

Ark Royal Insurance Company
Statements Of Admitted Assets, Liabilities, And Surplus - Statutory Basis
Unaudited

	December 31,	
	<u>2009</u>	<u>2008</u>
Admitted Assets		
Bonds	11,891,118	\$ 7,593,988
Cash and short-term investments	4,717,479	3,195,040
Total Cash And Investments	<u>16,608,597</u>	<u>10,789,028</u>
Investment income receivable	132,646	120,380
Premium and agent balances in course of collection	1,394,959	464,962
Reinsurance Balances Recoverable		163,223
Electronic data processing equipment and software	7,128	12,474
Federal income tax receivable		27,000
Net deferred taxes	658,139	5,453
Receivable from parent and affiliates	491,060	141,080
Assessments recoverable through future policyholder surcharges	26,102	
	<u>19,318,631</u>	<u>\$ 11,723,600</u>
Total Admitted Assets		
Liabilities And Surplus		
Liabilities		
Losses	1,717,046	\$ 468,373
Loss adjustment expenses	189,075	51,521
Other expenses	117,410	29,944
Taxes, licenses, and fees	292,071	51,215
Unearned premiums	6,723,048	2,217,295
Advance premiums	337,487	45,427
Reinsurance Premiums Payable	1,593,938	
Provision for reinsurance	11,000	
Payable to parent and affiliates		299
Total Liabilities	<u>10,981,075</u>	<u>2,864,074</u>
Surplus		
Common stock, \$1 par value; 10,000 shares authorized, issued, and outstanding	10,000	10,000
Paid-in surplus	10,140,000	9,990,000
Unassigned surplus	(1,812,444)	(1,140,474)
Total Surplus	<u>8,337,556</u>	<u>8,859,526</u>
	<u>19,318,631</u>	<u>\$ 11,723,600</u>
Total Liabilities And Surplus		

Ark Royal Insurance Company
Statements Of Operations And Surplus - Statutory Basis
Unaudited

	Year Ended December 31,	
	<u>2009</u>	<u>2008</u>
Underwriting Income (Loss)		
Premiums earned	\$ 4,132,110	\$ 779,304
Losses incurred	(2,483,607)	(563,780)
Loss adjustment expenses incurred	(263,865)	(64,987)
Other underwriting expenses incurred	(3,069,032)	(1,345,793)
Net Underwriting Loss	<u>(1,684,394)</u>	<u>(1,195,256)</u>
Net investment income earned	486,443	372,372
Net Realized Capital Gains	23,792	
Other Income	<u>32,492</u>	<u>7,701</u>
Net Loss Before Federal Income Tax Expense	(1,141,667)	(815,183)
Federal Income Tax Expense	<u>5,453</u>	<u>-</u>
Net Loss	(1,136,214)	(815,183)
Change In Net Deferred Income Tax	404,097	340,570
Change in Net Unrealized Capital Gains	(26,172)	
Change In Nonadmitted Assets	97,319	(351,312)
Change in Provision for Reinsurance	(11,000)	
Paid-In Capital And Surplus	<u>150,000</u>	<u>-</u>
(Decrease) Increase In Surplus	(521,970)	(825,925)
Surplus At Beginning Of Year	<u>8,859,526</u>	<u>9,685,451</u>
Surplus At End Of Year	<u>\$ 8,337,556</u>	<u>\$ 8,859,526</u>