

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	1,710,089,278			1,710,089,278
1.2 Reinsurance assumed	61,882,892			61,882,892
1.3 Reinsurance ceded	272,197,631			272,197,631
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	1,499,774,539			1,499,774,539
2. Commission and brokerage:				
2.1 Direct, excluding contingent		2,530,447,907		2,530,447,907
2.2 Reinsurance assumed, excluding contingent		449,867,742		449,867,742
2.3 Reinsurance ceded, excluding contingent		1,490,282,639		1,490,282,639
2.4 Contingent—direct		394,951,399		394,951,399
2.5 Contingent—reinsurance assumed		8,990,554		8,990,554
2.6 Contingent—reinsurance ceded		6,716,082		6,716,082
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		1,887,258,881		1,887,258,881
3. Allowances to manager and agents		262,718,020		262,718,020
4. Advertising	2,806,812	496,872,528	85,916	499,765,256
5. Boards, bureaus and associations	8,481,836	45,125,435	40,056	53,647,327
6. Surveys and underwriting reports	106,138	132,917,529	22	133,023,689
7. Audit of assureds' records		6,997		6,997
8. Salary and related items:				
8.1 Salaries	1,113,380,786	2,409,418,720	61,744,265	3,584,543,771
8.2 Payroll taxes	46,083,389	205,613,249	2,343,503	254,040,141
9. Employee relations and welfare	237,447,887	1,007,997,429	11,497,832	1,256,943,148
10. Insurance	64,048,624	(4,228,463)	6,186,967	66,007,128
11. Directors' fees	12	(15,014)		(15,002)
12. Travel and travel items	65,637,436	148,722,446	1,662,934	216,022,816
13. Rent and rent items	54,718,796	249,572,583	2,703,465	306,994,844
14. Equipment	37,077,415	127,096,458	2,852,116	167,025,989
15. Cost or depreciation of EDP equipment and software	40,702,947	111,086,733	2,904,739	154,694,419
16. Printing and stationery	6,092,149	23,423,533	239,410	29,755,092
17. Postage, telephone and telegraph, exchange and express	30,874,186	149,027,659	1,841,311	181,743,156
18. Legal and auditing	9,114,238	33,261,861	1,593,606	43,969,705
19. Totals (Lines 3 to 18)	1,716,572,651	5,398,617,703	95,696,142	7,210,886,496
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 3,353,714		613,944,436		613,944,436
20.2 Insurance department licenses and fees		70,221,901		70,221,901
20.3 Gross guaranty association assessments		5,558,562		5,558,562
20.4 All other (excluding federal and foreign income and real estate)		86,774,304		86,774,304
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		776,499,203		776,499,203
21. Real estate expenses			35,170,607	35,170,607
22. Real estate taxes			5,027,381	5,027,381
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	188,041,489	528,037,985	10,696,066	726,775,540
25. Total expenses incurred	3,404,388,679	8,590,413,772	146,590,196	(a) 12,141,392,647
26. Less unpaid expenses—current year	5,901,816,004	1,772,920,100	2,014,074	7,676,750,178
27. Add unpaid expenses—prior year	5,857,597,786	1,739,325,844	2,693,853	7,599,617,483
28. Amounts receivable relating to uninsured plans, prior year		29,119		29,119
29. Amounts receivable relating to uninsured plans, current year		65,340		65,340
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,360,170,461	8,556,855,737	147,269,975	12,064,296,173

DETAILS OF WRITE-IN LINES				
2401. Other expenses	188,041,489	528,037,985	10,696,066	726,775,540
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	188,041,489	528,037,985	10,696,066	726,775,540

(a) Includes management fees of \$ 4,024,131,166 to affiliates and \$ 262,656,133 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 91,399,559	88,846,298
1.1 Bonds exempt from U.S. tax	(a) 302,527,129	293,711,229
1.2 Other bonds (unaffiliated)	(a) 877,853,674	880,145,501
1.3 Bonds of affiliates	(a) 7,894,770	7,894,770
2.1 Preferred stocks (unaffiliated)	(b) 16,566,451	16,411,159
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	34,920,265	34,475,995
2.21 Common stocks of affiliates	100	100
3. Mortgage loans	(c) 75,544,397	75,657,273
4. Real estate	(d) 70,820,676	70,820,676
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 9,455,328	9,526,410
7. Derivative instruments	(f)	
8. Other invested assets	101,534,290	101,534,290
9. Aggregate write-ins for investment income	3,743,605	3,743,605
10. Total gross investment income	1,592,260,244	1,582,767,306
11. Investment expenses		(g) 146,590,192
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 62,542,107
14. Depreciation on real estate and other invested assets		(i) 20,974,239
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		230,106,538
17. Net investment income (Line 10 minus Line 16)		1,352,660,768

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		2,351,887	2,351,887
0902. Aggregate write-ins for investment income		1,391,718	1,391,718
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		3,743,605	3,743,605
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 44,287,487 accrual of discount less \$ 139,544,244 amortization of premium and less \$ 0 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 \$ 158,176 paid for accrued interest on purchases.
- (d) Includes \$ 69,210,511 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 699,841 accrual of discount less \$ 124,695 amortization of premium and less \$ 169,012 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 \$ 50,036,904 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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	1,416,830	(119,415)	1,297,415		
1.1 Bonds exempt from U.S. tax	11,536,010	(20,184)	11,515,826	(346,859)	
1.2 Other bonds (unaffiliated)	33,575,176	(22,713,262)	10,861,914	168,053,284	4,324,863
1.3 Bonds of affiliates	10,047		10,047		
2.1 Preferred stocks (unaffiliated)	113,781		113,781	13,134,500	(38)
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	47,945,485	(28,453,722)	19,491,763	(17,802,738)	17,965,405
2.21 Common stocks of affiliates				(49,003,609)	
3. Mortgage loans	(2,533,962)		(2,533,962)	690,386	
4. Real estate	3,803,932	(16,994,762)	(13,190,830)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	5,606		5,606	11,013,566	(67,582)
7. Derivative instruments	22,234,054		22,234,054	(6,531,857)	
8. Other invested assets	27,314,607	(770,099)	26,544,508	(285,316,329)	(359,301)
9. Aggregate write-ins for capital gains (losses)		(4,729,615)	(4,729,615)		
10. Total capital gains (losses)	145,421,566	(73,801,059)	71,620,507	(166,109,656)	21,863,347

DETAILS OF WRITE-IN LINES					
0901. Deferred gains (losses) non-cash				(10,008,563)	
0902. Aggregate write-ins for capital gains (losses)		(4,729,615)	(4,729,615)	10,008,563	
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		(4,729,615)	(4,729,615)		