

Executive Summary - 2008 Reserves

Sample Insurance Company

This Executive Summary provides a graphical summary of our review of the loss and loss expense reserves as shown in the 2008 Annual Statement. Please refer to our actuarial report for a complete technical discussion of our analysis.

We have concluded that the carried net reserves make a reasonable provision for the company's unpaid loss and loss expense obligations. The carried net reserves are \$609,000 higher than our point estimate.

The carried direct reserves are reasonable and we estimate that they are \$504,000 adequate.

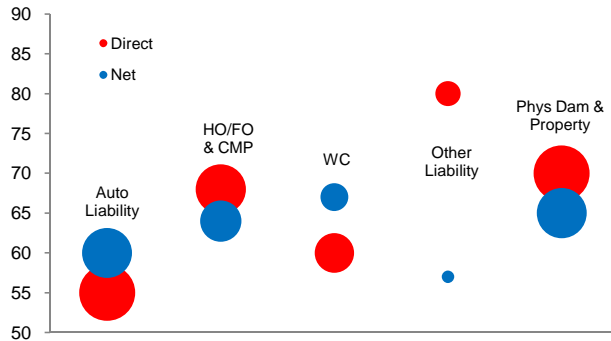
<i>Net Reserves by Line (\$000's)</i>	Carried	Advised	Diff.
Auto Liability	23,702	22,564	1,138
Home / Farm & CMP	15,630	15,357	273
Workers' Comp	12,167	12,698	(531)
Other Liability	4,235	4,561	(326)
Physical Damage & Property	1,029	974	55
	56,763	56,154	609

<i>by Category (\$000's)</i>	Carried	Advised	Diff.
Losses	42,838	42,290	548
Defense & Cost Containment Expenses	7,970	8,027	(57)
Adjusting and Other Expenses	5,955	5,837	118
	56,763	56,154	609

<i>by Year (\$000's)</i>	Carried	Advised	Diff.
Accident Year 2008	29,654	30,227	(573)
Accident Year 2007	12,983	12,624	359
Accident Year 2006	4,476	4,126	350
All Prior Accident Years	9,650	9,177	473
	56,763	56,154	609

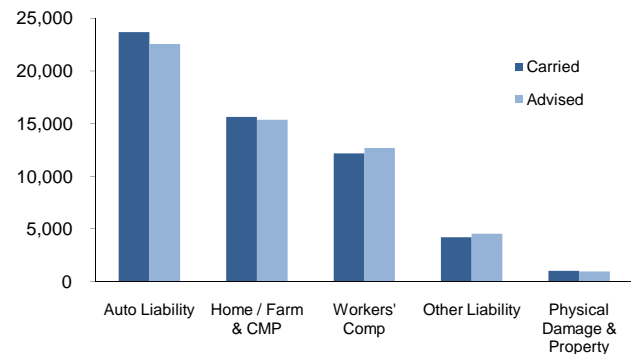
Five-Year Average Loss Ratios by Line

The property results have been impaired by storms in recent years. Liability lines have performed well.



Net Reserves by Line (\$000's)

The reserves for Auto Liability and HO/FO & CMP group are adequate while Workers' Compensation and Other Liability are inadequate.



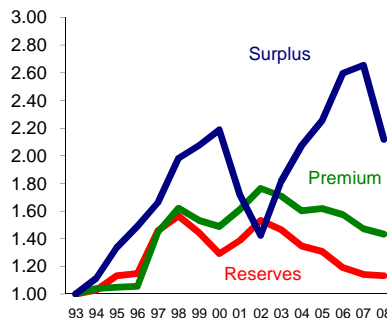
Reserve Usage

The carried reserves are expected to be spent in future years following this pattern from our report.



Growth (Indexed to 1993)

Premium and reserves have trended lower since 2002. The surplus has more than doubled since 1993.



Direct Loss & LAE Ratios

The AY 2008 ratio of 75.7% is the highest since 2001, but just three points above the ten-year average.

