



Louisiana Insurance Guaranty
Association

2008 Annual Report

March 30, 2009

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Our Mission

To pay covered claims of insolvent property and casualty insurance companies in a prompt, courteous and caring manner at a fair and equitable cost, and also aid the Insurance Department in the detection and prevention of insurer insolvencies.

Board of Directors 2008

Mr. Michael T. Gray
Chairman

The Gray Insurance Company

Mr. J.E. Brignac, Jr.
Secretary

Appointee of the President of the Senate

Mr. Markham McKnight
Treasurer

Appointee of the Commissioner of Insurance
as a Consumer Representative

Mr. David A. Ross

State Farm Insurance Companies

Mr. William D. Hughs, III

Appointee of the Speaker of the House

Mr. Stephen C. Schrempp

National Automotive Insurance Company

Mr. Aubrey Temple

Louisiana Workers' Compensation Corporation



Executive Staff

JOHN C. WELLS

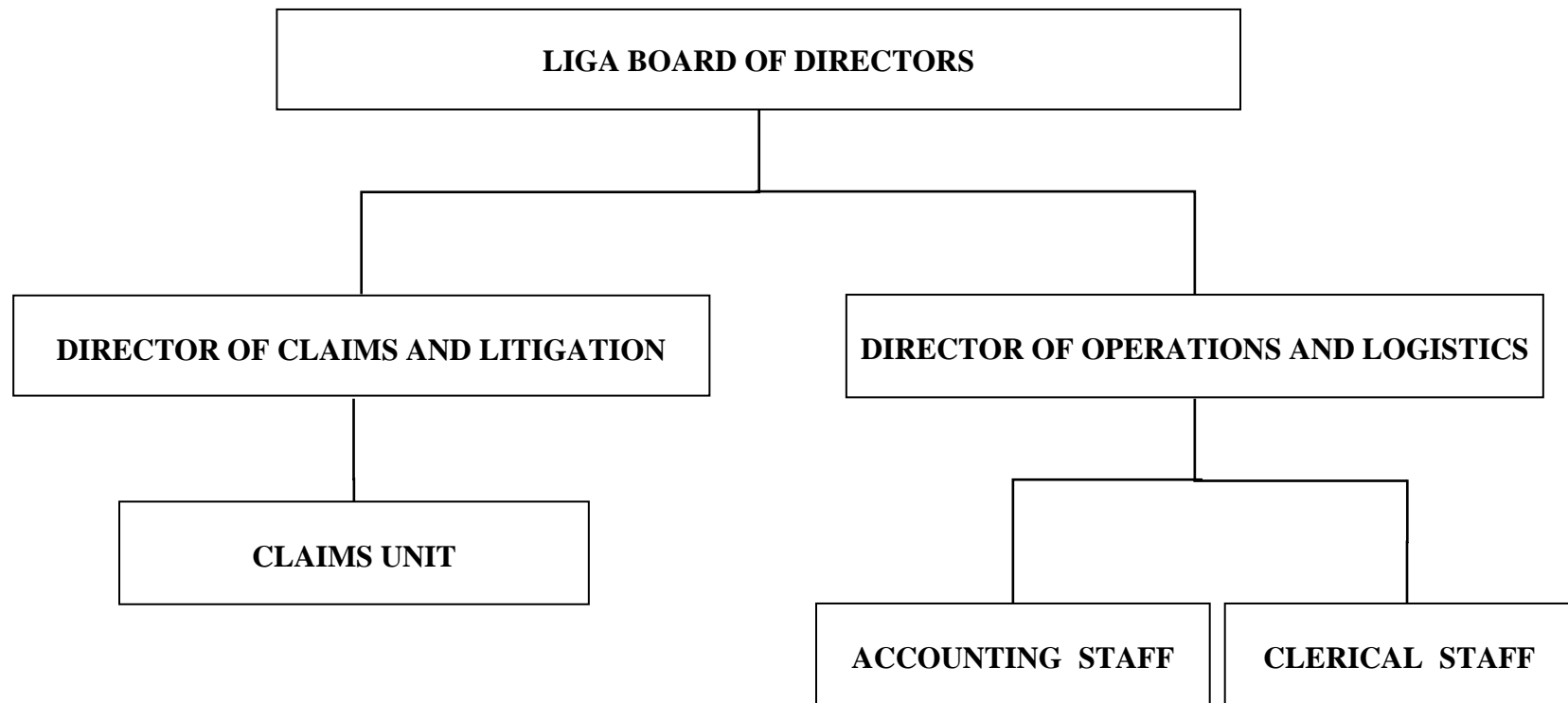
Director of Operations & Logistics

NORMAN REESE

Director of Claims & Litigation

ORGANIZATIONAL CHART

AS OF
MARCH 30, 2009





LOUISIANA INSURANCE GUARANTY ASSOCIATION

March 27, 2009

Hon. James J. Donelon,
Commissioner of Insurance
State of Louisiana
P.O. Box 94214
Baton Rouge, Louisiana 70804-9214

RE: 2008 Annual Financial Report of LIGA

Dear Commissioner:

Pursuant to *La. R.S. 22:1388*, we are pleased to submit to you LIGA's 2008 Annual Financial Report. Please allow me to highlight a few of LIGA's accomplishments during the year.

- The number of claims pending at year-end fell from 1,844 in 2007 to 1,605 in 2008, nearly a thirteen percent drop. This drop was in spite of 203 additional claims being presented to LIGA.
- Overall reserves were lowered by over forty-two million dollars.
- Total expenditures decreased from \$12,953,998 in 2007 to \$11,844,934 in 2008. Notable in this difference is that claim payments increased while expenses were reduced.
- LIGA continued to operate on distributions from liquidators and interest income allowing another year that member insurers were not called upon to pay assessments.

Although LIGA still receives new claims from existing insolvent insurers, LIGA witnessed another year without a new insolvency. While we continually strive to reduce our caseload, we also recognize that we have resolved all of the easy claims and are left with claims that are either involved in complicated litigation or are lifelong compensation cases.

The past few years have delivered few insolvencies. Much of the credit for this is due your office and other state-based insurance regulators. However, it is a generally accepted belief that the US economic conditions will force a series of future liquidations. LIGA is positioning itself to meet the challenge. We are in the process of developing electronic data interfaces, streamlining processes and implementing an imaging platform. These changes will allow LIGA to handle more claims with fewer staff. Additionally, LIGA's three tier employment approach ensures that it has both the expertise and capacity to meet its obligations.

Using direct employees, temporary employees and TPA's places the Association in the perfect position to expand and contract as insolvencies, and their claims, come and go.

Furthermore, it is our committed goal to operate LIGA with minimal or no assessment of our member insurers whenever possible. 2008 was the fourth consecutive year that LIGA has not assessed its member insurers.

LIGA would like to express its appreciation to the Department and the Legislature for their continued support of our mission. Enclosed herein is our 2008 Report on Insolvent Companies, 2008 Company Claims Activity, 2008 Report of LIGA's General Counsel, and our Annual Financial Audit for 2008 prepared by Postlethwaite & Netterville.

Respectfully submitted,

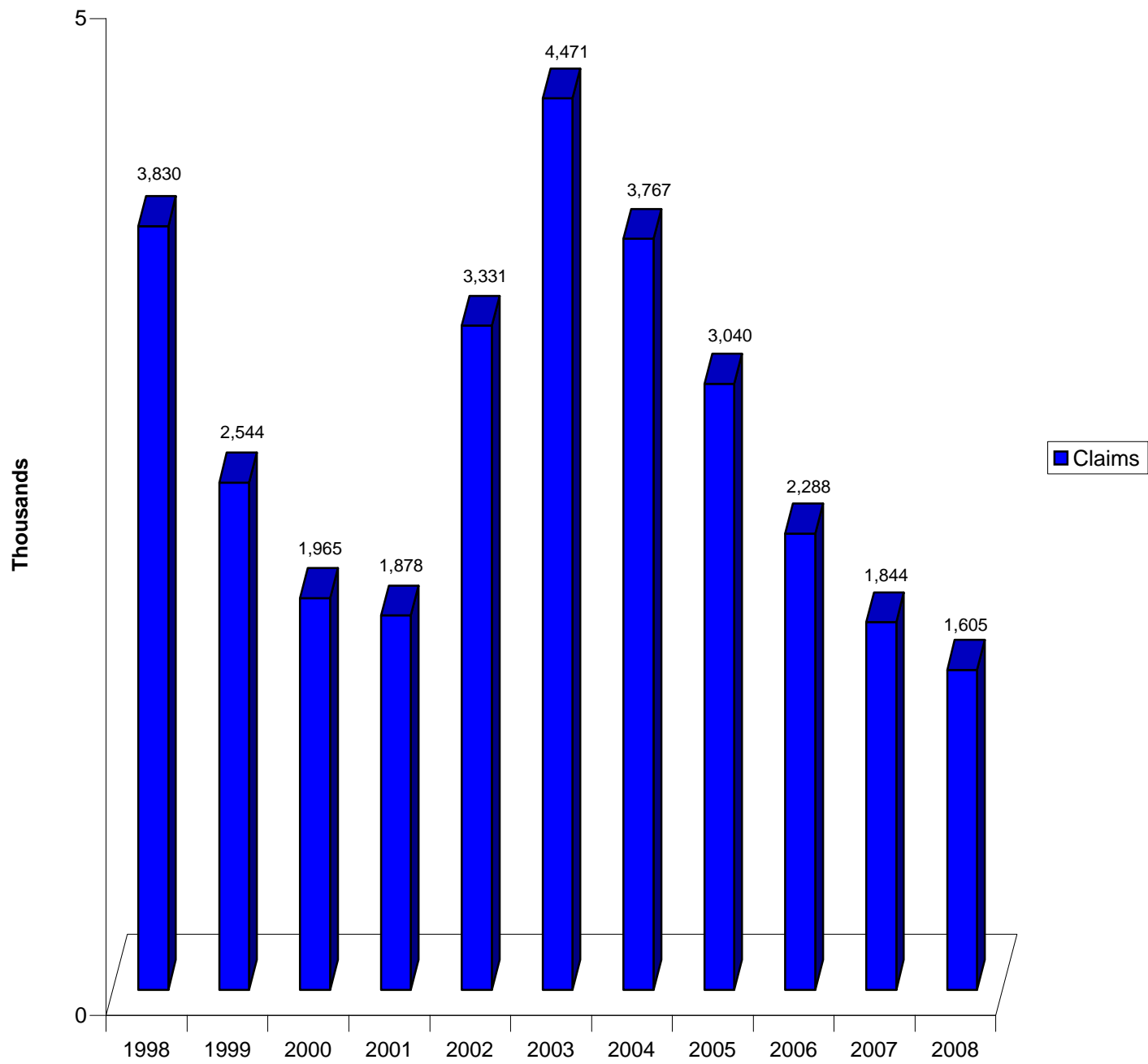


John C. Wells
Director of Operations and Logistics

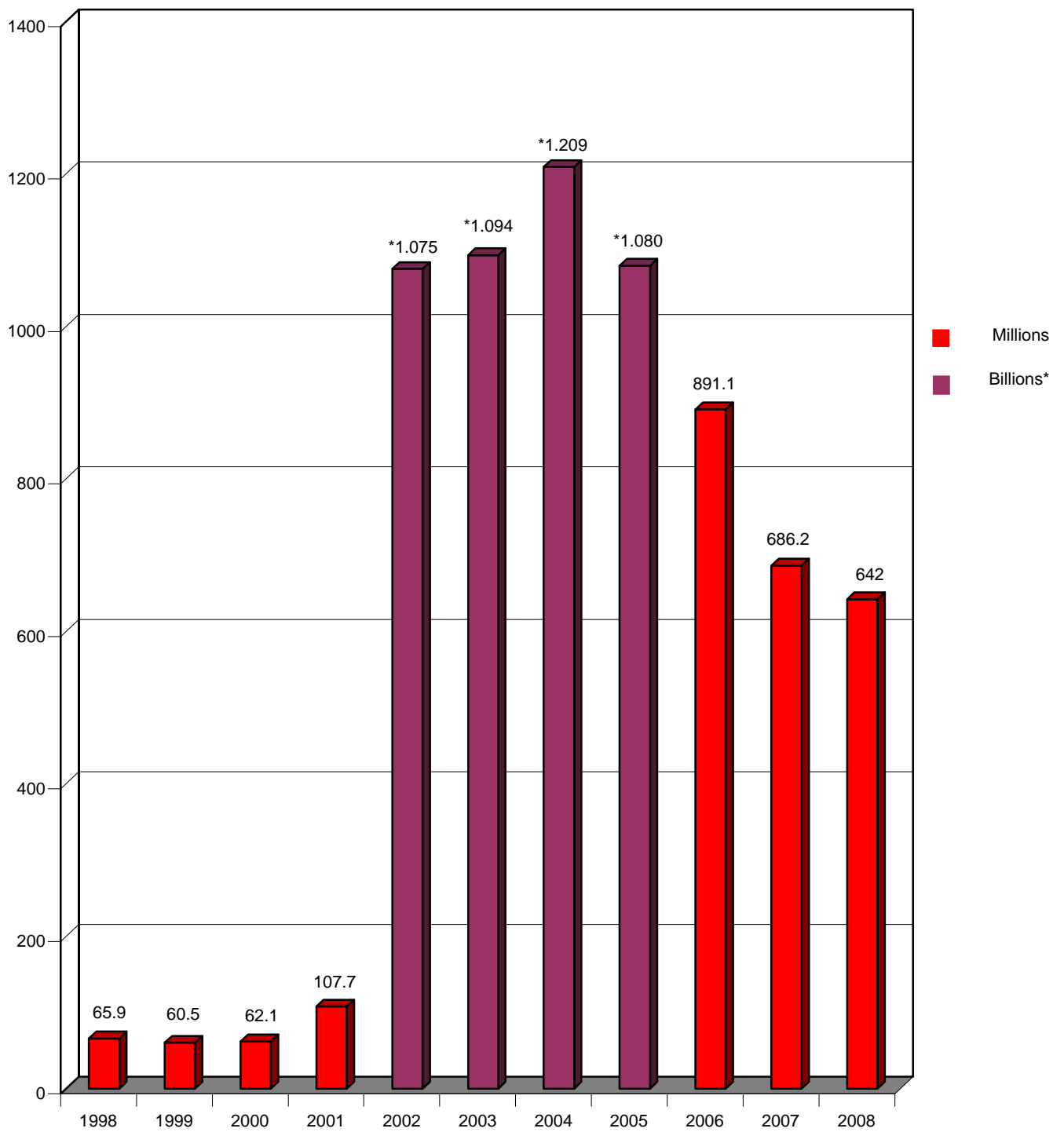
C: Board of Directors, LIGA
Chairman Kleckley, House Insurance Committee
Chairman Hebert, Senate Insurance Committee
General Counsel, LIGA

JW/lb

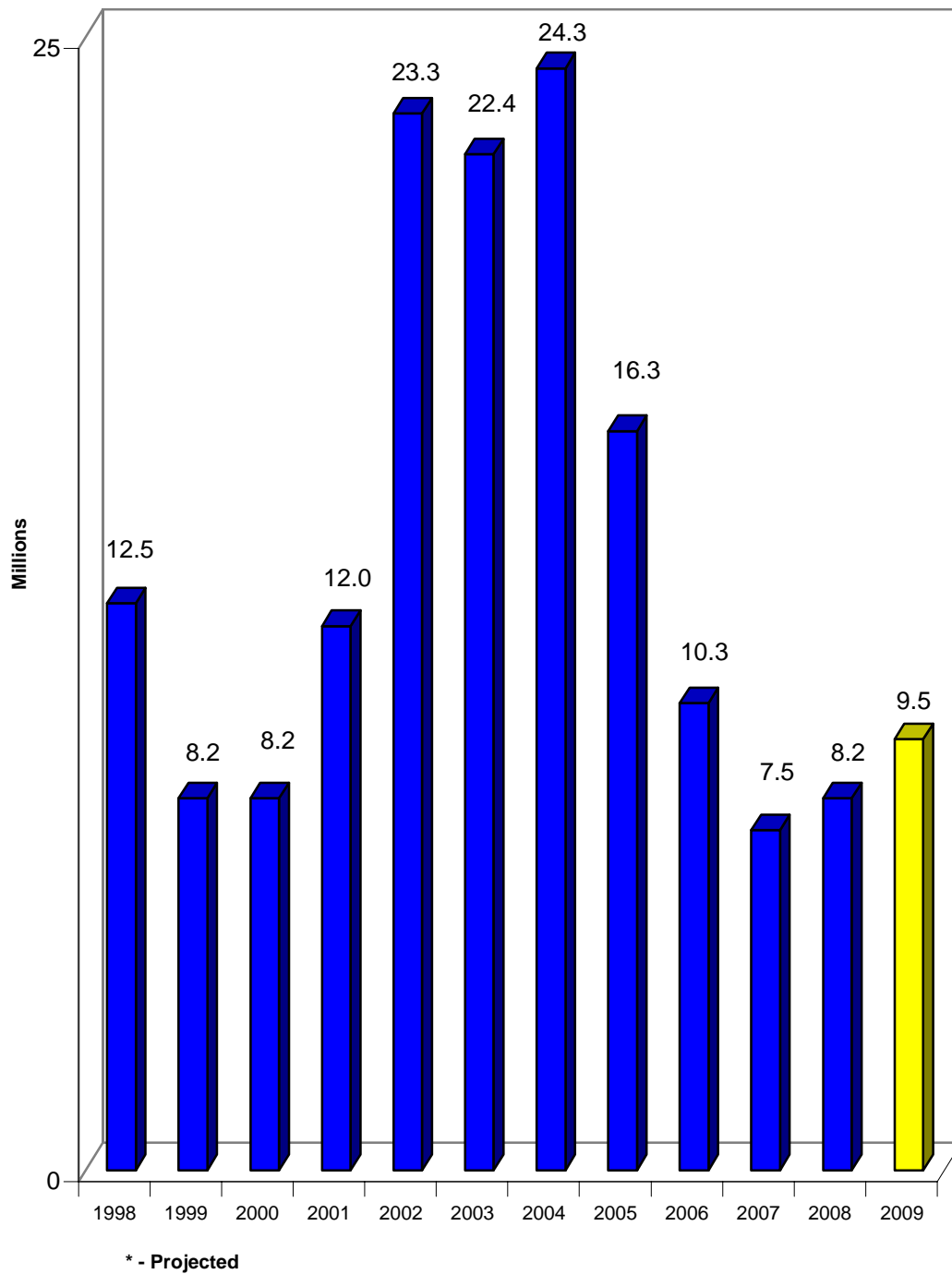
CLAIMS PENDING PER YEAR



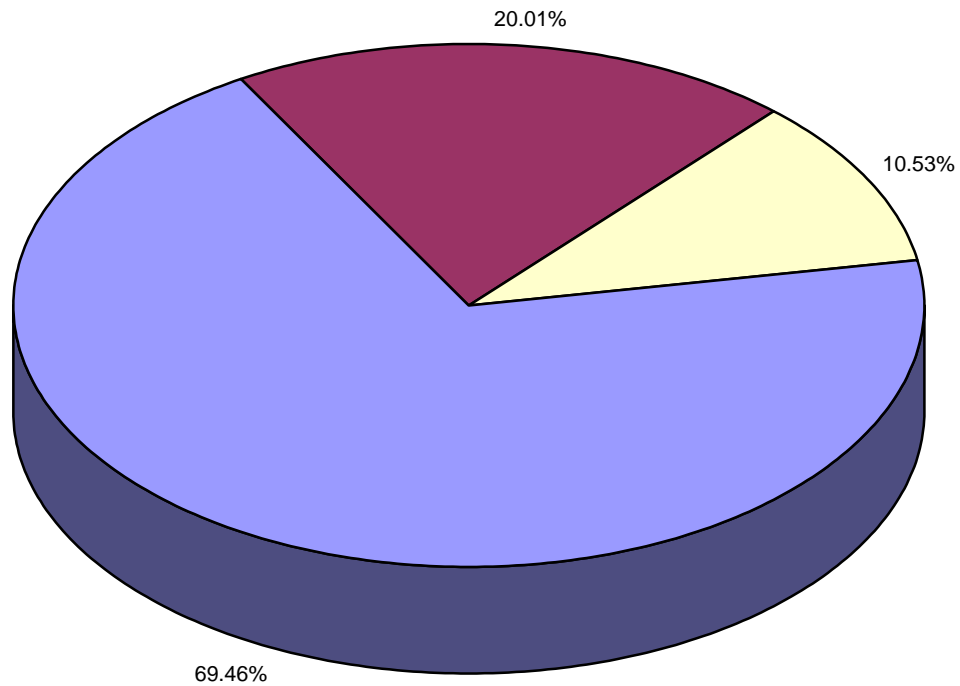
Reserves Per Year



LOSSES PAID PER YEAR



2008 Total Expenditures - \$11,844,934



- Claims Paid - \$8,227,881.
- Allocated Expenses (Claims Handling) - \$2,369,947.
- Unallocated Expenses (Administrative) - \$1,247,106.

LOUISIANA INSURANCE GUARANTY ASSOCIATION

FINANCIAL STATEMENTS

(Cash Basis)

DECEMBER 31, 2008 AND 2007



A Professional Accounting Corporation

www.pncpa.com

LOUISIANA INSURANCE GUARANTY ASSOCIATION

FINANCIAL STATEMENTS

(Cash Basis)

DECEMBER 31, 2008 AND 2007

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Independent Auditors' Report

Members and Directors
Louisiana Insurance Guaranty Association
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position arising from cash transactions of Louisiana Insurance Guaranty Association as of December 31, 2008 and 2007, and the related statements of activities for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the cash basis financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than United States generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Insurance Guaranty Association as of December 31, 2008 and 2007 and its changes in net assets during the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2009, on our consideration of Louisiana Insurance Guaranty Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Since these financial statements are prepared on a cash basis, no liability is recorded for future payments for claims obligations. However, as discussed in Note 7 to the financial statements, the Association regularly estimates liabilities for such losses. These estimated losses have not been audited by us and accordingly we express no opinion or any other form of assurance on them.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 23, 2009

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ -	\$ 1,098,372
Investments, at cost	<u>257,321,744</u>	<u>254,838,667</u>
	<u>\$ 257,321,744</u>	<u>\$ 255,937,039</u>

LIABILITIES AND NET ASSETS

Outstanding checks in excess of bank balances	\$ 573,237	\$ 422,806
Net assets - restricted	<u>256,748,507</u>	<u>255,514,233</u>
	<u>\$ 257,321,744</u>	<u>\$ 255,937,039</u>

The accompanying notes are an integral part of these statements.

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
ARISING FROM CASH TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>RECEIPTS</u>		
Assessments	\$ -	\$ -
Distributions from liquidators	3,430,347	11,814,115
Interest income	12,130,434	11,967,885
Net loss on disposition of investments	(2,690,760)	(2,372,042)
Restitution	47,155	81,611
Other income	162,032	166,556
	<u>13,079,208</u>	<u>21,658,125</u>
<u>DISBURSEMENTS</u>		
Claims paid	8,227,881	7,692,846
Legal fees and expenses	1,798,727	2,509,495
Claims handling costs	571,220	1,267,508
Return of early access distribution from liquidator	-	300,912
Professional and bank fees	329,344	489,665
Staff salaries, taxes, and benefits	434,863	243,385
Travel, meetings, and seminars	20,531	23,520
Building and renovations	13,698	39,183
Administrative expenses	448,670	387,484
	<u>11,844,934</u>	<u>12,953,998</u>
<u>EXCESS OF RECEIPTS OVER DISBURSEMENTS</u>	1,234,274	8,704,127
Net assets - beginning of the year	<u>255,514,233</u>	<u>246,810,106</u>
Net assets - end of the year	<u>\$ 256,748,507</u>	<u>\$ 255,514,233</u>

The accompanying notes are an integral part of these statements.

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization

The Louisiana Insurance Guaranty Association (the Association) is an organization created by the Louisiana Insurance Guaranty Act to pay for the claims against insolvent member insurance companies. Funds are provided for the payment of the claims by the assessment of the remaining member insurance companies. All admitted insurance companies doing business in Louisiana are required to be members of the Association (excluding the following lines of business: life, health and accident, title, disability, mortgage guaranty, and ocean marine insurance as well as all types of reinsurance).

The Association's day-to-day operations and management are performed by the Association's staff under the direction of the Board of Directors. The Association may also contract with outside staffing services, claims service providers, and other professionals to carry out these functions.

Accounting Method

The Association's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, revenue and related assets are recognized when received, and expenses and related liabilities are recognized when paid. Accordingly, no liabilities are recorded for future payments for unearned premiums, loss claims or related expenses. As discussed in Note 7, the Association regularly estimates amounts for such liabilities.

Equipment and Facilities

The Association recognizes equipment and facilities as cash disbursements when incurred. These items are not capitalized and depreciated under the Association's cash basis of accounting.

Income Taxes

The Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6); therefore, no provision for income taxes has been made.

2. Restricted Net Assets

Net assets represent funds collected from member insurance companies, distributions from liquidators, interest income, and other receipts in excess of funds disbursed to pay claims and expenses of the Association. All assets are considered restricted under the Act creating the Association. Excess funds are to be used for the payment of claims, return of unearned premiums and reimbursement of expenses incurred for the insolvent member insurance companies (See Note 7).

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Investments

The Association's investments are recorded at cost and consisted of the following at December 31, 2008 and 2007:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Estimated Fair Value</u>	<u>Cost</u>	<u>Estimated Fair Value</u>
Short-term repurchase agreements	\$ 1,531,577	\$ 1,531,577	\$ 1,414,862	\$ 1,414,862
Money market accounts invested in U.S. Treasury obligations	614,154	614,154	874,103	874,103
U.S. Treasury notes and bonds	156,153,070	164,826,013	150,403,853	151,273,153
U.S. Government Agency obligations	99,008,998	101,131,644	102,145,849	101,549,948
Equities	<u>13,945</u>	<u>14,845</u>	<u>-</u>	<u>-</u>
	<u>\$257,321,744</u>	<u>\$268,118,233</u>	<u>\$254,838,667</u>	<u>\$ 255,112,066</u>

The Association's policy is to purchase securities issued by the U.S. Treasury and obligations issued or guaranteed by the U.S. Government and its Agencies. The estimated fair value of these securities is based on quoted market prices. The Association enters into short-term repurchase agreements with financial institutions whereby the Association purchases U.S. Government securities with an agreement to resell the securities to the financial institution at cost. The Association also deposits funds in money market accounts invested in U.S. Treasury obligations. Equities represent securities received as restitution and are expected to be converted to debt securities.

The Association purchases securities at premiums or discounts from the contractual maturity amount of the security. Due to the use of the cash basis of accounting, these premiums and discounts are not amortized over the holding period of the security. Instead, these differences are reported as gains or losses upon maturity or sale of the respective security. Accordingly, interest income represents the contractual interest payments received under the investment securities.

The cost and estimated fair value of investments at December 31, 2008 by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Cost</u>	<u>Estimated Fair Value</u>
Due in one year or less	\$ 58,382,814	\$ 57,245,060
Due after one year through five years	<u>198,938,930</u>	<u>210,875,173</u>
	<u>\$ 257,321,744</u>	<u>\$ 268,118,233</u>

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Assessments

Louisiana Revised Statute 22:1382 gives the Association the authority to assess member insurance companies the amount necessary to pay the obligations and expenses of the Association. Beginning January 1, 2003, and thereafter, the assessment to member insurance companies is not to exceed an amount equal to one percent (1%) of net direct written premiums during the preceding calendar year, unless changed by the Louisiana Legislature.

The Association has determined that six member companies qualify for earned credits of up to 80% of their annual assessments. Member companies can also qualify for assessment reductions by investing in qualifying Louisiana securities. The Association collected no assessments from members during 2008 and 2007.

5. Distributions from Liquidators

The Association files claims against the estates of insolvent insurers in an effort to recover a portion of the policyholders' claims paid and related expenses from the assets of the insolvent insurers. During the years ended December 31, 2008 and 2007, the Association received \$3,465,492 and \$11,814,115, respectively, of such distributions which are reflected as receipts in these financial statements. During the years ended December 31, 2008 and 2007, the Association also returned \$35,145 and \$300,912, respectively, of early access distributions previously received from liquidators under the terms of those agreements. No estimate is available of future potential distributions from liquidations or that may be required to be returned to liquidators due to the inherent uncertainty and difficulty in accurately estimating these amounts.

6. Building

On December 3, 2002, the Association purchased land and a building in Baton Rouge, Louisiana to be used as a new headquarters site. The building underwent renovations and was occupied and placed into service during 2003. The Association records self occupancy rent expense and other income.

7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited)

The funds of the Association are used to pay insurance claims of insolvent member insurance companies (See Note 2). These claims are pursuant to the Louisiana Insurance Guaranty Law, La. R.S. 22:1375-1394. As of December 31, 2008, the Association had 1,605 open claims files outstanding, a substantial portion of which are involved in litigation. Additionally, other member insurance companies may be declared insolvent subsequent to the date of these financial statements.

Due to the uncertainty involved in accepting and administering insolvent companies, as well as the difficulty in determining reliable estimates, the Association maintains its financial records on a cash basis. However, the Association regularly attempts to estimate the amount of claims and claims administration expenses related to insolvent member insurance companies. This "reserve setting" practice is a common function of managing and administering those losses.

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Estimate of Future Return of Unearned Premiums and Claims Payments (Not Audited) (continued)

Provided below is an unaudited condensed balance sheet of the Association at December 31, 2008, on a modified accrual basis which recognizes management's estimate of the undiscounted claims and related liabilities. This information is intended to reflect only certain estimated assets and liabilities of the Association and is not intended to represent the financial position of the Association in accordance with accounting principles generally accepted in the United States of America. These estimates are expected to vary as additional information becomes available.

The condensed unaudited balance sheet below does not provide for accruals of amounts due from liquidators of insolvent insurance companies, billed but uncollected member assessments due, capitalization and depreciation of property and equipment, adjustments of investments to estimated fair value, accruals for restitution recoveries, and accruals of operating costs owed at year end not included in the reserves for claims administration expenses.

As described in Note 4, the Association has been granted the authority to assess member insurers at a rate of one percent (1%) beginning January 1, 2003, which, if assessed, is estimated to produce approximately \$68 million annually. Additionally, La. R.S. 22:1382 provides that if the maximum assessment and other assets available to the Association are insufficient to make all necessary payments, the Association may borrow additional funds or payments can be reduced on a prorated basis and unpaid balances are to be paid as funds become available.

ASSETS

	December 31, 2008
	<u>Unaudited</u>
Cash	\$ -
Investments, at cost	<u>257,321,744</u>
Total assets	<u>\$ 257,321,744</u>

LIABILITIES AND NET DEFICIT

Outstanding checks in excess of bank balances	\$ 573,237	
Estimated claims and claims administration expenses payable	<u>641,986,360</u>	(1)
Total liabilities	642,559,597	
Net deficit	<u>(385,237,853)</u>	(2)
Total liabilities and net deficit	<u>\$ 257,321,744</u>	

(1) Represents management's estimate of claims and claims administration expense reserves related to open claim files at December 31, 2008.

The Association has been notified of claims, as well as threatened claims, by certain large insureds of insolvent insurance companies relating to the use and production of asbestos, silica, tobacco, and environmentally hazardous materials. The Association continues to evaluate the merits of these claims, the appropriateness of coverage under the Act, and the amount of potential liability to the Association.

LOUISIANA INSURANCE GUARANTY ASSOCIATION
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. **Estimate of Future Return of Unearned Premiums and Claims Payments** (Not Audited) (continued)

Management includes in the reserve for claims and claims administration expense amounts estimated as the Association's liability for these claims based on present statutes and based on the best information available at this time. However, there are numerous and significant uncertainties regarding the amount of ultimate liability the Association may be responsible for under these claims and when amounts ultimately determined as owed by the Association become due and payable. As facts and circumstances develop, management intends to revise its estimates of these claims liabilities. Revisions in these estimates could result in significant increases or decreases in these estimates.

- (2) Due to the uncertainty of the timing and amount of claims to be paid by the Association, it is unknown whether the Association can meet its claims obligations as they become due. As described in Note 4, the Association has the statutory authority to assess up to 1% of member insureds' net direct written premiums annually if necessary to pay its obligations. The Association financial resources also include receipt of investment earnings and the continued receipt of proceeds from liquidators of insolvent insurance companies.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Members and Directors
Louisiana Insurance Guaranty Association
Baton Rouge, Louisiana

We have audited the cash basis financial statements of Louisiana Insurance Guaranty Association (the Association) as of and for the year ended December 31, 2008, and have issued our report there on dated, March 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Insurance Guaranty Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management of the Louisiana Insurance Guaranty Association, the Commissioner of Insurance, State of Louisiana, and the Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 23, 2009

March 30, 2009

REPORT OF GENERAL COUNSEL
January 1, 2008 - December 31, 2008

I. 2008 Legislation

Three Bills passed during the 2008 Regular Session of the Legislature that directly amended LIGA Law. First, Act No. 109, formerly House Bill 481, made technical changes to the definition of a “covered claim” with respect to the net worth of the insured. Act No. 467, formerly Senate Bill 555, eliminated the former requirement that the LIGA Board determine whether a prospective member insurer presents a risk to policyholders, creditors, the public or LIGA. Act No. 687, formerly Senate Bill 240, changed the limits of LIGA’s obligations for claims subject to the statutory cap on liability from \$150,000 per claim, to \$300,000, combined single limits.

In addition, the entire Insurance Code has been re-numbered and re-enacted. The former LIGA Law, La. R.S. 22:1375 - 22:1394, has been re-codified as La. R.S. 22:2051 - 22:2070. The law books upon which most attorneys base their citations have not yet been reprinted with the new numbers, which has caused some confusion to Courts and other attorneys, who may be looking at wholly unrelated citations under the new numbering system. We provided all LIGA contract defense counsel with a Concordance Table advising them of this change and providing the new section numbers, which hopefully will help bridge the gap until the new books are published.

Finally, several Bills changing the Code of Governmental Ethics, the Open Meetings Law, and other general provisions which may affect LIGA’s operations and procedures also passed. Since such Bills were not directed to LIGA or the LIGA Law specifically, they will not be discussed herein.

II. Significant Jurisprudence

Southern Silica of Louisiana, Inc., et al. v. Louisiana Insurance Guaranty Association.
In his 2007 annual Report of General Counsel, former General Counsel provided a lengthy report on the status of this case, which involves occupational disease claims against various defendants, claiming exposure to silica over an extended period of time. Various insurers provided coverage to Southern Silica during this time period, including Reliance Insurance Company. Fundamentally, the question in this case is whether LIGA owes a *pro rata*

MILLING BENSON WOODWARD L.L.P.

2008 Report of General Counsel

March 30, 2009

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participation in the defense and indemnity of this matter, or whether it is only implicated after all other insurance coverage has been exhausted. At that time, former General Counsel reported that Writs had been granted by the Louisiana Supreme Court, that the Supreme Court heard oral arguments on February 26, 2008, and that a decision was forthcoming.

Since then, LIGA has received the Supreme Court opinion in this matter. The trial court had held that the amendments to La. R.S. 22:1386 could be applied retroactively, thus relieving LIGA of the obligation to provide a defense and indemnity to Southern Silica in this matter until all other available insurance had been exhausted. Southern Silica appealed, and the First Circuit Court of Appeal reversed the trial court, finding that the amendments to R.S. 22:1386 could not be applied retroactively to pending claims because to do so would result in a violation of due process. LIGA applied for Writs to the Supreme Court, which were granted.

The Supreme Court opined that the amendment could be applied as written and without violating the Due Process Clause or the Contract Clause. Under the amendment as written, the claimant must first collect other insurance “available to the insured before collecting from LIGA.” The Supreme Court interpreted the word “available” in the statute to mean “the *pro rata* share of each insurer for each year that insurer was on the risk.” Essentially, the Supreme Court held that LIGA would be required to pay its *pro rata* share for the years that Reliance was on the risk; however, all of the other solvent carriers would first have to pay their own *pro rata* shares thereof. In other words, LIGA had read the language of this statute in the context of their relative priority, meaning that all other insurance had to be exhausted first before LIGA had any liability at all. The Supreme Court, on the other hand, read the statute to be a matter of timing, rather than priority, so that LIGA was responsible for its share, but that all other insurance coverage had to be collected before it could be collected from LIGA.

The Supreme Court further indicated that “indemnification for defense costs borne by Southern Silica can be recovered from LIGA upon proper proof thereof.” Southern Silica has been defended by the other carriers up to this point pursuant to a joint defense agreement. LIGA has paid and obtained releases from several co-defendants in this matter to date.

Based on language in the Supreme Court’s decision, before out of state cases are paid, claimants would first have to satisfy the requirements of R.S. 22:1386(B). Most of the cases are from out of state and it appears that Southern Silica is not interested in going back to the trial court to litigate the constitutionality of that Section. Additionally, LIGA has made it clear that it intends to assert bar date defenses and, in fact, at least one of the claims has been recently denied by LIGA based on a bar date defense.

MILLING BENSON WOODWARD L.L.P.

2008 Report of General Counsel

March 30, 2009

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Louisiana Safety Association of Timbermen v. Louisiana Insurance Guaranty Association. The Louisiana Safety Association of Timbermen Self Insured Fund filed a claim seeking to recoup funds that it had paid in excess of its own \$200,000 limit of liability, pursuant to a policy provided by Reliance Insurance Company. Cross-Motions for Summary Judgment were filed on the issues of whether the coverage provided by the Fund is “reinsurance”, whether LIGA is liable for claims against a reinsurance policy, and whether LIGA is entitled to documentation concerning the net worth of the member insureds. The trial court granted LSAT’s Motion, which was affirmed by the Second Circuit Court of Appeal. At that point, we took over the handling of this matter and filed an Application for Writs to the Supreme Court. The Supreme Court granted the Writ, we have filed our brief, and oral arguments are set for May 5, 2009.

Irvin Hadley v. Louisiana Insurance Guaranty Association. Centex Landis was the general contractor of the Harrah’s Casino in New Orleans. Irvin Hadley, a driver of a cement truck, was injured while delivering concrete to this project. He filed a claim against Centex Landis, along with a number of subcontractors, including Gulf South Pilings. Following the insolvency of Reliance, Centex Landis settled the claim with Mr. Hadley for \$350,000, and sought reimbursement from LIGA.

Centex Landis based its claim for reimbursement from LIGA on two arguments. First, it claimed the status of an additional insured under the Reliance policy. Second, it argued that it had a contractual indemnity agreement with Gulf South that required the insured, Gulf South, and/or LIGA in its stead, to pay. LIGA filed a Motion for Summary Judgment, which was granted by the trial court. Centex Landis appealed, and the Fourth Circuit Court of Appeal affirmed the dismissal of LIGA. In expansive language, the Fourth Circuit held that the \$1,000,000 deductible in the Centex Landis policy was in fact self-insurance and therefore it had no claim. Centex Landis did not apply for Writs to the Supreme Court.

Floyd Rideau v. Louisiana Insurance Guaranty Association. This claim concerns an October 9, 1998 accident. Walter Edwards, an employee of CSX-Trans/TIC United allegedly ran a vehicle driven by Floyd Rideau off the road. TIC filed for bankruptcy in 2000, and Reliance was placed in liquidation on October 3, 2001. LIGA filed a Motion for Summary Judgment on the issues of: (1) whether the Reliance policy unaccompanied by a transfer of insurance risk was an obligation for which LIGA was obligated; (2) whether the Texas Property and Casualty Guaranty Association was the primary guaranty association; and, (3) whether the \$1,000,000 retention of TIC served to insulate LIGA from any claim. The trial court denied the Motions with respect to the first and second issues, but granted LIGA’s Motion on the third issue, finding that LIGA is entitled to a credit for the \$1,000,000 deductible of TIC and, since the claim did not exceed that value, dismissed the proceedings.

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Plaintiff appealed, and the Third Circuit Court of Appeal reversed the trial court, reinstating the claim against LIGA, and finding that the MS-90 endorsement altered the relationship between Reliance and TIC. Accordingly, Reliance bore some responsibility for this claim even though there was a \$1,000,000 deductible. Since Reliance was responsible, the court concluded that LIGA was responsible and reinstated plaintiff's claims.

LIGA filed an Application for Writs to the Louisiana Supreme Court, which was denied on September 29, 2008. LIGA has subsequently settled this matter.

III. New and Anticipated Insolvencies; Estate Closures and Distributions of Assets from the Estates of Liquidated Insurers

In 2008, there were no new insolvencies and none are anticipated.

Two domestic insolvencies concluded in 2008.

Savant Insurance Company closed and made a final distribution to LIGA in the amount of \$904,891. The total amount received from the receiver is \$1,004,891, against LIGA's payments from inception to date in the amount of \$1,320,534. LIGA's reserve for future payments on this estate is \$118,400.

Lloyds Assurance of Louisiana closed and LIGA is awaiting a final distribution in 2009 in the amount of \$2,800,000. At that time, the total amount received from the receiver will be \$7,536,510. This amount will reimburse LIGA in full, as well as pay over \$2,000,000 in interest.

LIGA received \$3,430,347.00 in net distributions of assets from liquidators during the year.

IV. Revisions to the Plan of Operations and Policies and Procedures Manual

At the January 29, 2008 meeting of the Board, the Board voted to amend Article III, Section B.4 of the Policies and Procedures Manual to require the joint signatures of both Directors on any LIGA check or, in the absence of two Directors, the signature of a Director and one authorized individual as mandated by the Board.

At the January 29, 2008 Board Meeting, the Board also voted to amend Article I, Section C.2.k; Article I, Section C.2.c (i)-(v); and Article I, Section D of the Policies and Procedures Manual, regulating the authority of LIGA personnel and Board Members to request General Counsel to render opinions or provide services to LIGA.

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At the March 13, 2008 meeting of the Board, the Board voted to amend Article I, Section C.2.c(i)-(ii), and Article I, Section C.3 of the Policies and Procedures Manual, dealing with the duties of the General Counsel.

At the June 26, 2008 meeting of the Board, the Board voted to amend Article I, Section A.2.h of the Policies and Procedures Manual to delete the provision regarding the return of surplus funds, to comport with the 2004 change in the LIGA Law.

Also at the June 26, 2008 Board Meeting, the Board voted to amend Article III, Section B.4 of the Policies and Procedures Manual, making certain changes to the check signing policies and regarding credit card utilization.

At the June 26, 2008 Board Meeting, the Board also voted to amend Article VII, Section A of the Policies and Procedures Manual, to track changes made to the Plan of Operation in December 2006 regarding the use of proxies.

Also at the June 26, 2008 meeting of the Board, the Board voted to amend Article VII, Section B of the Policies and Procedures Manual to track changes made to the Plan of Operation two years ago, regarding the procedure for the designation of chairmen of LIGA's Standing Committees.

At the June 26, 2008 meeting of the Board, the Board also voted to amend Article V, Section D.2.h of the Plan of Operation, to delete subpart (h), to comport with the same changes to the LIGA Law made in 2004 as was addressed in the amendment to Article I, Section A.2.h of the Policies and Procedures Manual, discussed above.

At the September 25, 2008 meeting of the Board, the Board adopted various changes to the Legal Defense Services Policies and Procedures Manual, with respect to claims handling practices.

V. Significant Board Actions

The Board of Directors had four regular quarterly meetings during 2008 to conduct the business of LIGA. In addition, the December 2007 meeting was reconvened on January 29, 2008 and there was also one special meeting of the Board of Directors in 2008. The following Board actions were of significance:

- A. At the January 29, 2008 meeting, the Board voted to accept the January 28, 2008 resignation of Ms. Desiree Worsley, the former Director of Operations and Logistics.

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2008 Report of General Counsel

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- B. After an extensive interview and negotiation process, the Director of Operations and Logistics position was offered to Mr. John Wells, who accepted the position effective March 17, 2008.
- C. The Board adopted several Amendments to the Plan of Operation, the Policies and Procedures Manual, and the Legal Defense Services Policies and Procedures Manual, outlined above.
- D. During 2008, the Board welcomed one new member, namely, William Hughs, III, the Appointee of the Speaker of the House of Representatives. Barry Mitchell, was re-appointed to his seat by the Commissioner of Insurance, but subsequently resigned and his seat remains vacant.

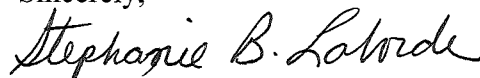
Aubrey Temple, of the Louisiana Workers Compensation Corporation, was re-elected to serve as a member company representative. Michael Reid resigned on June 30, 2008, and his member company representative seat remains vacant.

- E. At the June 26, 2008 meeting of the Board of Directors, the election of officers was held. Michael Gray was elected Chairman, J. E. Brignac, Jr. was elected Secretary, and Markham McKnight was elected Treasurer.
- F. At the January 29, 2008 meeting of the Board of Directors, the Board amended the engagement of Postlethwaite and Netterville to include a claims review in the conduct of the financial audit of LIGA.
- G. At the June 26, 2008 meeting of the Board, the Board created an Ethics Committee, as a standing committee of the Board.
- H. At the September 25, 2008, the Board selected Stephanie Laborde to serve as its General Counsel.

VI. Assessments

The Board did not authorize an assessment of the Member Insurers for the calendar year 2008.

Sincerely,



Stephanie B. Laborde

LOUISIANA INSURANCE GUARANTY ASSOCIATION
COMPANY CLAIMS ACTIVITY
FOR YEAR ENDING 2008

COMPANY NAME	CLOSED IN 2008	PENDING 12/31/08	DISTRIBUTION REFUNDS IN 2008	LOSSES PAID IN 2008	CLAIMS EXPENSES PAID IN 2008	OUTSTANDING RESERVES
ACCELERATION NATIONAL	1	0	0	0	1,335	0
ALLIANCE CASUALTY	0	2	1,777	10,614	457	91,694
AMERICAN DRUGGIST	0	1	0	26,677	13,275	131,201
AMERICAN EAGLE	1	0	217,950	82,400	6,602	0
AMERICAN FIDELITY	1	0	0	36,599	1,732	0
AMERICAN MUTUAL BOSTON	1	5	0	59,601	12,283	828,768
AMERICAN MUTUAL LIABILITY	139	826	0	2,175,572	1,201,472	77,174,030
AMERICAN SURETY	0	0	409	0	0	0
ANGLO AMERICAN	0	7	0	87,823	18,914	1,425,681
ARIST NAT'L/CERTIFIED	0	1	0	0	0	11,694
CALIFORNIA COMPENSATION	1	1	196,432	20,815	11,996	101,134
CAR (AUTOMOTIVE CASUALTY)	0	2	0	0	6,842	15,441
CARRIERS	0	0	10,708	0	0	0
CASCADE	0	0	53,988	0	0	0
CASUALTY RECIPROCAL	5	14	0	246,729	75,911	1,977,884
CHAMPION	0	0	0	0	0	0
COLONIAL LLOYDS	3	0	0	0	2,178	0
COMMERCIAL CASUALTY	6	7	0	49,035	82,512	545,841
COMMERCIAL COMPENSATION	1	8	0	169,457	59,817	744,361
CREDIT GENERAL	3	26	0	451,410	211,226	4,671,681

LOUISIANA INSURANCE GUARANTY ASSOCIATION
COMPANY CLAIMS ACTIVITY
FOR YEAR ENDING 2008

COMPANY NAME	CLOSED IN 2008	PENDING 12/31/08	DISTRIBUTION REFUNDS IN 2008	LOSSES PAID IN 2008	CLAIMS EXPENSES PAID IN 2008	OUTSTANDING RESERVES
DIXIE LLOYDS	0	0	81	0	0	0
EARLY AMERICAN	0	0	71,141	0	0	0
EMPLOYERS CASUALTY	1	9	0	(12,176)	9,349	217,333
EMPLOYERS NATIONAL	2	70	0	460,425	184,392	8,456,803
FIDELITY FIRE & CASUALTY	1	0	376	19,800	8,568	0
FREMONT INSURANCE CO.	2	1	0	(8,186)	1,706	39,321
GENERAL	3	4	72,166	0	30,323	16,499
HOME INSURANCE CO.	99	89	332,942	284,401	65,896	11,225,748
IDEAL MUTUAL	0	2	0	33,586	65,168	892,146
IMPERIAL	0	0	274	0	0	0
INSURANCE CORP. OF AMERICA	1	4	0	0	33,638	334,355
INTEGRITY	0	2	185,105	0	904	49,715
LARAMIE	0	1	0	0	2,646	92,799
LEGION INSURANCE CO.	26	28	221,750	448,363	193,504	2,751,521
LIBERTY LLOYDS	1	0	386	0	2,365	0
LUTHERAN BENEVOLENT	1	2	0	149,900	12,042	43,639
MAGNOLIA FIRE & CASUALTY	0	1	0	0	2,374	10,113
MERIT	1	0	0	0	1,075	0
MIDLAND	2	4	0	80,049	26,460	1,001,552
MILLERS INSURANCE CO.	1	0	(21,748)	(320)	276	0

LOUISIANA INSURANCE GUARANTY ASSOCIATION
COMPANY CLAIMS ACTIVITY
FOR YEAR ENDING 2008

COMPANY NAME	CLOSED IN 2008	PENDING 12/31/08	DISTRIBUTION REFUNDS IN 2008	LOSSES PAID IN 2008	CLAIMS EXPENSES PAID IN 2008	OUTSTANDING RESERVES
MISSION	0	4	0	3,380	710	179,498
MISSION NATIONAL	0	2	303,707	0	0	174,980
NATIONAL ALLIED	0	1	0	10,459	5,688	389,324
NORTH AMERICAN INDEMNITY	0	0	0	0	0	0
OLD HICKORY	1	2	0	25,992	6,390	287,703
PACIFIC MARINE	1	2	0	25,118	3,609	646,227
PATTERSON INSURANCE CO.	25	29	0	239,582	167,183	259,472
PELICAN STATE MUTUAL	1	2	0	0	6,874	251,787
PETROSURANCE	0	4	74,995	93,634	34,421	1,544,260
PHICO	0	3	0	0	28,154	145,986
PINNACLE	0	1	0	0	2,712	156,873
PRESIDENTIAL FIRE & CASUALTY	1	4	0	5,441	16,515	1,212,377
REALM INSURANCE CO.	0	1	0	9,333	2,852	83,372
RECIPROCAL OF AMERICA	3	0	0	0	3,444	0
RELIANCE NATIONAL	84	374	86,247	1,790,458	724,770	513,463,742
ROCKWOOD	2	30	0	763,084	121,385	7,612,508
SAVANT	0	2	904,891	30,506	5,805	121,641
SECURITY CASUALTY	0	1	0	0	0	147,805
SOUTH CAROLINA INSURANCE CO.	1	0	0	0	992	0
SOUTH CENTRAL	0	0	164	0	0	0

LOUISIANA INSURANCE GUARANTY ASSOCIATION
COMPANY CLAIMS ACTIVITY
FOR YEAR ENDING 2008

COMPANY NAME	CLOSED IN 2008	PENDING 12/31/08	DISTRIBUTION REFUNDS IN 2008	LOSSES PAID IN 2008	CLAIMS EXPENSES PAID IN 2008	OUTSTANDING RESERVES
SOUTHERN AMERICAN	0	9	730,005	91,783	139,617	871,188
TRANSIT	8	7	0	73,053	13,924	1,205,021
U.S. CAPITAL	1	0	0	0	(942)	0
UNITED AGENTS	7	6	0	211,198	79,862	201,167
UNITED COMMUNITY	0	1	0	0	8,859	304
UNITED SOUTHERN ASSURANCE	0	1	0	0	4,160	20,233
VESTA FIRE	0	0	(13,397)	0	0	0
VILLANOVA INSURANCE CO.	0	2	0	21,585	8,612	159,938
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TOTALS	438	1,605	3,430,347	8,267,180	3,732,831	641,986,360
	=====	=====	=====	=====	=====	=====

**LOUISIANA INSURANCE GUARANTY ASSOCIATION
RETURN PREMIUMS PROCESSED
2008**

<u>COMPANY</u>	<u># OF POLICIES</u>	<u>PAYMENTS</u>
LEGION	1	\$1,759.50
<hr/>		
TOTALS	1	\$ 1,759.50

**LOUISIANA INSURANCE GUARANTY ASSOCIATION
REPORT ON INSOLVENT COMPANIES
MONIES PAID FROM
DATE OF INSOLVENCY TO 12/31/2008**

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* A.N.A LA 5/17/1993	10,580,868.00	2,644,479.04	1,464,539.41	\$14,689,886.45
ACCELERATION NATIONAL OH 2/28/2001	109,200.00	70,871.55	0.00	\$180,071.55
ALLIANCE LA 6/19/1992	5,455,182.14	1,304,543.46	611,847.69	\$7,371,573.29
* ALLIED FIDELITY IN 7/15/1986	1,151,896.75	684,836.19	14,865.30	\$1,851,598.24
* AMBASSADOR VT 3/10/1987	0.00	4,474.11	0.00	\$4,474.11
AMERICAN DRUGGIST OH 4/30/1986	2,301,839.28	735,456.27	0.00	\$3,037,295.55
AMERICAN EAGLE TX 12/22/1997	997,056.18	525,345.84	8,932.00	\$1,531,334.02
* AMERICAN EXCEL TX 5/31/1988	62,754.68	30,734.41	0.00	\$93,489.09
* AMERICAN FIDELITY NY 3/14/1986	324,209.64	267,879.76	174,150.75	\$766,240.15
* AMERICAN GUARANTY LA 2/26/1988	30,335.99	21,939.89	73,358.82	\$125,634.70
* AMERICAN LLOYDS LA 6/21/1989	9,480,353.77	1,951,866.78	632,508.49	\$12,064,729.04
AMERICAN MUTUAL BOSTON MA 3/9/1989	6,785,584.23	945,212.68	0.00	\$7,730,796.91
AMERICAN MUTUAL LIABILITY MA 3/9/1989	14,465,552.49	16,639,794.38	0.00	\$31,105,346.87
* AMERICAN RESERVE RI 6/12/1979	0.00	8,672.73	0.00	\$8,672.73
* AMERICAN SURETY & FIDELITY LA 7/8/1992	8,582,647.25	2,524,605.85	996,485.67	\$12,103,738.77
* AMERICAN UNIVERSAL IL 1/8/1991	335,335.00	22,368.85	0.00	\$357,703.85
* ANDREW JACKSON MS 4/4/1992	3,696,783.16	1,310,264.59	1,308,505.76	\$6,315,553.51
* ANDREW JACKSON PROPERTY MS 4/4/1992	52,248.80	3,290.90	20,877.85	\$76,417.55

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
ANGLO AMERICAN LA 3/20/1989	22,412,464.92	4,162,013.89	1,035,251.48	\$27,609,730.29
* ARIST LA 5/4/1992	10,796,278.00	2,399,165.51	414,376.85	\$13,609,820.36
* ASPEN CO 9/6/1984	792,587.37	268,847.18	111.10	\$1,061,545.65
* BONNEVILLE OF OREGON OR 10/22/1993	450,638.63	159,163.80	0.00	\$609,802.43
* CADILLAC MI 1/2/1990	956,259.45	116,084.73	1,492,435.20	\$2,564,779.38
CALIFORNIA COMPENSATION CA 9/26/2001	910,224.85	365,870.52	11,580.00	\$1,287,675.37
CAR (AUTOMOTIVE CASUALTY) LA 1/20/1993	29,772,939.19	11,613,591.96	333,678.75	\$41,720,209.90
* CARRIERS IA 1/16/1986	1,271,512.16	269,012.67	0.00	\$1,540,524.83
* CASCADE LA 8/12/1993	2,511,225.27	611,082.48	3,131.16	\$3,125,438.91
CASUALTY RECIPROCAL MO 8/18/2004	3,153,973.13	772,872.76	0.00	\$3,926,845.89
* CHAMPION LA 6/5/1989	90,375,345.26	31,130,754.34	4,604,419.47	\$126,110,519.07
* CITIZENS NY 6/14/1971	0.00	24,975.51	0.00	\$24,975.51
COLONIAL LLOYDS LA 3/27/1992	22,166,749.38	6,469,551.53	5,911,383.05	\$34,547,683.96
* COMCO TX 1/13/1992	2,319,545.42	1,106,446.12	120,636.04	\$3,546,627.58
COMMERCIAL CASUALTY GA 4/2/2004	569,061.53	702,202.75	0.00	\$1,271,264.28
COMMERCIAL COMPENSATION CA 9/26/2001	4,313,530.84	1,299,396.10	148,830.00	\$5,761,756.94
* COMMERCIAL STANDARD TX 10/4/1985	23,249.13	3,863.14	793.36	\$27,905.63
* COMMODORE TX 12/20/1990	16,566.66	1,298.27	0.00	\$17,864.93
* COMMONWEALTH GENERAL MO 9/1/1995	11,500.00	2,751.79	0.00	\$14,251.79
* CONSOLIDATED UNDERWRITERS MO 3/24/1978	0.00	800.48	0.00	\$800.48
* COTTON BELT TN 7/9/1982	0.00	820.00	0.00	\$820.00

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
CREDIT GENERAL OH 1/5/2001	12,672,589.25	3,672,298.27	327,406.94	\$16,672,294.46
* DIXIE LLOYDS LA 12/20/1990	9,538,487.97	4,230,916.04	2,103,022.53	\$15,872,426.54
* DOMINION NY 8/19/1986	0.00	1,932.62	0.00	\$1,932.62
* EARLY AMERICAN AL 2/1/1985	3,542,520.19	1,216,289.05	460,371.68	\$5,219,180.92
* EASTERN INDEMNITY MD 1/11/1985	1,737,078.10	454,309.81	0.00	\$2,191,387.91
EMPLOYERS CASUALTY TX 2/11/1994	590,320.62	419,156.13	0.00	\$1,009,476.75
EMPLOYERS NATIONAL TX 2/11/1994	10,977,144.82	3,414,757.69	7,638.00	\$14,399,540.51
* ENTERPRISE CA 2/24/1987	116,628.80	52,462.58	0.00	\$169,091.38
* EXCALIBUR TX 9/5/1984	658,030.74	244,240.25	0.00	\$902,270.99
FIDELITY FIRE & CASUALTY LA 9/4/1991	11,608,852.54	4,917,021.45	639,089.05	\$17,164,963.04
* FIRST SOUTHERN FL 10/31/1992	1,659,631.00	298,690.82	299,295.45	\$2,257,617.27
FREMONT INSURANCE CO. CA 7/2/2003	273,981.76	68,482.19	0.00	\$342,463.95
GENERAL 12/30/1899	220,283.30	228,533.52	0.00	\$448,816.82
* GLACIER GENERAL ASSURANCE MN 11/12/1985	0.00	784.25	0.00	\$784.25
* GREAT GLOBAL AZ 4/27/1987	224,848.26	109,147.30	12,286.04	\$346,281.60
* GREAT PLAINS NE 3/4/1992	0.00	429.58	0.00	\$429.58
* GULF AMERICAN FL 3/3/1984	54,042.46	12,151.02	0.00	\$66,193.48
* GULF COAST CASUALTY LA 4/2/1993	3,622,007.42	799,048.46	629,221.01	\$5,050,276.89
* HAMILTON INSURANCE CO. PA 8/3/2000	4,550.00	4,498.26	0.00	\$9,048.26
* HERITAGE IL 2/26/1986	276,838.34	41,196.52	0.00	\$318,034.86
* HOLLAND-AMERICA MO 3/6/1987	0.00	1,288.98	0.00	\$1,288.98

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
HOME INSURANCE CO. NH 6/13/2003	1,506,212.82	465,773.56	0.00	\$1,971,986.38
* HOME OWNERS IL 4/8/1979	34,836.44	26,039.29	0.00	\$60,875.73
* HORIZON NY 1/11/1985	228,917.73	46,132.60	1,367.25	\$276,417.58
IDEAL MUTUAL NY 2/7/1985	7,050,255.21	1,672,635.60	5,164.60	\$8,728,055.41
* IMPERIAL CA 1/10/1978	133,091.51	47,699.87	0.00	\$180,791.38
* IMPERIAL LLOYDS LA 7/8/1991	1,806,692.05	719,220.67	0.00	\$2,525,912.72
* INDUSTRIAL FIRE & CASUALTY IL 3/6/1991	0.00	264.58	0.00	\$264.58
INSURANCE CORP. OF AMERICA TX 4/28/1997	3,851,350.21	4,355,732.86	414,293.43	\$8,621,376.50
* INTEGRITY NJ 3/24/1987	2,689,202.10	813,327.94	2,522.55	\$3,505,052.59
* INTERCONTINENTAL IL 1/12/1990	0.00	758.25	142.00	\$900.25
* INTERNATIONAL SERVICE TX 7/30/1991	25,000.00	357.64	0.00	\$25,357.64
* INTERSTATE NJ 10/1/1975	0.00	1,481.96	0.00	\$1,481.96
LARAMIE WY 2/14/1990	6,883,470.38	1,938,390.77	1,274,804.13	\$10,096,665.28
LEGION INSURANCE CO. PA 7/28/2003	6,564,105.24	2,401,040.84	138,095.44	\$9,103,241.52
LIBERTY LLOYDS LA 5/17/1993	42,918,250.92	12,101,243.41	173,564.46	\$55,193,058.79
* LLOYDS ASSURANCE LA 6/21/1994	4,374,711.80	966,308.30	74,106.70	\$5,415,126.80
* LLOYDS OF LOUISIANA LA 3/6/1986	4,374,711.80	966,308.30	74,106.70	\$5,415,126.80
LUTHERAN BENEVOLENT MO 12/2/1996	1,175,784.26	290,461.42	103,318.88	\$1,569,564.56
* M.C.A. OK 10/23/1992	0.00	3,915.54	0.00	\$3,915.54
MAGNOLIA FIRE & CASUALTY LA 5/14/1993	751,162.78	189,070.09	79,185.50	\$1,019,418.37
* MANCHESTER OH 2/13/1976	1,647,092.78	385,961.89	132,507.56	\$2,165,562.23

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* MARKET IL 12/16/1980	0.00	41.25	0.00	\$41.25
* MARYLAND INDEMNITY MD 11/10/1977	36,714.22	45,576.17	0.00	\$82,290.39
* MEDALLION MO 9/12/1975	205,134.51	126,821.40	493,223.25	\$825,179.16
* MENTOR 12/30/1899	0.00	1,112.50	0.00	\$1,112.50
MERIT CASUALTY CO. IL 4/1/1997	659,633.89	175,728.82	0.00	\$835,362.71
* MID-AMERICAN CASUALTY LA 11/7/1990	280,140.00	85,311.90	271,502.07	\$636,953.97
MIDLAND NY 4/3/1986	10,310,329.87	2,642,062.71	17,023.59	\$12,969,416.17
MILLERS INSURANCE CO. TX 3/24/2003	194,572.97	96,629.74	0.00	\$291,202.71
MISSION CA 2/24/1987	1,646,778.78	585,421.04	0.00	\$2,232,199.82
* MISSION AMERICA CA 2/24/1987	0.00	2,760.92	0.00	\$2,760.92
MISSION NATIONAL CA 2/24/1987	706,469.67	576,604.01	0.00	\$1,283,073.68
* MISSION REINSURANCE CORP. CA 2/24/1987	115,000.00	1,964.45	0.00	\$116,964.45
* MUTUAL FIRE, MARINE & INLAND PA 12/8/1986	0.00	707.42	0.00	\$707.42
NATIONAL ALLIED TX 10/31/1986	1,218,215.52	185,982.31	0.00	\$1,404,197.83
* NEW ENGLAND LA 9/22/1989	6,929,966.48	1,652,851.02	366,194.09	\$8,949,011.59
* NORTH AMERICAN INDEMNITY LA 5/26/1992	2,655,886.09	540,596.93	231,362.47	\$3,427,845.49
* NORTH-WEST OR 12/4/1984	0.00	3,958.97	0.00	\$3,958.97
* NORTHEASTERN FIRE PA 6/1/1984	0.00	105.00	0.00	\$105.00
* OHIO GENERAL OH 3/28/1990	185,374.74	56,061.74	24,688.00	\$266,124.48
OLD HICKORY LA 10/31/1991	11,009,028.65	4,235,142.27	2,274,689.75	\$17,518,860.67
* OPTIMUM IL 5/5/1986	0.00	2,120.41	0.00	\$2,120.41

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* PACIFIC AMERICAN DE 1/23/1985	234,705.95	52,183.07	0.00	\$286,889.02
PACIFIC MARINE WA 6/7/1989	2,665,892.93	517,204.98	0.00	\$3,183,097.91
PATTERSON INSURANCE CO. LA 3/17/2003	6,872,860.99	5,485,049.26	780,203.62	\$13,138,113.87
* PAXTON PA 6/26/1989	12,000.00	16,757.82	0.00	\$28,757.82
PELICAN STATE MUTUAL LA 2/26/1993	19,147,364.30	5,439,203.30	321,366.03	\$24,907,933.63
PETROSURANCE OK 3/14/2002	898,313.46	240,414.81	0.00	\$1,138,728.27
PHICO PA 2/1/2002	543,751.91	804,354.60	14,829.00	\$1,362,935.51
PINNACLE INS. CO. GA 9/20/1999	570,378.00	246,486.69	0.00	\$816,864.69
* PREMIER ALLIANCE CA 8/2/1994	199,218.00	132,983.22	0.00	\$332,201.22
PRESIDENTIAL FIRE & CASUALTY LA 11/13/1991	12,909,441.47	2,963,594.53	595,841.29	\$16,468,877.29
* PROFESSIONAL NY 4/12/1974	67,589.75	90,023.05	0.00	\$157,612.80
* PROPRIETORS OH 8/5/1981	144,658.25	40,673.03	7,648.00	\$192,979.28
* PROTECTIVE CASUALTY MO 5/24/1991	5,265,558.30	1,272,342.98	632,627.81	\$7,170,529.09
REALM INSURANCE CO. NY 6/10/2005	33,926.15	10,243.58	0.00	\$44,169.73
RECIPROCAL OF AMERICA VA 6/20/2003	654,959.58	407,735.21	0.00	\$1,062,694.79
* REGAL 12/30/1899	0.00	15,618.90	0.00	\$15,618.90
* RELIABLE OH 1/29/1988	112,140.01	23,087.38	0.00	\$135,227.39
* RELIANCE 12/30/1899	5,000.00	0.00	0.00	\$5,000.00
RELIANCE NATIONAL PA 10/3/2001	46,670,079.22	18,519,493.14	0.00	\$65,189,572.36
* RESERVE IL 5/7/1979	985,483.29	209,197.16	317,544.14	\$1,512,224.59
ROCKWOOD PA 8/26/1991	26,869,831.32	7,059,450.74	22,994.25	\$33,952,276.31

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* S & H CA 4/16/1985	0.00	32.50	0.00	\$32.50
SAVANT LA 11/7/2001	1,047,067.43	269,701.01	0.00	\$1,316,768.44
* SECURITY CASUALTY IL 12/4/1981	9,651.11	27,178.79	0.00	\$36,829.90
SOUTH CAROLINA INSURANCE CO. SC 3/21/2005	0.00	12,688.33	0.00	\$12,688.33
* SOUTH CENTRAL LA 1/5/1989	1,496,640.55	356,707.26	387,532.96	\$2,240,880.77
SOUTHERN AMERICAN UT 3/20/1992	902,899.62	897,561.06	0.00	\$1,800,460.68
* SOVEREIGN FIRE & CASUALTY LA 5/29/1991	7,825,397.25	2,913,123.82	3,382,524.64	\$14,121,045.71
* ST. LOUIS FIRE & MARINE 12/30/1899	1,500.00	652.30	0.00	\$2,152.30
* STANDARD FIRE AL 3/5/1985	0.00	13,737.86	0.00	\$13,737.86
* SUMMIT NY 5/28/1975	527,145.12	98,467.34	0.00	\$625,612.46
* SUNBELT SOUTHERN LA 12/2/1988	296,126.70	296,507.48	0.00	\$592,634.18
* TEXAS FIRE & CASUALTY TX 11/25/1986	0.00	2,950.08	0.00	\$2,950.08
TRANSIT CASUALTY CA 12/3/1985	23,336,034.30	5,903,514.27	17,251.46	\$29,256,800.03
U.S. CAPITAL NY 11/20/1997	1,959,275.14	1,471,939.79	0.00	\$3,431,214.93
* U.S. INDEMNITY LA 10/13/1989	2,192,153.64	428,503.71	38,849.76	\$2,659,507.11
* UNION INDEMNITY NY 6/16/1985	683,366.39	209,907.69	5,553.00	\$898,827.08
UNITED AGENTS LA 3/3/2002	5,019,154.72	1,961,960.02	179,232.23	\$7,160,346.97
* UNITED BONDING IN 2/18/1971	62,054.83	39,152.58	0.00	\$101,207.41
UNITED COMMUNITY NY 11/10/1995	5,802,964.07	2,472,383.71	166,571.56	\$8,441,919.34
* UNITED SAVINGS LIFE 12/30/1899	0.00	273.75	0.00	\$273.75
UNITED SOUTHERN ASSURANCE FL 9/18/1997	1,304,815.94	564,127.89	0.00	\$1,868,943.83

<u>COMPANY</u>	<u>LOSSES</u>	<u>EXPENSES</u>	<u>UNEARNED PREMIUMS/ EXPENSES PAID</u>	<u>TOTAL ALLTIME LIGA BILLINGS</u>
* UNIVERSAL SECURITY TN 10/13/1991	1,145,779.85	280,761.14	8,772.65	\$1,435,313.64
VESTA FIRE INSURANCE CO. TX 8/1/2006	0.00	1,699.95	0.00	\$1,699.95
VILLANOVA INSURANCE CO. PA 7/28/2003	272,160.72	59,577.42	0.00	\$331,738.14
* WESTERN EMPLOYERS CA 4/19/1991	10,583.52	32,401.82	0.00	\$42,985.34
* WESTERN PREFERRED CASUALTY CO 4/16/1986	0.00	0.00	0.00	\$0.00
* YORKTOWN IL 2/7/1989	174,800.00	7,457.76	0.00	\$182,257.76
TOTALS	\$616,114,151.32	\$211,643,590.74	\$36,892,233.72	\$864,649,975.78
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* - INACTIVE INSOLVENCY