

ALABAMA INSURANCE UNDERWRITING ASSOCIATION

STATUTORY FINANCIAL STATEMENTS

OCTOBER 31, 2012

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STATUTORY FINANCIAL STATEMENTS

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CONTENTS

Exhibit

Accountants' compilation report on statutory financial statements

Statutory statement of admitted assets, liabilities and surplus 1

Statutory statement of operations and changes in surplus 2

Supplementary information:

    Surplus – quarter and year to date 3A

    Surplus for unsettled years – inception to date 3B

    Statistical report of premiums 4A

    Statistical report of losses 4B

    Statistical report of loss adjustment expenses 4C

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 October 31, 2012, and the related accompanying statutory statement of operations and changes in surplus for the twelve 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 admitted assets, liabilities, surplus, results of operations, 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.

*Warren Averett, LLC*

Foley, Alabama  
February 28, 2013

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF ADMITTED ASSETS, LIABILITIES AND SURPLUS**  
**As of October 31, 2012**

**EXHIBIT 1**

<b>Description</b>	<b>Ledger Assets</b>	<b>Assets Not Admitted</b>	<b>Admitted Assets</b>
<b><u>ASSETS</u></b>			
Short-term investments	\$ 53,934,724		\$ 53,934,724
Cash and cash equivalents	22,624,056		22,624,055
Accounts receivable	291	291	-
Interest accrued	449		449
Furniture and equipment - net of depreciation	74,430	74,430	-
Data processing equipment - net of depreciation	62,614		62,614
Programming - net of amortization	125,065	125,065	-
Prepaid reinsurance	1,714,584		1,714,584
Section 444 Deposit (I.R.S.)	932,782		932,782
Intangible Pension Asset	922		922
Total Assets	<u>79,469,917</u>	<u>199,786</u>	<u>79,270,130</u>
<b><u>LIABILITIES AND SURPLUS</u></b>			
Reserves for:			
Unpaid losses (include IBNR)			1,693,847
Unpaid loss adjustment expenses			169,385
Unearned premiums			25,227,495
Total Reserves			<u>27,090,727</u>
<b>Payables for:</b>			
Premium taxes			198,790
Operating expenses and other accounts payable			461,548
Amounts withheld for accounts of others			93,927
Accrued Pension Obligation			164,270
Premiums received in advance			1,858,354
Total Payables			<u>2,776,889</u>
Surplus			<u>49,402,514</u>
Total Liabilities and Surplus			<u>\$ 79,270,130</u>

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATUTORY STATEMENT OF OPERATIONS AND SURPLUS**  
**Quarter Ended October 31, 2012**

**EXHIBIT 2**

<b>DESCRIPTION</b>	<b>Quarter 08/01/2012 - 10/31/2012</b>	<b>Year-To-Date 11/1/2011 - 10/31/2012</b>
<b>UNDERWRITING INCOME:</b>		
Premiums Earned	\$ 6,520,060	\$ 26,363,071
<b>DEDUCTIONS:</b>		
Losses incurred	364,180	2,234,368
Loss expenses incurred	113,202	332,226
Operating expenses incurred	2,178,605	8,047,286
Total deductions	<u>2,655,987</u>	<u>10,613,880</u>
Net Underwriting Gain or (Loss)	<u>3,864,073</u>	<u>15,749,191</u>
<b>OTHER INCOME (EXPENSE):</b>		
Net investment income	34,128	95,203
Realized Gains (Losses)	22,325	(34,522)
Other Income	-	8
Service fees	186,525	674,460
Total other income (expense)	<u>242,978</u>	<u>735,149</u>
Net Income or (Loss)	<u>\$ 4,107,051</u>	<u>\$ 16,484,340</u>
<b>SURPLUS ACCOUNT:</b>		
Surplus (prior period)	48,698,103	37,181,476
Net income or (loss)	4,107,051	16,484,340
Change in unrealized capital gains or (losses)	(11,163)	-
Change in assets not admitted	13,508	4,985
Minimum Pension Liability	(127,279)	(127,279)
Assessments or (distributions)	(3,277,706)	(4,141,008)
Net change in surplus	<u>704,411</u>	<u>12,221,038</u>
Surplus (current period)	<u>\$ 49,402,514</u>	<u>\$ 49,402,514</u>

*See Accountant's Compilation Report*

## SUPPLEMENTARY INFORMATION

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS**

Quarter Ended October 31, 2012

EXHIBIT 3A - Quarterly

Quarterly 08/01/2012 - 10/31/2012

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>INCOME RECEIVED:</b>										
Premiums Written	\$ 12,678,353	\$ (16,544)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,661,809
Reinsurance Premium Ceded	(5,143,744)	-	-	-	-	-	-	-	-	(5,143,744)
Net Premiums Written	7,534,609	(16,544)	-	-	-	-	-	-	-	7,518,065
Interest Received	33,715	-	-	-	-	-	-	-	-	33,715
Realized Gains (Losses)	22,325	-	-	-	-	-	-	-	-	22,325
Other Income	-	-	-	-	-	-	-	-	-	-
Service Fees	186,525	-	-	-	-	-	-	-	-	186,525
Total Income	7,777,174	(16,544)	-	-	-	-	-	-	-	7,760,630
<b>EXPENSES PAID:</b>										
Losses	346,912	71,300	-	-	-	-	-	-	-	418,212
Loss Adjustment Expenses	89,962	28,271	374	-	-	-	-	-	-	118,607
Commissions	1,070,357	(1,324)	-	-	-	-	-	-	-	1,069,033
Operating Expenses	585,238	-	-	-	-	-	-	-	-	585,238
Premium Taxes	906,617	-	-	-	-	-	-	-	-	906,617
Total Expenses Paid	2,999,086	98,247	374	-	-	-	-	-	-	3,097,707
Net Cash Change	4,778,088	(114,791)	(374)	-	-	-	-	-	-	4,662,923
<b>RESERVES:</b>										
<i>DEDUCT (CURRENT PERIOD)</i>										
Unpaid Losses (include IBNR)	1,595,967	97,880	-	-	-	-	-	-	-	1,693,847
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	159,597	9,788	-	-	-	-	-	-	-	169,385
Operating Expenses	555,475	-	-	-	-	-	-	-	-	555,475
Unearned Premiums	25,227,495	-	-	-	-	-	-	-	-	25,227,495
Premium Taxes	198,790	-	-	-	-	-	-	-	-	198,790
<i>ADD (PRIOR PERIOD)</i>										
Unpaid Losses (include IBNR)	1,190,281	516,158	41,440	-	-	-	-	-	-	1,747,879
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	119,029	51,617	4,144	-	-	-	-	-	-	174,790
Operating Expenses	476,912	-	-	-	-	-	-	-	-	476,912
Unearned Premiums	22,942,548	1,286,942	-	-	-	-	-	-	-	24,229,490
Premium Taxes	659,635	-	-	-	-	-	-	-	-	659,635
Net Reserve Change	(2,348,919)	1,747,049	45,584	-	-	-	-	-	-	(556,286)
<b>OTHER CHANGES:</b>										
<i>DEDUCT (PRIOR PERIOD)</i>										
Interest Accrued	35	-	-	-	-	-	-	-	-	35
Assets Not Admitted	(213,294)	-	-	-	-	-	-	-	-	(213,294)
Unrealized Capital Gains (Losses)	11,163	-	-	-	-	-	-	-	-	11,163
<i>ADD (CURRENT PERIOD)</i>										
Minimum Pension Liability	(127,279)	-	-	-	-	-	-	-	-	(127,279)
Interest Accrued	449	-	-	-	-	-	-	-	-	449
Assets Not Admitted	(199,786)	-	-	-	-	-	-	-	-	(199,786)
Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-
Net Other Changes	(124,520)	-	-	-	-	-	-	-	-	(124,520)
Assessments or (Distributions)	-	-	-	(3,277,706)	-	-	-	-	-	(3,277,706)
Change in Retained Surplus Increase (Decrease)	34,901	-	-	-	-	-	-	-	-	34,901
Change in Members' Surplus Increase (Decrease)	\$ 2,269,748	\$ 1,632,258	\$ 45,210	\$ (3,277,706)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 669,510

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS**

Quarter Ended October 31, 2012

EXHIBIT 3A - Year-to-Date

Year-to-Date 11/01/2011 - 10/31/2012

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>INCOME RECEIVED:</b>										
Premiums Written	\$ 46,636,069	\$ (534,918)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,101,151
Reinsurance Premium Ceded	(19,201,996)	-	-	-	-	-	-	-	-	(19,201,996)
Net Premiums Written	27,434,073	(534,918)	-	-	-	-	-	-	-	26,899,155
Interest Received	94,755	316	-	-	-	-	-	-	-	95,071
Realized Gains (Losses)	(34,522)	-	-	-	-	-	-	-	-	(34,522)
Other Income	8	-	-	-	-	-	-	-	-	8
Service Fees	674,460	-	-	-	-	-	-	-	-	674,460
Total Income	28,168,774	(534,602)	-	-	-	-	-	-	-	27,634,172
<b>EXPENSES PAID:</b>										
Losses	1,215,209	834,946	2,986	-	-	-	-	-	-	2,053,141
Loss Adjustment Expenses	160,035	152,075	1,993	-	-	-	-	-	-	314,103
Commissions	3,478,371	144,856	-	-	-	-	-	-	-	3,623,227
Operating Expenses	2,431,329	181,685	-	-	-	-	-	-	-	2,613,014
Premium Taxes	1,426,116	282,498	-	-	-	-	-	-	-	1,708,614
Total Expenses Paid	8,711,060	1,596,060	4,979	-	-	-	-	-	-	10,312,099
Net Cash Change	19,457,714	(2,130,662)	(4,979)	-	-	-	-	-	-	17,322,073
<b>RESERVES:</b>										
<i>DEDUCT (CURRENT PERIOD)</i>										
Unpaid Losses (include IBNR)	1,595,967	97,880	-	-	-	-	-	-	-	1,693,847
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	159,597	9,788	-	-	-	-	-	-	-	169,385
Operating Expenses	555,475	-	-	-	-	-	-	-	-	555,475
Unearned Premiums	25,227,495	-	-	-	-	-	-	-	-	25,227,495
Premium Taxes	198,790	-	-	-	-	-	-	-	-	198,790
<i>ADD (PRIOR PERIOD)</i>										
Unpaid Losses (include IBNR)	-	1,512,620	-	-	-	-	-	-	-	1,512,620
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adj. Expenses	-	151,262	-	-	-	-	-	-	-	151,262
Operating Expenses	-	369,335	-	-	-	-	-	-	-	369,335
Unearned Premiums	-	24,691,411	-	-	-	-	-	-	-	24,691,411
Premium Taxes	-	282,498	-	-	-	-	-	-	-	282,498
Net Reserve Change	(27,737,324)	26,899,458	-	-	-	-	-	-	-	(837,866)
<b>OTHER CHANGES:</b>										
<i>DEDUCT (PRIOR PERIOD)</i>										
Interest Accrued	316	-	-	-	-	-	-	-	-	316
Assets Not Admitted	(204,771)	-	-	-	-	-	-	-	-	(204,771)
Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-
<i>ADD (CURRENT PERIOD)</i>										
Minimum Pension Liability	(127,279)	-	-	-	-	-	-	-	-	(127,279)
Interest Accrued	449	-	-	-	-	-	-	-	-	449
Assets Not Admitted	(199,786)	-	-	-	-	-	-	-	-	(199,786)
Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-
Net Other Changes	(122,161)	-	-	-	-	-	-	-	-	(122,161)
Assessments or (Distributions)	-	-	-	(3,277,706)	-	-	-	696,192	(1,559,494)	(4,141,008)
Change in Retained Surplus Increase (Decrease)	17,189	-	-	-	-	-	-	-	-	17,189
Change in Members' Surplus Increase (Decrease)	\$ (8,418,960)	\$ 24,768,796	\$ (4,979)	\$ (3,277,706)	\$ -	\$ -	\$ -	\$ 696,192	\$ (1,559,494)	\$ 12,203,849

See Accountant's Compilation Report



**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**SURPLUS FOR UNSETTLED YEARS**

Inception to Quarter Ended October 31, 2012

Exhibit 3B

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>INCOME RECEIVED:</b>										
Premiums Written	\$ 46,636,069	\$ 45,112,079	\$ 37,491,975	\$ 29,434,815	\$ 24,452,221	\$ 23,456,599	\$ 17,328,303	\$ 6,309,269	\$ 5,411,236	\$ 235,632,566
Reinsurance Premiums Ceded	(19,201,996)	(17,994,845)	(17,700,790)	(16,106,473)	(14,994,792)	(10,799,284)	(4,500,230)	(1,882,296)	(2,051,362)	(105,232,068)
Net Premiums Written	27,434,073	27,117,234	19,791,185	13,328,342	9,457,429	12,657,315	12,828,073	4,426,973	3,359,874	130,400,498
Interest Received	94,755	40,332	21,405	109,245	486,548	677,305	307,607	212,181	223,321	2,172,699
Realized Gains (Losses)	(34,522)	-	-	-	-	-	-	(86)	(31,218)	(65,826)
Other Income	8	1,070	153	982	3,391	3,670	40	4,403	78	13,795
Service Fees	674,460	608,415	497,585	392,596	269,337	187,836	175,703	29,034	13,920	2,848,886
Gain (loss) on sale of non admitted asset	-	-	-	-	100	623	(203)	-	-	520
Total Income	28,168,774	27,767,051	20,310,328	13,831,165	10,216,805	13,526,749	13,311,220	4,672,505	3,565,975	135,370,572
<b>EXPENSES PAID:</b>										
Losses	1,215,209	1,299,470	983,667	180,279	874,566	512,315	930,913	12,292,114	18,506,292	36,794,825
Loss Adjustment Expenses	160,035	226,930	117,601	62,988	22,717	14,945	17,029	1,270,423	1,641,018	3,533,686
Commissions	3,478,371	3,629,595	2,994,514	2,351,557	1,961,534	2,235,084	1,744,247	630,929	540,534	19,566,365
Operating Expenses	2,431,329	2,524,526	2,327,766	2,018,412	1,699,718	1,497,748	1,014,262	1,015,511	662,261	15,191,533
Premium Taxes	1,426,116	1,587,348	1,350,035	1,028,777	855,726	848,275	624,158	176,320	199,338	8,096,093
Total Expenses Paid	8,711,060	9,267,869	7,773,583	5,642,013	5,414,261	5,108,367	4,330,609	15,385,297	21,549,443	83,182,502
Net Cash Change	19,457,714	18,499,182	12,536,745	8,189,152	4,802,544	8,418,382	8,980,611	(10,712,792)	(17,983,468)	52,188,070
<b>RESERVES:</b>										
DEDUCT (CURRENT PERIOD)										
Unpaid Losses (include IBNR)	1,595,967	97,880	-	-	-	-	-	-	-	1,693,847
Reins. Recoverable-Unpaid Losses	-	-	-	-	-	-	-	-	-	-
Unpaid Loss Adjustment Expenses	159,597	9,788	-	-	-	-	-	-	-	169,385
Operating Expenses	555,475	-	-	-	-	-	-	-	-	555,475
Unearned Premiums	25,227,495	-	-	-	-	-	-	-	-	25,227,495
Premium Taxes	198,790	-	-	-	-	-	-	-	-	198,790
Total Reserves	27,737,324	107,668	-	-	-	-	-	-	-	27,844,992
<b>OTHER CHANGES:</b>										
ADD										
Minimum Pension Liability	(127,279)	(36,991)	27,748	5,111	(53,339)	46,800	(21,831)	16,600	19,902	(123,279)
Interest Accrued	449	-	-	-	-	-	-	-	-	449
Assets Not Admitted	(199,786)	-	-	-	-	-	-	-	-	(199,786)
Change Unrealized Capital Gains (Losses)	-	-	-	-	-	-	-	-	-	-
Total Other Changes	(326,616)	(36,991)	27,748	5,111	(53,339)	46,800	(21,831)	16,600	19,902	(322,616)
Assessments or (Distributions)	-	-	-	(3,277,706)	-	-	-	10,696,192	17,963,566	25,382,052
Total Surplus	(8,606,226)	18,354,523	12,564,493	4,916,557	4,749,205	8,465,182	8,958,780	-	-	49,402,514
Retained Surplus (Deficit)	17,189	10,477	-	4,916,557	-	-	-	-	-	4,944,223
Members' Surplus (Deficit)	\$ (8,623,415)	\$ 18,344,046	\$ 12,564,493	\$ -	\$ 4,749,205	\$ 8,465,182	\$ 8,958,780	\$ -	\$ -	\$ 44,458,291

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF PREMIUMS**  
**Quarter Ended October 31, 2012**

**EXHIBIT 4A - Quarterly**

Description	Quarterly 08/01/2012 - 10/31/2012									
	2012	2011	2010	2009	Policy Year		2006	2005	2004	Total
<b>PREMIUMS WRITTEN:</b>										
Fire	\$ 427,528	\$ (763)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,765
E.C. & VMM	12,250,825	(15,781)	-	-	-	-	-	-	-	12,235,044
Reinsurance Premium Ceded E.C.	(5,143,744)	-	-	-	-	-	-	-	-	(5,143,744)
<b>Total</b>	<b>7,534,609</b>	<b>(16,544)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,518,065</b>
<b>UNEARNED PREMIUMS: (PRIOR PERIOD)</b>										
Fire	686,778	39,864	-	-	-	-	-	-	-	726,642
E.C. & VMM	22,255,770	1,247,078	-	-	-	-	-	-	-	23,502,848
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,942,548</b>	<b>1,286,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,229,490</b>
<b>UNEARNED PREMIUMS: (CURRENT PERIOD)</b>										
Fire	795,067	-	-	-	-	-	-	-	-	795,067
E.C. & VMM	24,432,428	-	-	-	-	-	-	-	-	24,432,428
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25,227,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,227,495</b>
<b>EARNED PREMIUMS:</b>										
Fire	319,239	39,101	-	-	-	-	-	-	-	358,340
E.C. & VMM	10,074,167	1,231,297	-	-	-	-	-	-	-	11,305,464
Reinsurance Earned Ceded E.C.	(5,143,744)	-	-	-	-	-	-	-	-	(5,143,744)
<b>Total</b>	<b>\$ 5,249,662</b>	<b>\$ 1,270,398</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,520,060</b>

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF PREMIUMS**  
**Quarter Ended October 31, 2012**

**EXHIBIT 4A - Year-to-Date**

Description	Year-to-Date 11/01/2011 - 10/31/2012									
	2012	2011	2010	2009	Policy Year		2006	2005	2004	Total
<b>PREMIUMS WRITTEN:</b>										
Fire	\$ 1,450,057	\$ (19,063)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,430,994
E.C. & VMM	45,186,012	(515,855)	-	-	-	-	-	-	-	44,670,157
Reinsurance Premium Ceded E.C.	(19,201,996)	-	-	-	-	-	-	-	-	(19,201,996)
<b>Total</b>	<b>27,434,073</b>	<b>(534,918)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,899,155</b>
<b>UNEARNED PREMIUMS: (PRIOR PERIOD)</b>										
Fire	-	979,432	-	-	-	-	-	-	-	979,432
E.C. & VMM	-	23,711,979	-	-	-	-	-	-	-	23,711,979
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>24,691,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,691,411</b>
<b>UNEARNED PREMIUMS: (CURRENT PERIOD)</b>										
Fire	795,067	-	-	-	-	-	-	-	-	795,067
E.C. & VMM	24,432,428	-	-	-	-	-	-	-	-	24,432,428
Reinsurance Unearned Ceded E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>25,227,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,227,495</b>
<b>EARNED PREMIUMS:</b>										
Fire	654,990	960,369	-	-	-	-	-	-	-	1,615,359
E.C. & VMM	20,753,584	23,196,124	-	-	-	-	-	-	-	43,949,708
Reinsurance Earned Ceded E.C.	(19,201,996)	-	-	-	-	-	-	-	-	(19,201,996)
<b>Total</b>	<b>\$ 2,206,578</b>	<b>\$ 24,156,493</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,363,071</b>

*See Accountant's Compilation Report*

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**

**STATISTICAL REPORT OF LOSSES**

Quarter Ended October 31, 2012

EXHIBIT 4B - Quarterly

Quarterly 08/01/2012 - 10/31/2012

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>PAID LOSSES:</b>										
Fire	\$ 162,471	\$ 9,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,424
E.C. & VMM	184,441	61,347	-	-	-	-	-	-	-	245,788
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-
Total	346,912	71,300	-	-	-	-	-	-	-	418,212
<b>OUTSTANDING LOSSES (CURRENT PERIOD)*</b>										
Fire	88,432	-	-	-	-	-	-	-	-	88,432
E.C. & VMM	1,507,535	97,880	-	-	-	-	-	-	-	1,605,415
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
Total	1,595,967	97,880	-	-	-	-	-	-	-	1,693,847
<b>OUTSTANDING LOSSES (PRIOR PERIOD)*</b>										
Fire	98,110	33,496	-	-	-	-	-	-	-	131,606
E.C. & VMM	1,092,171	482,662	41,440	-	-	-	-	-	-	1,616,273
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
Total	1,190,281	516,158	41,440	-	-	-	-	-	-	1,747,879
<b>INCURRED LOSSES:</b>										
Fire	152,793	(23,543)	-	-	-	-	-	-	-	129,250
E.C. & VMM	599,805	(323,435)	(41,440)	-	-	-	-	-	-	234,930
Total	752,598	(346,978)	(41,440)	-	-	-	-	-	-	364,180
<b>IBNR (CURRENT PERIOD)</b>										
Fire	43,472	-	-	-	-	-	-	-	-	43,472
E.C. & VMM	1,349,655	-	-	-	-	-	-	-	-	1,349,655
Total	1,393,127	-	-	-	-	-	-	-	-	1,393,127
<b>IBNR (PRIOR PERIOD)</b>										
Fire	30,810	10,416	-	-	-	-	-	-	-	41,226
E.C. & VMM	988,191	334,062	-	-	-	-	-	-	-	1,322,253
Total	\$ 1,019,001	\$ 344,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,363,479

\*Includes IBNR

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION****STATISTICAL REPORT OF LOSSES**

Quarter Ended October 31, 2012

EXHIBIT 4B - Year-to-Date

Year-to-Date 11/01/2011 - 10/31/2012

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>PAID LOSSES:</b>										
Fire	\$ 876,681	\$ 487,304	\$ 1,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,365,135
E.C. & VMM	338,528	347,642	1,836	-	-	-	-	-	-	688,006
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-
Total	1,215,209	834,946	2,986	-	-	-	-	-	-	2,053,141
<b>OUTSTANDING LOSSES (CURRENT PERIOD)*</b>										
Fire	88,432	-	-	-	-	-	-	-	-	88,432
E.C. & VMM	1,507,535	97,880	-	-	-	-	-	-	-	1,605,415
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
Total	1,595,967	97,880	-	-	-	-	-	-	-	1,693,847
<b>OUTSTANDING LOSSES (PRIOR PERIOD)*</b>										
Fire	-	192,989	-	-	-	-	-	-	-	192,989
E.C. & VMM	-	1,319,631	-	-	-	-	-	-	-	1,319,631
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
Total	-	1,512,620	-	-	-	-	-	-	-	1,512,620
<b>INCURRED LOSSES:</b>										
Fire	965,113	294,315	1,150	-	-	-	-	-	-	1,260,578
E.C. & VMM	1,846,063	(874,109)	1,836	-	-	-	-	-	-	973,790
Total	2,811,176	(579,794)	2,986	-	-	-	-	-	-	2,234,368
<b>IBNR (CURRENT PERIOD)</b>										
Fire	43,472	-	-	-	-	-	-	-	-	43,472
E.C. & VMM	1,349,655	-	-	-	-	-	-	-	-	1,349,655
Total	1,393,127	-	-	-	-	-	-	-	-	1,393,127
<b>IBNR (PRIOR PERIOD)</b>										
Fire	-	38,989	-	-	-	-	-	-	-	38,989
E.C. & VMM	-	877,491	-	-	-	-	-	-	-	877,491
Total	\$ -	\$ 916,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 916,480

\*Includes IBNR

See Accountant's Compilation Report

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES**  
**Quarter Ended October 31, 2012**

EXHIBIT 4C - Quarterly

Quarterly 08/01/2012 - 10/31/2012

Description	Policy Year										
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total	
<b>LOSS EXPENSES PAID:</b>											
Fire	\$ 20,506	\$ 4,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,934
E.C. & VMM	69,456	23,843	374	-	-	-	-	-	-	-	93,673
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>89,962</b>	<b>28,271</b>	<b>374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,607</b>
<b>UNPAID LOSS EXPENSES (CURRENT PERIOD)*</b>											
Fire	8,843	-	-	-	-	-	-	-	-	-	8,843
E.C. & VMM	150,754	9,788	-	-	-	-	-	-	-	-	160,542
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159,597</b>	<b>9,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,385</b>
<b>UNPAID LOSS EXPENSES (PRIOR PERIOD)*</b>											
Fire	9,811	3,350	-	-	-	-	-	-	-	-	13,161
E.C. & VMM	109,218	48,267	4,144	-	-	-	-	-	-	-	161,629
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>119,029</b>	<b>51,617</b>	<b>4,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,790</b>
<b>INCURRED LOSS EXPENSES:</b>											
Fire	19,538	1,078	-	-	-	-	-	-	-	-	20,616
E.C. & VMM	110,992	(14,636)	(3,770)	-	-	-	-	-	-	-	92,586
<b>Total</b>	<b>\$ 130,530</b>	<b>\$ (13,558)</b>	<b>\$ (3,770)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,202</b>

\*Includes IBNR

**ALABAMA INSURANCE UNDERWRITING ASSOCIATION**  
**STATISTICAL REPORT OF LOSS ADJUSTMENT EXPENSES**  
**Quarter Ended October 31, 2012**

**EXHIBIT 4C - Year-to-Date**

**Year-to-Date 11/01/2011 - 10/31/2012**

Description	Policy Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	Total
<b>LOSS EXPENSES PAID:</b>										
Fire	\$ 48,234	\$ 34,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,752
E.C. & VMM	111,801	117,557	1,993	-	-	-	-	-	-	231,351
Reinsurance Recovery E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>160,035</b>	<b>152,075</b>	<b>1,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314,103</b>
<b>UNPAID LOSS EXPENSES (CURRENT PERIOD)*</b>										
Fire	8,843	-	-	-	-	-	-	-	-	8,843
E.C. & VMM	150,754	9,788	-	-	-	-	-	-	-	160,542
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159,597</b>	<b>9,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,385</b>
<b>UNPAID LOSS EXPENSES (PRIOR PERIOD)*</b>										
Fire	-	19,299	-	-	-	-	-	-	-	19,299
E.C. & VMM	-	131,963	-	-	-	-	-	-	-	131,963
Reinsurance Recoverable E.C.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>151,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,262</b>
<b>INCURRED LOSS EXPENSES:</b>										
Fire	57,077	15,219	-	-	-	-	-	-	-	72,296
E.C. & VMM	262,555	(4,618)	1,993	-	-	-	-	-	-	259,930
<b>Total</b>	<b>\$ 319,632</b>	<b>\$ 10,601</b>	<b>\$ 1,993</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,226</b>

\*Includes IBNR