNR)	85,429	427,990	20,000	0	85,000	20,000	638,419	0	512,275	66,490	0	110,000	10,000	698,765
Reins. Recoverable-Unpaid Losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unpaid Loss Adj. Expenses	5,126	25,814	1,500	0	6,375	1,500	40,315	0	39,357	4,050	0	8,250	750	52,407
Operating Expenses	226,636	0	0	0	0	0	226,636	0	127,272	0	0	0	0	127,272
Unearned Premiums	3,685,430	8,212,468	0	0	0	0	11,897,898	0	13,929,952	0	0	0	0	13,929,952
Premium Taxes	(7,728)	0	0	0	0	0	(7,728)	0	115,357	0	0	0	0	115,357
Net Reserve Change	(5,167,328)	4,647,446	16,125	0	0	0	(503,757)	(9,162,221)	10,705,387	65,165	0	26,875	(10,750)	1,624,456
OTHER CHANGES:														
<i>DEDUCT (PRIOR PERIOD)</i>														
Interest Accrued	11,346	0	0	0	0	0	11,346	0	33,900	0	0	0	0	33,900
Assets Not Admitted	(201,879)	0	0	0	0	0	(201,879)	0	(164,749)	0	0	0	0	(164,749)
<i>ADD (CURRENT PERIOD)</i>														
Interest Accrued	2,940	0	0	0	0	0	2,940	2,940	0	0	0	0	0	2,940
Assets Not Admitted	(200,086)	0	0	0	0	0	(200,086)	(200,086)	0	0	0	0	0	(200,086)
Net Other Changes	(6,613)	0	0	0	0	0	(6,613)	(197,146)	130,849	0	0	0	0	(66,297)
Assessments or (Distributions)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Members' Equity	(2,993,208)	4,041,932	3,011	0	15,531	(9,532)	1,057,734	(6,907,297)	9,919,888	(60,822)	0	36,123	(20,282)	2,967,610

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
MEMBERS' EQUITY FOR UNSETTLED YEARS
Inception to Quarter Ended April 30, 2009

Exhibit 3B

Description	2009	2008	2007	Policy Year 2006	2005	2004	Total
INCOME RECEIVED:							
Premiums Written	11,350,936	24,541,770	23,456,599	17,328,303	6,309,269	5,411,236	88,398,113
Reinsurance Premiums Ceded	(7,493,750)	(14,994,792)	(10,799,284)	(4,500,230)	(1,882,296)	(2,030,922)	(41,701,274)
Net Premiums Written	3,857,186	9,546,978	12,657,315	12,828,073	4,426,973	3,380,314	46,696,839
Interest Received	87,646	486,548	677,305	307,607	212,181	223,321	1,994,608
Realized Gains	0	0	0	0	(86)	(31,218)	(31,304)
Other Income	1,129	3,391	3,670	40	4,403	78	12,711
Service Fees	150,137	269,337	187,836	175,703	29,034	13,920	825,967
Gain on sale of non admitted asset	0	100	623	(203)	0	0	520
Total Income	4,096,098	10,306,354	13,526,749	13,311,220	4,672,505	3,586,415	49,499,341
EXPENSES PAID:							
Losses	5,480	614,578	512,315	930,913	12,061,888	18,685,847	32,811,021
Loss Adjustment Expenses	0	15,453	14,945	17,029	1,257,523	1,475,606	2,780,556
Commissions	701,116	1,968,698	2,235,084	1,744,247	630,929	540,534	7,820,608
Operating Expenses	784,795	1,753,057	1,450,948	1,036,093	998,911	642,359	6,666,163
Premium Taxes	152,637	855,726	848,275	624,158	176,320	199,338	2,856,454
Total Expenses Paid	1,644,028	5,207,512	5,061,567	4,352,440	15,125,571	21,543,684	52,934,802
Net Cash Change	2,452,070	5,098,842	8,465,182	8,958,780	(10,453,066)	(17,957,269)	(3,435,461)
REINSURANCE RECOVERABLE:							
ADD (Current Period)							
Reins. Recoverable-Losses Paid	0	0	0	0	0	0	0
Reins. Recoverable-Loss Exp. Paid	0	0	0	0	0	0	0
Net Change	0	0	0	0	0	0	0
RESERVES:							
DEDUCT (CURRENT PERIOD)							
Unpaid Losses (include IBNR)	223,012	336,214	5,000	0	85,000	20,000	669,226
Reins. Recoverable-Unpaid Losses	0	0	0	0	0	0	0
Unpaid Loss Adjustment Expenses	13,464	20,560	375	0	6,375	1,500	42,274
Operating Expenses	280,672	0	0	0	0	0	280,672
Unearned Premiums	8,416,987	3,662,052	0	0	0	0	12,079,039
Premium Taxes	228,086	0	0	0	0	0	228,086
Total Reserves	9,162,221	4,018,826	5,375	0	91,375	21,500	13,299,297
OTHER CHANGES:							
ADD							
Interest Accrued	2,940	0	0	0	0	0	2,940
Assets Not Admitted	(200,086)	0	0	0	0	0	(200,086)
Total Other Changes	(197,146)	0	0	0	0	0	(197,146)
Assessments or (Distributions)	0	0	0	0	10,000,000	19,523,060	29,523,060
Net Members' Equity	(6,907,297)	1,080,016	8,459,807	8,958,780	(544,441)	1,544,291	12,591,156

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF PREMIUMS
Quarter Ended April 30, 2009

EXHIBIT 4A

Description	Quarter 02/01/2009 - 04/30/2009							Year-to-Date 02/01/2009 - 04/30/2009						
	2009	2008	2007	Policy Year			Total	2009	2008	2007	Policy Year			Total
	2006	2005	2004				2006	2005	2004					
PREMIUMS WRITTEN:														
Fire	377,995	(7,423)	0	0	0	0	370,572	686,753	(14,683)	0	0	0	0	672,070
E.C. & VMM	6,352,537	(94,190)	0	0	0	0	6,258,347	10,664,183	(185,788)	0	0	0	0	10,478,395
Reinsurance Premium Ceded E.C.	(3,746,875)	0	0	0	0	0	(3,746,875)	(7,493,750)	0	0	0	0	0	(7,493,750)
Total	2,983,657	(101,613)	0	0	0	0	2,882,044	3,857,186	(200,471)	0	0	0	0	3,656,715
UNEARNED PREMIUMS:														
(PRIOR PERIOD)														
Fire	240,603	549,222	0	0	0	0	789,825	0	938,896	0	0	0	0	938,896
E.C. & VMM	3,444,827	7,663,246	0	0	0	0	11,108,073	0	12,991,056	0	0	0	0	12,991,056
Reinsurance Unearned Ceded E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,685,430	8,212,468	0	0	0	0	11,897,898	0	13,929,952	0	0	0	0	13,929,952
UNEARNED PREMIUMS:														
(CURRENT PERIOD)														
Fire	502,641	242,800	0	0	0	0	745,441	502,641	242,800	0	0	0	0	745,441
E.C. & VMM	7,914,346	3,419,252	0	0	0	0	11,333,598	7,914,346	3,419,252	0	0	0	0	11,333,598
Reinsurance Unearned Ceded E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	8,416,987	3,662,052	0	0	0	0	12,079,039	8,416,987	3,662,052	0	0	0	0	12,079,039
EARNED PREMIUMS:														
Fire	115,957	298,999	0	0	0	0	414,956	184,112	681,413	0	0	0	0	865,525
E.C. & VMM	1,883,018	4,149,804	0	0	0	0	6,032,822	2,749,837	9,386,016	0	0	0	0	12,135,853
Reinsurance Earned Ceded E.C.	(3,746,875)	0	0	0	0	0	(3,746,875)	(7,493,750)	0	0	0	0	0	(7,493,750)
Total	(1,747,900)	4,448,803	0	0	0	0	2,700,903	(4,559,801)	10,067,429	0	0	0	0	5,507,628

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSSES
Quarter Ended April 30, 2009

EXHIBIT 4B

Description	Quarter 02/01/2009 - 04/30/2009							Year-to-Date 02/01/2009 - 04/30/2009						
	2009	2008	2007	Policy Year 2006	2005	2004	Total	2009	2008	2007	Policy Year 2006	2005	2004	Total
PAID LOSSES:														
Fire	1,170	472,303	8,003	0	0	0	481,476	1,170	477,126	95,432	0	0	0	573,728
E.C. & VMM	4,310	35,172	2,944	0	(69,864)	0	(27,438)	4,310	41,505	28,387	0	(69,864)	0	4,338
Reinsurance Recovery E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,480	507,475	10,947	0	(69,864)	0	454,038	5,480	518,631	123,820	0	(69,864)	0	578,067
OUTSTANDING LOSSES (CURRENT PERIOD)*														
Fire	13,135	35,838	0	0	0	0	48,973	13,135	35,838	0	0	0	0	48,973
E.C. & VMM	209,877	300,376	5,000	0	85,000	20,000	620,253	209,877	300,376	5,000	0	85,000	20,000	620,253
Reinsurance Recoverable E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	223,012	336,214	5,000	0	85,000	20,000	669,226	223,012	336,214	5,000	0	85,000	20,000	669,226
OUTSTANDING LOSSES (PRIOR PERIOD)*														
Fire	5,581	28,403	15,000	0	0	0	48,984	0	48,885	33,000	0	0	0	81,885
E.C. & VMM	79,848	399,587	5,000	0	85,000	20,000	589,435	0	463,390	33,490	0	110,000	10,000	616,880
Reinsurance Recoverable E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	85,429	427,990	20,000	0	85,000	20,000	638,419	0	512,275	66,490	0	110,000	10,000	698,765
INCURRED LOSSES:														
Fire	8,724	479,738	(6,997)	0	0	0	481,465	14,305	464,079	62,432	0	0	0	540,816
E.C. & VMM	134,339	(64,039)	2,944	0	(69,864)	0	3,380	214,187	(121,509)	(103)	0	(94,864)	10,000	7,711
Total	143,063	415,699	(4,053)	0	(69,864)	0	484,845	228,492	342,570	62,329	0	(94,864)	10,000	548,527
IBNR (CURRENT PERIOD)														
Fire	13,135	20,838	0	0	0	0	33,973	13,135	20,838	0	0	0	0	33,973
E.C. & VMM	204,377	289,576	0	0	0	0	493,953	204,377	289,576	0	0	0	0	493,953
Total	217,512	310,414	0	0	0	0	527,926	217,512	310,414	0	0	0	0	527,926
IBNR (PRIOR PERIOD)														
Fire	5,581	28,403	0	0	0	0	33,984	0	34,170	0	0	0	0	34,170
E.C. & VMM	79,848	390,587	0	0	0	0	470,435	0	463,390	0	0	0	0	463,390
Total	85,429	418,990	0	0	0	0	504,419	0	497,560	0	0	0	0	497,560

*Includes IBNR

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES
 Quarter Ended April 30, 2009

EXHIBIT 4C

Description	Quarter 02/01/2009 - 04/30/2009							Year-to-Date 02/01/2009 - 04/30/2009						
	2009	2008	2007	Policy Year			Total	2009	2008	2007	Policy Year			Total
			2006	2005	2004						2006	2005	2004	
LOSS EXPENSES PAID:														
Fire	0	4,076	0	0	0	0	4,076	0	4,076	0	0	0	0	4,076
E.C. & VMM	0	479	2,167	0	54,333	9,532	66,511	0	479	2,167	0	60,616	9,532	72,794
Reinsurance Recovery E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	4,555	2,167	0	54,333	9,532	70,587	0	4,555	2,167	0	60,616	9,532	76,870
UNPAID LOSS EXPENSES (CURRENT PERIOD)*														
Fire	788	2,375	0	0	0	0	3,163	788	2,375	0	0	0	0	3,163
E.C. & VMM	12,676	18,185	375	0	6,375	1,500	39,111	12,676	18,185	375	0	6,375	1,500	39,111
Reinsurance Recoverable E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	13,464	20,560	375	0	6,375	1,500	42,274	13,464	20,560	375	0	6,375	1,500	42,274
UNPAID LOSS EXPENSES (PRIOR PERIOD)*														
Fire	335	1,704	1,125	0	0	0	3,164	0	3,666	2,475	0	0	0	6,141
E.C. & VMM	4,791	24,110	375	0	6,375	1,500	37,151	0	35,691	1,575	0	8,250	750	46,266
Reinsurance Recoverable E.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5,126	25,814	1,500	0	6,375	1,500	40,315	0	39,357	4,050	0	8,250	750	52,407
INCURRED LOSS EXPENSES:														
Fire	453	4,747	(1,125)	0	0	0	4,075	788	2,785	(2,475)	0	0	0	1,098
E.C. & VMM	7,885	(5,446)	2,167	0	54,333	9,532	68,471	12,676	(17,027)	967	0	58,741	10,282	65,639
Total	8,338	(699)	1,042	0	54,333	9,532	72,546	13,464	(14,242)	(1,508)	0	58,741	10,282	66,737

*Includes IBNR