

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

315 EAST LAUREL AVENUE, SUITE 216D

FOLEY, ALABAMA 36535

(251)943-4029 - Foley

(251)928-3533 - Fairhope/Mobile

(251)943-4030 - Fax

www.AlabamaBeachPool.org

RONALD E. HANNA

SECRETARY/MANAGER

December 17, 2001

TO: ALL MEMBER COMPANIES
ATTENTION: CHIEF ACCOUNTING OFFICER

Financial Statement for Fiscal Year Ended October 31, 2001

Attached are the following financial statement exhibits for fiscal year ended October 31, 2001:

- Exhibit 1 -Balance Sheet
- Exhibit 2 -Income Statement and Equity Account
- Exhibit 3A -Members' Account, Quarter and Year to Date
- Exhibit 3B -Members' Account for Unsettled Years- Inception to Date
- Exhibit 4A -Statistical Report of Premiums
- Exhibit 4B -Statistical Report of Losses
- Exhibit 4C -Statistical Report of Loss Adjustment Expenses
- Exhibit 5 -Cumulative Report of Catastrophe Losses

The Association pays state premium taxes on its business and member companies are authorized by the Alabama Insurance Department to book their participating share as reinsurance assumed, thus taking their share of premiums out of their taxpaying routines.

I encourage you to routinely visit our Web Site at www.AlabamaBeachPool.org for updates.

Questions regarding financial information contained in this report should be directed to:

Sharon L. Drake, Treasurer
Atlanta Accounting Office
Post Office Box 956158
Duluth, Georgia 30095-6158
(770) 923-7721

Sincerely,



Sharon L. Drake
Treasurer

Enclosures

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

BALANCE SHEET

As of October 31, 2001

EXHIBIT 1

Description	Ledger Assets	Non-Ledger Assets	Assets Not Admitted	Admitted Assets
ASSETS				
Investments: Treasury Bills	15,105,006			15,105,006
Cash	122,265			122,265
Accounts receivable	0			0
Assessment Receivable	0		0	
Interest accrued		140,271		140,271
Furniture and equipment - net of depreciation	32,909		32,909	
Data processing equipment - net of depreciation	14,380			14,380
Programming - net of amortization	25,886		25,886	
Section 444 Deposit (I.R.S.)	364,761			364,761
Prepaid Operating Expense	1,389		1,389	
Total Assets	<u>15,666,596</u>	<u>140,271</u>	<u>60,184</u>	<u>15,746,683</u>
LIABILITIES AND EQUITY				
Reserves for:				
Unpaid losses (include IBNR)				163,741
Unpaid loss adjustment expenses				17,598
Operating expenses				21,296
Unearned premiums				3,169,846
Premium taxes				45,696
Total Reserves				<u>3,418,177</u>
Payables for:				
Accounts payable				0
Amounts withheld for A/C of others				1,432
Post Retirement Benefit Payable				50,242
Premiums received in advance 2001 PY net				127,012
Total Payables				<u>178,686</u>
Members' Equity				<u>12,149,820</u>
Total Liabilities and Equity				<u>15,746,683</u>

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION
INCOME STATEMENT AND EQUITY ACCOUNT
QUARTER ENDED October 31, 2001**

EXHIBIT 2

DESCRIPTION	Quarter 08/01/2001 10/31/2001	Year-To-Date 11/01/2000 - 10/31/2001
UNDERWRITING INCOME:		
Premiums Earned	1,465,910	5,976,287
DEDUCTIONS:		
Losses incurred	54,268	137,907
Loss expenses incurred	14,762	71,389
Operating expenses incurred	309,162	1,334,319
Total deductions	378,192	1,543,615
Net Underwriting Gain or (Loss)	1,087,718	4,432,672
OTHER INCOME OR (OUTGO):		
Net investment income - U. S. Treasury Bills	81,430	611,181
Other Income	1,683	1,667
Service fees	1,150	5,225
Total other income or (outgo)	84,263	618,073
Net Income or (Loss)	1,171,981	5,050,745
EQUITY ACCOUNT:		
Members' equity (prior period)	10,989,584	7,104,944
Net income or (loss)	1,171,981	5,050,745
Change in assets not admitted	(11,745)	(5,869)
Assessments or (distributions)	0	0
Net change in equity	1,160,236	5,044,876
Members' Equity (current period)	12,149,820	12,149,820

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT
QUARTER ENDED October 31, 2001

EXHIBIT 3A

Description	Quarter 08/01/2001 - 10/31/2001				Year-to-Date 11/01/00 - 10/31/01			
	2001	2000	1999	Total	2001	2000	1999	Total
INCOME RECEIVED:								
Premiums Written	1,273,440	(4,091)	0	1,269,349	5,806,449	(28,080)	0	5,778,369
Interest Received - U.S. Treasury Bills	157,675	0	0	157,675	470,910	101,806	0	572,716
Other Income	1,683	0	0	1,683	1,667	0	0	1,667
Service Fees	1,150	0	0	1,150	5,225	0	0	5,225
Total Income	1,433,948	(4,091)	0	1,429,857	6,284,251	73,726	0	6,357,977
EXPENSES PAID:								
Losses	35,854	5,100	0	40,954	55,320	54,755	3,114	113,189
Loss Adjustment Expenses	8,212	1,149	1,607	10,968	15,778	30,979	18,439	65,196
Commissions	127,205	(383)	0	126,822	577,265	(2,782)	0	574,483
Operating Expenses	120,387	0	0	120,387	530,519	17,087	0	547,606
Premium Taxes	47,781	0	0	47,781	162,325	121,416	0	283,741
Total Expenses Paid	339,439	5,866	1,607	346,912	1,341,207	221,455	21,553	1,584,215
Net Cash Change	1,094,509	(9,957)	(1,607)	1,082,945	4,943,044	(147,729)	(21,553)	4,773,762
RESERVES:								
DEDUCT (CURRENT PERIOD)								
Unpaid Losses (include IBNR)	150,741	1,000	12,000	163,741	150,741	1,000	12,000	163,741
Unpaid Loss Adj. Expenses	12,398	600	4,600	17,598	12,398	600	4,600	17,598
Operating Expenses	21,296	0	0	21,296	21,296	0	0	21,296
Unearned Premiums	3,169,846	0	0	3,169,846	3,169,846	0	0	3,169,846
Premium Taxes	45,696	0	0	45,696	45,696	0	0	45,696
ADD (PRIOR PERIOD)								
Unpaid Losses (include IBNR)	101,688	36,739	12,000	150,427	0	126,023	13,000	139,023
Unpaid Loss Adj. Expenses	8,488	4,716	600	13,804	0	10,205	1,200	11,405
Operating Expenses	5,039	0	0	5,039	0	17,087	0	17,087
Unearned Premiums	3,179,276	187,131	0	3,366,407	0	3,367,764	0	3,367,764
Premium Taxes	47,781	0	0	47,781	0	121,416	0	121,416
Net Reserve Change	(57,705)	226,986	(4,000)	165,281	(3,399,977)	3,640,895	(2,400)	238,518
OTHER CHANGES:								
DEDUCT (PRIOR PERIOD)								
Interest Accrued	216,516	0	0	216,516	0	101,806	0	101,806
Assets Not Admitted	(48,439)	0	0	(48,439)	0	(54,315)	0	(54,315)
ADD (CURRENT PERIOD)								
Interest Accrued	140,271	0	0	140,271	140,271	0	0	140,271
Assets Not Admitted	(60,184)	0	0	(60,184)	(60,184)	0	0	(60,184)
Net Other Changes	(87,990)	0	0	(87,990)	80,087	(47,491)	0	32,596
Assessments or (Distributions)	0	0	0	0	0	0	0	0
Change in Members' Equity	948,814	217,029	(5,607)	1,160,236	1,623,154	3,445,675	(23,953)	5,044,876

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
INCEPTION TO QUARTER ENDED OCTOBER 31, 2001

Exhibit 3B

Description	2001	Policy Year 2000	1999	Total
INCOME RECEIVED:				
Premiums Written	5,806,449	6,079,610	6,316,602	18,202,661
Interest Received - U.S. Treasury Bills	470,910	646,437	554,912	1,672,259
Other Income	1,667	0	0	1,667
Service Fees	5,225	5,850	11,800	22,875
Total Income	<u>6,284,251</u>	<u>6,731,897</u>	<u>6,883,314</u>	<u>19,899,462</u>
EXPENSES PAID:				
Losses	55,320	86,446	166,991	308,757
Loss Adjustment Expenses	15,778	49,792	174,200	239,770
Commissions	577,265	604,724	628,112	1,810,101
Operating Expenses	530,519	442,471	472,200	1,445,190
Premium Taxes	162,325	218,418	226,991	607,734
Total Expenses Paid	<u>1,341,207</u>	<u>1,401,851</u>	<u>1,668,494</u>	<u>4,411,552</u>
Net Cash Change	<u>4,943,044</u>	<u>5,330,046</u>	<u>5,214,820</u>	<u>15,487,910</u>
RESERVES:				
DEDUCT (CURRENT PERIOD)				
Unpaid Losses (include IBNR)	150,741	1,000	12,000	163,741
Unpaid Loss Adjustment Expenses	12,398	600	4,600	17,598
Operating Expenses	21,296	0	0	21,296
Unearned Premiums	3,169,846	0	0	3,169,846
Premium Taxes	45,696	0	0	45,696
Total Reserves	<u>3,399,977</u>	<u>1,600</u>	<u>16,600</u>	<u>3,418,177</u>
OTHER CHANGES:				
ADD				
Interest Accrued	140,271	0	0	140,271
Assets Not Admitted	(60,184)	0	0	(60,184)
Total Other Changes	<u>80,087</u>	<u>0</u>	<u>0</u>	<u>80,087</u>
Assessments or (Distributions)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Members' Equity	<u>1,623,154</u>	<u>5,328,446</u>	<u>5,198,220</u>	<u>12,149,820</u>

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF PREMIUMS
QUARTER ENDED October 31, 2001

EXHIBIT 4A

Description	Quarter 08/01/2001 - 10/31/2001				Year-to-Date 11/01/00 - 10/31/01			
	Policy Year				Policy Year			
	2001	2000	1999	Total	2001	2000	1999	Total
PREMIUMS WRITTEN:								
Fire	224,780	(426)	0	224,354	990,853	(4,038)	0	986,815
E.C. & VMM	1,048,660	(3,665)	0	1,044,995	4,815,596	(24,042)	0	4,791,554
Total	1,273,440	(4,091)	0	1,269,349	5,806,449	(28,080)	0	5,778,369
UNEARNED PREMIUMS: (PRIOR PERIOD)								
Fire	540,883	32,765	0	573,648	0	582,072	0	582,072
E.C. & VMM	2,638,393	154,366	0	2,792,759	0	2,785,692	0	2,785,692
Total	3,179,276	187,131	0	3,366,407	0	3,367,764	0	3,367,764
UNEARNED PREMIUMS: (CURRENT PERIOD)								
Fire	545,235	0	0	545,235	545,235	0	0	545,235
E.C. & VMM	2,624,611	0	0	2,624,611	2,624,611	0	0	2,624,611
Total	3,169,846	0	0	3,169,846	3,169,846	0	0	3,169,846
EARNED PREMIUMS:								
Fire	220,428	32,339	0	252,767	445,618	578,034	0	1,023,652
E.C. & VMM	1,062,442	150,701	0	1,213,143	2,190,985	2,761,650	0	4,952,635
Total	1,282,870	183,040	0	1,465,910	2,636,603	3,339,684	0	5,976,287

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSSES
QUARTER ENDED October 31, 2001

EXHIBIT 4B

Description	Quarter 08/01/2001 - 10/31/2001				Year-to-Date 11/01/00 - 10/31/01			
	Policy Year				Policy Year			
	2001	2000	1999	Total	2001	2000	1999	Total
PAID LOSSES:								
Fire	20,794	2,529	0	23,323	23,116	21,805	3,114	48,035
E.C. & VMM	15,060	2,571	0	17,631	32,204	32,950	0	65,154
Total	35,854	5,100	0	40,954	55,320	54,755	3,114	113,189
OUTSTANDING LOSSES (CURRENT PERIOD)*								
Fire	22,146	0	0	22,146	22,146	0	0	22,146
E.C. & VMM	128,595	1,000	12,000	141,595	128,595	1,000	12,000	141,595
Total	150,741	1,000	12,000	163,741	150,741	1,000	12,000	163,741
OUTSTANDING LOSSES (PRIOR PERIOD)*								
Fire	24,832	10,649	0	35,481	0	21,128	1,000	22,128
E.C. & VMM	76,856	26,090	12,000	114,946	0	104,895	12,000	116,895
Total	101,688	36,739	12,000	150,427	0	126,023	13,000	139,023
INCURRED LOSSES:								
Fire	18,108	(8,120)	0	9,988	45,262	677	2,114	48,053
E.C. & VMM	66,799	(22,519)	0	44,280	160,799	(70,945)	0	89,854
Total	84,907	(30,639)	0	54,268	206,061	(70,268)	2,114	137,907
IBNR (CURRENT PERIOD)								
Fire	19,646	0	0	19,646	19,646	0	0	19,646
E.C. & VMM	95,921	0	0	95,921	95,921	0	0	95,921
Total	115,567	0	0	115,567	115,567	0	0	115,567
IBNR (PRIOR PERIOD)								
Fire	15,332	4,849	0	20,181	0	20,628	0	20,628
E.C. & VMM	74,856	22,090	0	96,946	0	100,716	0	100,716
Total	90,188	26,939	0	117,127	0	121,344	0	121,344

*Includes IBNR

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES
QUARTER ENDED October 31, 2001

EXHIBIT 4C

Description	Quarter 08/01/2001 - 10/31/2001				Year-to-Date 11/01/00 - 10/31/01			
	2001	2000	1999	Total	2001	2000	1999	Total
LOSS EXPENSES PAID:								
Fire	4,767	575	0	5,342	6,369	11,435	2,685	20,489
E.C. & VMM	3,445	574	1,607	5,626	9,409	19,544	15,754	44,707
Total	8,212	1,149	1,607	10,968	15,778	30,979	18,439	65,196
UNPAID LOSS EXPENSES (CURRENT PERIOD)*								
Fire	2,414	0	0	2,414	2,414	0	0	2,414
E.C. & VMM	9,984	600	4,600	15,184	9,984	600	4,600	15,184
Total	12,398	600	4,600	17,598	12,398	600	4,600	17,598
UNPAID LOSS EXPENSES (PRIOR PERIOD)*								
Fire	3,668	1,891	0	5,559	0	1,630	600	2,230
E.C. & VMM	4,820	2,825	600	8,245	0	8,575	600	9,175
Total	8,488	4,716	600	13,804	0	10,205	1,200	11,405
INCURRED LOSS EXPENSES:								
Fire	3,513	(1,316)	0	2,197	8,783	9,805	2,085	20,673
E.C. & VMM	8,609	(1,651)	5,607	12,565	19,393	11,569	19,754	50,716
Total	12,122	(2,967)	5,607	14,762	28,176	21,374	21,839	71,389

*Includes IBNR

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION
CUMULATIVE REPORT OF CATASTROPHE LOSSES
PERIOD FROM NOVEMBER 01, 1998 TO OCTOBER 31, 2001**

EXHIBIT 5

CAT NUMBER	POLICY YEAR	DATE OF LOSS	LINE OF BUSINESS	LOSSES		LOSS ADJUSTMENT EXPENSES	
				O/S	PAID	O/S	PAID

NOTHING TO REPORT FOR THIS TIME PERIOD