Medical Professional Mutual Insurance Company

Financial Statements and Related Material to Comply with Statutory Filing Requirements
December 31, 2007 and 2006

Medical Professional Mutual Insurance Company
Index
December 31, 2007 and 2006

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Directors of Medical Professional Mutual Insurance Company

We have audited the accompanying statutory statements of admitted assets, liabilities and surplus of Medical Professional Mutual Insurance Company (the "Company") as of December 31, 2007 and 2006, and the related statutory statements of income and changes in surplus, and of cash flows for the years then ended. These financial statements are the responsibility of the Company'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by The Division of Insurance of The Commonwealth of Massachusetts, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America are material; they are described in Note 2.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2007 and 2006, or the results of its operations or its cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the basic statutory basis financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule, Supplemental Investment Risks Interrogatories, General Interrogatories, and Reinsurance Summary Supplemental Filing of the Company as of December 31, 2007, and for the year then ended are presented for purposes of additional analysis and are not a required part of the basic statutory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic statutory basis financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic statutory basis financial statements taken as a whole.

PricewaterhouseCoopers LLP

April 22, 2008

Medical Professional Mutual Insurance Company
Statements of Admitted Assets, Liabilities and Accumulated Surplus (Statutory Basis)
December 31, 2007 and 2006

(in thousands)	2007	2006
Admitted Assets		
Cash and investments		
Bonds, at carrying value	$ 1,786,343	$ 1,591,858
Common and preferred stocks, at carrying value	234,869	249,743
Cash and short-term investments	25,081	79,441
Other invested assets	4,041	4,041
Total cash and investments	2,050,334	1,925,083
Premiums receivable	103,286	107,201
Interest and dividends accrued	16,393	12,604
Receivable from subsidiaries and affiliates	6,944	2,353
Federal income tax recoverable	-	1,853
Net deferred tax asset	18,540	16,273
Electronic data processing equipment, net	571	609
Reinsurance recoverable on paid losses and loss adjustment expenses	2,994	175
Ceded reinsurance premiums receivable, net of ceding commissions	-	403
Equity in pool	25,843	27,790
Other assets	3,506	3,614
Total admitted assets	$ 2,228,411	$ 2,097,958
Liabilities and Accumulated Surplus		
Liabilities		
Loss and loss adjustment expense reserves	$ 1,359,314	$ 1,326,139
Unearned premiums	168,241	174,219
Commissions payable and contingent commissions	2,643	2,898
Ceded reinsurance premiums payable, net of ceding commissions	60	-
Funds held by Company under reinsurance treaties	59,502	64,610
Reinsurance payable on paid losses and loss adjustment expenses	7,835	4,969
Policyholder dividends declared	1,229	1
Payable for securities purchased	960	7,516
Federal income tax payable	13,320	-
Other liabilities	12,492	12,916
Total liabilities	1,625,596	1,593,268
Accumulated surplus	602,815	504,690
Total liabilities and accumulated surplus	$ 2,228,411	$ 2,097,958

The accompanying notes are an integral part of the financial statements.

Medical Professional Mutual Insurance Company
Statements of Income and Accumulated Surplus
(Statutory Basis)
Years Ended December 31, 2007 and 2006

(in thousands)	2007	2006
Premiums written	$ 316,336	$ 341,472
Decrease (increase) in unearned premiums	6,503	(3,741)
Premiums earned	322,839	337,731
Loss and loss adjustment expenses	217,549	270,185
Commissions	19,889	24,698
Taxes, licenses and fees	8,076	8,239
Other	22,574	20,930
	268,088	324,052
Underwriting gain	54,751	13,679
Net investment income (Note 3)	90,175	80,017
Net realized gains (Note 3)	12,331	5,959
Finance and service charge income	2,102	2,182
Other expense	(6,839)	(6,124)
Dividends to policyholders (Note 10)	(2,831)	(1,900)
Income before federal income taxes	149,689	93,814
Federal income tax expense (Note 4)	40,796	22,065
Net income	$ 108,893	$ 71,748
Accumulated surplus at beginning of year	$ 504,690	$ 410,210
Net income	108,893	71,748
Net unrealized capital (losses) gains (Note 3)	(6,781)	17,276
Decrease in net deferred income tax	(594)	(7,948)
(Increase) decrease in nonadmitted assets (Note 7)	(3,392)	12,851
(Increase) decrease in provision for reinsurance	(1)	553
Accumulated surplus at end of year	$ 602,815	$ 504,690

The accompanying notes are an integral part of the financial statements.

Medical Professional Mutual Insurance Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2007 and 2006

(in thousands)	2007	2006
Operating activities		
Premiums collected, net of reinsurance	$ 319,970	$ 336,871
Investment income, net	88,784	84,540
Miscellaneous expenses	(4,165)	(3,889)
Benefits and loss related payments	(130,351)	(119,853)
Commissions and expenses paid	(104,273)	(120,155)
Dividends paid to policyholders	(1,603)	(1,899)
Federal income taxes paid	(34,083)	(24,237)
Net cash provided by operating activities	134,279	151,378
Investing activities		
Proceeds from bonds sold, matured or repaid	573,261	887,994
Proceeds from stocks sold	209,481	112,942
Proceeds from other invested assets	174	159
Total investment proceeds	782,916	1,001,095
Cost of bonds acquired	(773,720)	(1,076,507)
Cost of stocks acquired	(190,008)	(108,733)
Total investments acquired	(963,728)	(1,185,240)
Net cash used in investing activities	(180,812)	(184,145)
Total other cash (applied) provided	(7,827)	16,009
Net decrease in cash and short-term investments	(54,360)	(16,758)
Cash and short-term investments, beginning of year	79,441	96,199
Cash and short-term investments, end of year	$ 25,081	$ 79,441

The accompanying notes are an integral part of the financial statements.

(in thousands)

1. Business

Medical Professional Mutual Insurance Company ("ProMutual" or the "Company") is the largest writer of medical malpractice insurance in The Commonwealth of Massachusetts. 100% of the direct premiums written in 2007 and 2006 were from risks located in The Commonwealth of Massachusetts. The Company has a 100% interest in ProMutual Group, Inc. ProSelect Insurance Company ("ProSelect"), ProSelect National Insurance Company, Inc. ("ProSelect National") and ProMutual Insurance Agency, Inc. are wholly owned subsidiaries of ProMutual Group, Inc. ProSelect is currently writing business in eight of the nine mid-Atlantic and New England states in which it is licensed. ProSelect National is licensed in twenty-seven states, but is not currently insuring risks.

2. Basis of Presentation and Significant Accounting Policies

Statutory Basis of Accounting
The financial statements of the Company have been prepared on a statutory basis of accounting in accordance with accounting practices prescribed or permitted by The Division of Insurance of The Commonwealth of Massachusetts.

Statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners ("NAIC") as well as state laws, regulations and general administrative rules. Statutory accounting practices differ in some respects from accounting principles generally accepted in the United States of America (GAAP). Significant differences include:

(a) Statutory accounting requires that policy acquisition costs (principally commissions and premium taxes) be charged to operations when incurred, and ceding commission received on reinsurance agreements related to the acquisition costs of the business ceded be recorded as income when written. Under GAAP, these items would be deferred and then recognized ratably over the policy period.

(b) Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premiums over three months past due, application software, prepaid expenses and office furniture and equipment) are charged directly to accumulated surplus. Under GAAP, the Company would maintain a reserve for doubtful accounts based upon estimated collectibility, recognize an asset on the balance sheet for prepaid expenses and office furniture and equipment and software would be recognized at net depreciated cost.

(c) Ceded reinsurance balances relating to unpaid loss and loss adjustment expenses are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a provision for reinsurance is established for unsecured recoverable balances from reinsurers which are not authorized which is not recognized under GAAP.

(d) Statutory accounting requires that certain debt securities be stated at amortized cost. Bonds with ratings of three or lower are stated at the lower of amortized cost or NAIC market value. Under GAAP, debt securities are classified as trading or available for sale, which are valued at fair value, or as held to maturity and valued at amortized cost.

(in thousands)

(e) Under statutory accounting, classification of certain items on the statement of cash flows differs from GAAP. A reconciliation of indirect cash flows is not presented in the statutory basis cash flow statement, but would be required under GAAP.

(f) Under statutory accounting, majority owned insurance and noninsurance subsidiaries are not consolidated. Under GAAP, such subsidiaries would be consolidated.

(g) The Company accounts for income taxes under the asset and liability method. Deferred federal income taxes are generally recognized when assets and liabilities have different values for financial statement carrying amounts and their respective tax bases. However, the realization on any resulting deferred tax asset is subject to certain criteria in accordance with SSAP 10, *Income Taxes*.

The following is a reconciliation of policyholders' surplus on a statutory basis to policyholders' surplus presented on a GAAP basis for the Company:

	2007	2006
Policyholders' surplus, statutory basis	$ 602,815	$ 504,690
Valuation adjustments on investments	13,183	(6,552)
Deferred policy acquisition costs	18,678	19,949
Deferred federal income taxes	30,179	33,693
Other, net	2,501	2,367
Nonadmitted assets	3,793	3,667
Provision for reinsurance	1	-
Policyholders' surplus, GAAP	$ 671,150	$ 557,814

The net income for the Company determined in accordance with GAAP for the years ended December 31, 2007 and 2006 was $108,913 and $63,934, respectively.

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Short-Term Investments
For financial statement purposes, the Company considers all cash and investments with maturities of less than one year at the time of their acquisition to be cash and short-term investments. Short-term investments, consisting primarily of money market funds, are stated at cost, which approximates fair value.

The Company invests its excess short-term funds in repurchase agreements with reputable third party financial institutions. Funds are debited from the Company's account on a nightly basis, earn a predetermined rate of interest, and are redeposited in full the following business day. The funds are fully collateralized, as required by the Company's policy, by bank-owned government agency securities.

(in thousands)

Investments
The Company employs New England Asset Management, Inc., Wellington Management Co., L.L.P., Advent Capital Management, L.L.C., and NISA Investment Advisors L.L.C. ("NISA") to furnish investment management services. These investment fund managers, subject to the supervision of the Board of Directors, direct the investments of the Company in accordance with established investment objectives, policies and limitations. For their services under their respective contracts, NISA receives a contracted flat annual fee and all other fund managers receive a monthly management fee calculated based on market values. During 2007 and 2006, the Company incurred aggregate management fees of approximately $2,199 and $2,049, respectively.

Valuation of investments is determined in accordance with the requirements, methods and values adopted by the NAIC, which provide that bonds, so qualified, be carried at amortized cost, preferred stock, so qualified, be carried at cost and other preferred and common stocks and other bonds at fair values established by the NAIC. The Company has elected to use the retrospective adjustment method on loan-backed securities. The Company uses the scientific method for amortizing its debt securities.

The Company values its investment in its subsidiary pursuant to the equity method using audited GAAP equity adjusted for statutory requirements, as is required under the rules promulgated by the NAIC.

Realized capital gains and losses on the sale of investments are included in net income and are determined on a specific identification basis. Where declines in securities' values are deemed other than temporary, the securities are reported at market value and the loss is reported as a component of net realized gains (losses). Unrealized capital gains and losses from the valuation of nonqualified bonds and equity investments at market are credited or charged directly to accumulated surplus.

The Company participates in a securities lending program to maximize investment income. Certain investment securities are exchanged for collateral, consisting of cash or U.S. Government securities, equal to at least 102% of the fair value of the investment securities on loan. The fair value of the loaned investment securities is monitored on a daily basis, with additional collateral obtained or refunded as the fair value of the loaned investment securities fluctuates. The collateral is retained and invested by a custodian to generate additional investment income.

Reinsurance
In the normal course of business, the Company seeks to reduce the losses that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the associated claim liabilities.

Premiums Earned and Unearned
Premiums are recorded as earned on a daily pro rata basis over the terms of the policies. Unearned premiums represent the portion of premiums written applicable to the unexpired terms of the policies in force. A statutory premium deficiency reserve relating to insurance contracts is recognized if the sum of the expected loss and loss adjustment expenses, dividends to policyholders, and maintenance costs exceed the related unearned premiums. The Company anticipates investment income in determining the need for a premium deficiency reserve.

(in thousands)

Loss and Loss Adjustment Expense Reserves
Liabilities for losses and loss adjustment expenses represent the estimated ultimate net cost of all unpaid reported and unreported claims. These estimates are continuously reviewed and modified to reflect current conditions and any adjustments are reflected in current operating results. The Company anticipates salvage and subrogation in recording its loss and loss adjustment expense reserves. The Company does not discount its loss and loss adjustment expense reserves (Note 5).

Depreciation
The provision for depreciation on electronic data processing equipment is computed on the straight-line method over the assets' estimated useful lives of three years.

3. Investments

At December 31, 2007 and 2006, the amortized cost, NAIC market values and gross unrealized gains and losses of investments in securities are as follows:

	2007			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
U.S. Treasury and obligations of U.S. Government and agencies	$ 219,773	$ 10,089	$ (368)	$ 229,494
Obligations of states and political subdivisions	551,536	3,874	(5,615)	549,795
Industrial and miscellaneous	315,540	6,816	(7,361)	314,995
Asset-backed securities	699,487	3,910	(4,311)	699,086
Total bonds	$ 1,786,336	$ 24,689	$ (17,655)	$ 1,793,370

	2007			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
Preferred stock	$ 29,191	$ 1,925	$ (1,203)	$ 29,913
Common stock	131,397	44,923	(2,845)	173,475
Investment in subsidiary	37,500	-	(4,314)	33,186
Total stocks	$ 198,088	$ 46,848	$ (8,362)	$ 236,574

(in thousands)

	2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
U.S. Treasury and obligations of U.S. Government and agencies	$ 171,519	$ 312	$ (1,479)	$ 170,352
Obligations of states and political subdivisions	331,422	1,200	(697)	331,925
Industrial and miscellaneous	312,054	6,648	(5,466)	313,236
Asset-backed securities	777,393	1,965	(10,995)	768,363
Total bonds	$ 1,592,388	$ 10,125	$ (18,637)	$ 1,583,876

	2006			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	NAIC Market Value
Preferred stock	$ 13,037	$ 1,237	$ (442)	$ 13,832
Common stock	148,979	57,785	(772)	205,992
Investment in subsidiary	37,500	-	(6,325)	31,175
Total stocks	$ 199,516	$ 59,022	$ (7,539)	$ 250,999

Other investments represent amounts invested in a LLC, accounted for under the cost method.

The amortized cost and NAIC market value of debt securities at December 31, 2007, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2007	
	Amortized Cost	NAIC Market Value
Due in one year or less	$ 38,546	$ 38,550
Due after one year through five years	262,914	266,236
Due after five years through ten years	320,393	324,008
Due after ten years	464,996	465,490
Asset-backed securities	699,487	699,086
	$ 1,786,336	$ 1,793,370

At December 31, 2007 and 2006, the Company held investments in certain bonds with an NAIC rating of 3 or lower. This resulted in a $2,582 and $708 reduction to the investment balance at December 31, 2007 and 2006, respectively, which was reflected as an unrealized loss for statutory reporting purposes. Additionally $2,589 and $178 was recorded as unrealized gains on Treasury inflation-protected securities in 2007 and 2006, respectively.

Management believes that the gross unrealized losses reflected on ProMutual's fixed income portfolio as of December 31, 2007 were primarily the result of increases in market interest rates from the time of acquisition to the current period. These decreases in value are viewed as being temporary as ProMutual has the intent and ability to retain such investments for a period of time

(in thousands)

sufficient to allow for any anticipated recovery in market value. The majority of the debt securities that are in an unrealized loss position are highly rated by the Securities Valuation Office (SVO) of the NAIC and are therefore not required to be written down under NAIC guidelines. An unrealized loss on equity securities of $4,314 relates to a wholly owned subsidiary, for which management has the ability and intent to hold for sufficient recovery. Management also believes that the remaining gross unrealized losses recorded on ProMutual's domestic equity portfolio as of December 31, 2007 were primarily the result of routine fluctuations in market prices as opposed to the issuer's financial condition. Therefore, these decreases in value are also viewed as being temporary. In compliance with statutory regulations, the Company obtains its market prices and NAIC designations from the SVO of the NAIC. All statutory unrealized losses have a direct impact on the Company's policyholders' surplus.

December 31, 2007	**Under 12 Months**	**Over 12 Months**	**Totals**
Debt securities			
Number of positions	168	269	437
NAIC market value	$ 355,808	$ 486,464	$ 842,272
Amortized cost	365,367	494,560	859,927
Unrealized loss	$ (9,559)	$ (8,096)	$ (17,655)
Equity securities			
Number of positions	64	1	65
NAIC market value	$ 46,893	$ 33,186	$ 80,079
Cost	50,941	37,500	88,441
Unrealized loss	$ (4,048)	$ (4,314)	$ (8,362)
Total			
Number of positions	232	270	502
Carrying value	$ 402,701	$ 519,650	$ 922,351
Cost	416,308	532,060	948,368
Unrealized loss	$ (13,607)	$ (12,410)	$ (26,017)

Proceeds from the sale of investments during 2007 and 2006 were $651,130 and $848,219, respectively. Gross gains of $11,516 and $14,142 and gross losses of $7,314 and $16,643 were realized on sales of debt securities during 2007 and 2006, respectively. Gross gains of $29,872 and $13,509 and gross losses of $12,419 and $3,809 were realized on sales of equity securities during 2007 and 2006, respectively. The calculation of the gain or loss on the sale of marketable securities is based on specific identification at the time of sale. In addition, the Company realized $1,038 and $0 losses in 2007 and 2006, respectively, due to other than temporary declines in securities' market value.

(in thousands)

Net investment income for 2007 and 2006 consisted of the following:

	2007	2006
Interest and dividend income	$ 92,532	$ 82,213
Investment expenses	(2,357)	(2,196)
Net investment income	90,175	80,017
Net realized gains (less capital gains tax of $8,460 in 2007 and $1,789 in 2006)	12,331	5,959
Net investment gain	$ 102,506	$ 85,976

The Company participates in a securities lending program where they loan certain investment securities in exchange for collateral, consisting of cash or U.S. Government securities, equal to at least 102% of the fair value of the investment securities on loan. As of December 31, 2007 and 2006, investment securities with a fair value of $309,624 and $256,485, respectively, were on loan. Investment income earned on securities lending transactions for 2007 and 2006 was $419 and $280, respectively.

4. Federal Income Taxes

The main components of the Company's deferred tax asset and deferred tax liability as of December 31, 2007 and 2006 are as follows:

	2007	2006
Total of gross deferred tax assets	$ 75,840	$ 75,504
Total of deferred tax liabilities	14,915	20,113
Net deferred tax asset	60,925	55,391
Deferred tax asset nonadmitted	(42,385)	(39,118)
Net admitted deferred tax asset	$ 18,540	$ 16,273
Increase (decrease) in nonadmitted asset	$ 3,267	$ (12,630)

The Company has no unrecognized deferred tax liabilities.

Current income taxes incurred consist of the following major components:

	2007	2006
Current income tax expense on operations	$ 40,747	$ 21,786
Realized capital gains tax	8,460	1,789
Prior year underaccrual	49	279
Total income tax expense	$ 49,256	$ 23,854

(in thousands)

Changes in the main components of the Company's deferred tax asset ("DTA") and deferred tax liability ("DTL") are as follows:

	2007	2006	Change
Deferred tax assets			
Loss and LAE reserves	$ 58,093	$ 58,883	$ (790)
Unrealized capital losses	1,248	347	901
Impairments on investment securities	1,085	722	363
Unearned premium	11,777	12,195	(418)
Deferred compensation plans	1,503	1,339	164
Nonadmitted assets	1,374	1,275	99
Other	760	743	17
Total DTA	75,840	75,504	336
Nonadmitted DTA	(42,385)	(39,118)	3,267
Admitted DTA	33,455	36,386	(2,931)
Deferred tax liabilities			
Unrealized capital gains	14,727	19,954	(5,227)
Other	188	159	29
Total DTL	14,915	20,113	(5,198)
Net admitted DTA	$ 18,540	$ 16,273	$ 2,267

The change in net deferred income taxes is comprised of the following:

	2007	2006	Change
Total deferred tax assets	$ 75,840	$ 75,504	$ 336
Total deferred tax liabilities	14,915	20,113	(5,198)
Net deferred tax asset	$ 60,925	$ 55,391	5,534
Tax effect of unrealized gains (losses)			(6,128)
Change in net deferred income tax			$ (594)

In accordance with SSAP 10, the Company has nonadmitted that portion of the deferred tax asset that is not expected to be realized in the next year.

(in thousands)

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	2007	Effective Tax Rate
Provision computed at statutory rate	$ 55,352	35.0%
Tax-exempt income deduction	(5,105)	(3.2%)
Dividends received deduction	(1,870)	(1.2%)
Other	1,474	0.9%
	$ 49,851	31.5%
Federal and foreign income taxes incurred	$ 49,257	31.1%
Change in net deferred income taxes	594	0.4%
Total statutory income taxes	$ 49,851	31.5%

At December 31, 2007, the Company did not have any unused loss carryforwards available to offset future taxable income.

The Company has $49,207 and $21,698 income taxes incurred in the current or prior years, respectively, that are available for recoupment in the event of future net losses.

The Company files a consolidated federal income tax return with its subsidiaries, which include ProSelect Insurance Company, ProSelect National Insurance Company, Inc., ProMutual Group, Inc., and ProMutual Insurance Agency, Inc.

The method of allocation between the Companies is subject to written agreement, approved by the Board of Directors. The consolidated tax liability is allocated to the Member Companies in accordance with Reg. Section 1.1502-33(d)(2)(ii) in conjunction with the method provided by Reg. Section 1.1552-1(a)(2) of the Internal Revenue Code whereby the tax is computed on an "as if separate return" basis. Intercompany tax balances are settled annually.

(in thousands)

5. Loss and Loss Adjustment Expense Reserves

The loss and loss adjustment expense reserves at December 31, 2007 and 2006 consisted of the following:

	2007	2006
Reported claims		
Losses	$ 542,050	$ 542,259
Loss adjustment expenses	305	514
	542,355	542,773
Claims incurred but not yet reported		
Losses	473,859	459,335
Loss adjustment expenses	343,100	324,031
	816,959	783,366
Loss and loss adjustment expense reserves	$ 1,359,314	$ 1,326,139

The activity in the liability for unpaid loss and loss adjustment expenses is summarized as follows:

	2007	2006
Balance at January 1	$ 1,326,139	$ 1,234,774
Payments made on claims existing at January 1	(180,280)	(173,472)
Decrease in liability on claims existing at January 1	(91,215)	(49,236)
Balance at December 31 on prior year claims	1,054,644	1,012,066
Estimated losses on new claims	308,764	319,421
Payments made on new claims	(4,094)	(5,348)
Balance at December 31 on current year claims	304,670	314,073
Total loss and loss adjustment expense reserves at December 31	$ 1,359,314	$ 1,326,139

These liabilities include estimates of expected trends in claim severity, frequency and other factors which could vary as the claims are ultimately settled. In establishing the reserve for losses and loss adjustment expenses, the Company has relied upon its independent actuaries to review the reasonableness of management's best estimates. These recommendations are based principally upon the historical experience of the Company in writing medical malpractice insurance. As a result of changes in estimates of insured events in prior years, the liability on claims existing at January 1, 2007 and 2006, respectively, decreased $91,216 and $49,236 for the years ended December 31, 2007 and 2006, respectively, primarily related to coverage years 2002 through 2006 predominantly in the physicians and surgeons line of business.

Claims in the medical malpractice line of insurance have traditionally been characterized by delayed discovery and reporting and, in many cases, the final payment of claims is dependent upon the outcome of litigation. As a result, the total of claims paid from the premiums earned in any policy year will not be known for many years.

(in thousands)

6. Leases

The Company occupies office facilities under an operating lease agreement which expires on February 29, 2016. Total rent expense was $1,564 and $1,557 for 2007 and 2006, respectively.

Minimum annual rental commitments as of December 31, 2007 under the operating lease are as follows:

Fiscal Year	
2008	$ 1,556
2009	1,604
2010	1,651
2011	1,698
2012	1,746
Thereafter	5,838

7. Nonadmitted Assets

Certain assets, designated as nonadmitted by The Division of Insurance of The Commonwealth of Massachusetts, were directly charged to accumulated surplus as follows:

	2007	**2006**
Premiums receivable over three months due	$ 175	$ 44
Funds held by reinsured companies	34	34
Nonadmitted deferred income tax	42,385	39,118
Equipment, furniture and application software	2,262	2,334
Accounts receivable	30	21
Prepaid expenses and deposits	1,292	1,235
	$ 46,178	$ 42,786

8. EDP Equipment

EDP equipment at December 31, 2007 and 2006 consisted of the following:

	2007	**2006**
EDP equipment	$ 2,167	$ 1,873
Less: Accumulated depreciation	(1,596)	(1,264)
	$ 571	$ 609

Depreciation expense was $332 and $342 during 2007 and 2006, respectively.

(in thousands)

9. Employee Benefit Plans

The Company's employees are covered by a qualified defined contribution pension plan sponsored by the Company. A contribution was made in 2007 in the amount of $671 for 2006 that was based on each employee's age and average salary over the most recent five years to meet a target benefit. A contribution of approximately $700 will be made for 2007 in 2008.

The Company sponsors a 401k Employee Savings Plan. Substantially all employees of the Company are eligible to participate in the Company's Employee Savings Plan under which a portion of employee contributions are matched by the Company. The match by the Company was $722 and $520 in 2007 and 2006, respectively.

The Company's executives and members of the Board of Directors are also eligible to participate in a deferred compensation plan.

10. Dividends to Policyholders

On June 7, 2006, the Board of Directors voted to pay a dividend of $1,900 related to the experience of the dental line of business for calendar years 1986 through 1999 allocated to dentists based on their respective premiums earned by the Company during the period. The dividends were paid in November and December 2006.

On June 6, 2007, the Board of Directors voted to pay a dividend of $1,600 related to the experience of the dental line of business for calendar years 1986 through 1999 allocated to dentists based on their respective premiums earned by the Company during the period. The dividends were paid in September 2007.

On December 12, 2007, the Board of Directors voted to pay a dividend to physician and surgeon professional liability policyholders in The Commonwealth of Massachusetts on policies expiring between July 1, 2008 and June 30, 2009, in the amount of 5% of the premium paid by such policyholders. The amount accrued at December 31, 2007 was $1,229.

11. Reinsurance

Reinsurance is obtained to reduce exposure to large claims. Such ceded reinsurance includes quota share and excess of loss contracts on all lines of insurance. These reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company and ProSelect purchased an excess of loss agreement in 2006 and 2007, providing coverage of 95% of $8 million in excess of $2 million. The principal reinsurers for this contract are Axa Re, Platinum Underwriters Reinsurance, Inc., Max Re Ltd. and Transatlantic Reinsurance Company.

The Company participates in the Massachusetts Medical Malpractice Reinsurance Plan (MMMRP), a residual market pool. The Company as well as other insurance companies, cede policies into the pool on a facultative basis. The MMMRP assesses each participant an amount based on the profitability of the pool and its respective market share by policy year.

(in thousands)

As of December 31, 2007 and 2006, a provision for reinsurance has been established in the amounts of $1 and $0, respectively, for unsecured recoverables from unauthorized reinsurers.

Irrespective of the protection afforded against claim exposure by the above reinsurance agreements, the Company remains liable as the direct insurer to the insured.

The amounts by which unearned premiums, loss reserves, loss adjustment expense reserves, premiums earned and loss and loss adjustment expenses incurred have been decreased for amounts ceded to unaffiliated reinsurers are as follows:

	2007	2006
Unearned premiums	$ 622	$ 3,944
Loss reserves	93,569	115,089
Loss adjustment expense reserves	26,846	31,869
Premiums earned	4,639	6,655
Loss and loss adjustment expenses incurred	(8,920)	17,565
Commission equity	100	597

The effect of assumed reinsurance from unaffiliated insurers is as follows:

	2007	2006
Unearned premiums	$ -	$ -
Loss reserves	60,423	67,355
Loss adjustment expense reserves	16,569	19,132
Premiums earned	2,775	11,782
Loss and loss adjustment expenses incurred	(5,281)	27,868
Commission equity	-	-

The Company has a quota share reinsurance agreement with ProSelect. Under this agreement, the Company assumes 100% of the ProSelect current and prior net liabilities under all insurance business written. In turn, ProSelect pays the Company 100% of the premiums received on all direct insurance business written by ProSelect after deducting return premiums payable, reinsurance, and 100% of the net underwriting and claims expense. The terms of the agreement are automatically extended for additional one-year terms. This agreement may be terminated at any time a) by the mutual written consent of the parties or, b) by either party upon 60 days' prior written notice. The amounts assumed under this treaty are as follows:

	2007	2006
Unearned premiums	$ 88,374	$ 94,494
Premiums earned	178,072	183,456
Loss reserves	401,350	375,861
Loss adjustment expense reserves	155,670	146,359
Loss and loss adjustment expenses incurred	96,345	121,361

(in thousands)

12. Commitments and Contingencies

Various legal claims arise from time to time in the ordinary course of business. In the opinion of management, these claims should not result in judgments or settlements which, in the aggregate, would have a material effect on the Company's results of operations or financial condition.

On January 3, 2008, the Company, as plaintiff, was successful in an arbitration ruling in a reinsurance dispute which required final resolution within 60 days. On February 4, 2008, the Company received $4,659 for amounts previously paid. The Company will record a surplus benefit of $6,460 for the rescission of the reinsurance contract in its first quarter, 2008 financial statements.

13. Related Parties

Total admitted assets of the Company include net receivables from ProMutual Group, Inc., ProSelect, ProSelect National and ProMutual Insurance Agency, Inc. of $6,944 and $2,353 at December 31, 2007 and 2006, respectively. ProSelect had admitted assets of $80,211 and $79,727, and liabilities of $59,866 and $61,373 at December 31, 2007 and 2006, respectively. ProSelect National had admitted assets of $11,518 and $11,183, and liabilities of $67 and $13 at December 31, 2007 and 2006, respectively.

The Company has an Administration and Management Services Agreement (the "Agreement") with ProSelect. Under this agreement, ProMutual agrees to provide various services in connection with the underwriting and management of ProSelect. These include underwriting, policy issuance, billing and premium collection, claims handling, policy administration, actuarial, risk management, investment advisory and all general administrative services relating to the business of ProSelect. ProSelect and the Company further agree that, subject to certain limitations set forth in the Agreement, the Company shall be the sole and exclusive provider of these services and that ProSelect shall not accept applications for insurance except through the Company.

The terms of the agreement are automatically extended for additional one-year terms. The agreement may be terminated at any time (a) by the mutual written consent of the parties or (b) by either party on sixty days prior written notice. Management fees for these services are paid based on a formula calculated on a pro rata basis of the direct premium written, direct losses paid, change in direct case loss reserves and direct paid allocated loss adjustment expense, as set out in the Agreement. The management fee was $15,698 and $14,940 for 2007 and 2006, respectively. The Company has a receivable at year-end attributable to unsettled balances under this agreement.

14. Reconciliation to Statutory Annual Statement

Certain items in this report differ from corresponding items reflected in the statutory annual statement, and are presented in the table below. The differences are due to the fact that the Company's accounting treatment for the Massachusetts Medical Malpractice Reinsurance Plan (MMMRP) reflected management's best estimate of anticipated assessments in accordance with SSAP No. 35, *Guaranty Fund and Other Assessments.* Additionally, the related reinsurance transactions were recorded on a gross basis in accordance with SSAP No. 63, *Underwriting Pools and Associations Including Intercompany Pools.* Upon further review of the MMMRP rules of operation, it was deemed to be more appropriate to use SSAP No. 63 alone. The increase to net income of $7,753 at December 31, 2006 represents the reversal of the after-tax impact of the net

(in thousands)

cumulative effect of the adjustments since inception of the MMMRP which was reported in the December 31, 2005 audited financial statements.

	2006
Accumulated surplus as reported in the statutory annual statement	$ 504,690
Increase to underwriting expenses	-
Decrease to federal income tax expense	-
Increase to net deferred income tax asset	-
Increase to nonadmitted assets	-
Accumulated surplus as reported in the audited financial statements	$ 504,690
Net income as reported in the statutory annual statement	$ 63,995
Decrease to underwriting expenses	9,691
Increase to federal income tax expense	(1,938)
Net income as reported in the audited financial statements	$ 71,748

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	117,617,535	5.737	117,617,535	5.737
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	104,745,006	5.109	104,745,006	5.109
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	292,234	0.014	292,234	0.014
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	245,094,672	11.954	245,094,672	11.954
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	306,441,677	14.946	306,441,677	14.946
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	59,217,529	2.888	59,217,529	2.888
1.512 Issued or guaranteed by FNMA and FHLMC	349,713,337	17.056	349,713,337	17.056
1.513 All other	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	54,610,377	2.663	54,610,377	2.663
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	235,945,040	11.508	235,945,040	11.508
1.523 All other	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	312,665,915	15.250	312,665,915	15.250
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	28,207,595	1.376	28,207,595	1.376
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	173,474,341	8.461	173,474,341	8.461
3.4 Other equity securities:				
3.41 Affiliated	33,186,186	1.619	33,186,186	1.619
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including $ 0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (including $ 0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash, cash equivalents and short-term investments	25,081,159	1.223	25,081,159	1.223
9. Other invested assets	4,041,100	0.197	4,041,100	0.197
10. Total invested assets	2,050,333,703	100.000	2,050,333,703	100.000

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SUPPLEMENTAL EXHIBIT FOR THE YEAR 2007 OF THE Medical Professional Mutual Insurance Company

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2007

(To Be Filed by April 1)

OF The Medical Professional Mutual Insurance Company

Address (City, State and Zip Code) Boston, MA 02110-1129

NAIC Group Code 1154 NAIC Company Code 10206 Employer's ID Number 04-2595783

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 2,228,411,414
2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	CLARK CNTY NEV SCH DIST GO	Bond	$ 19,599,000	0.9 %
2.02	BANK OF AMERICA CORP	Bond/Common Stock	$ 15,076,000	0.7 %
2.03	BEAR STEARNS CMBS	Bond	$ 15,021,525	0.7 %
2.04	COMMONWEALTH OF MASSACHUSETTS	Bond	$ 13,566,033	0.6 %
2.05	MISSOURI STATE HIGHWAYS & TRANSIT COMMIS	Bond	$ 12,751,233	0.6 %
2.06	HARRIS CNTY TEX REV	Bond	$ 12,625,624	0.6 %
2.07	CITIGROUP INC	Bond/Common Stock	$ 12,599,656	0.6 %
2.08	J P MORGAN CHASE & CO	Bond/Common Stock	$ 12,114,465	0.5 %
2.09	CSFB COML MTG PTC	Bond	$ 12,020,040	0.5 %
2.10	OHIO ST GO	Bond	$ 11,830,920	0.5 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 1,664,130,965	74.7 %	3.07	P/RP-1	$ 8,953,563	0.4 %
3.02	NAIC-2	$ 102,782,942	4.6 %	3.08	P/RP-2	$ 5,984,066	0.3 %
3.03	NAIC-3	$ 30,493,634	1.4 %	3.09	P/RP-3	$ 2,435,707	0.1 %
3.04	NAIC-4	$ 13,987,546	0.6 %	3.10	P/RP-4	$ 7,185,765	0.3 %
3.05	NAIC-5	$ 6,302,055	0.3 %	3.11	P/RP-5	$ 3,648,494	0.2 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$ 0	0.0 %

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [X] No [ ]	
4.02	Total admitted assets held in foreign investments	$ 292,235	0.0 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

If response to 4.01 above is yes, responses are not required for interrogatories 5 – 10.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:
6. Two largest foreign investment exposures in a single country, categorized by NAIC sovereign rating:

	1	2
7. Aggregate unhedged foreign currency exposure	$ 0	0.0 %

8. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating:

9. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?........ Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets .... Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? .... Yes [X] No [ ]

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (cont.)

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end 1	At Year-end 2		At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$ 309,624,232	13.9	%	$ 297,531,908	$ 340,288,820	$ 350,612,811
20.02 Repurchase agreements	$ 25,521,216	1.1	%	$ 15,657,591	$ 20,568,479	$ 23,547,095
20.03 Reverse repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0
20.04 Dollar repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0
20.05 Dollar reverse repurchase agreements	$ 0	0.0	%	$ 0	$ 0	$ 0

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2		Written 3	Written 4	
21.01 Hedging	$ 0	0.0	%	$ 0	0.0	%
21.02 Income generation	$ 0	0.0	%	$ 0	0.0	%
21.03 Other	$ 0	0.0	%	$ 0	0.0	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-end 1	At Year-end 2		At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0	%	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0	%	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0	%	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0	%	$ 0	$ 0	$ 0

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-end 1	At Year-end 2		At End of Each Quarter: 1st Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging	$ 0	0.0	%	$ 0	$ 0	$ 0
23.02 Income generation	$ 0	0.0	%	$ 0	$ 0	$ 0
23.03 Replications	$ 0	0.0	%	$ 0	$ 0	$ 0
23.04 Other	$ 0	0.0	%	$ 0	$ 0	$ 0

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ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Medical Professional Mutual Insurance Company
To be Filed by March 1

REINSURANCE SUMMARY SUPPLEMENTAL FILING FOR GENERAL INTERROGATORY 9 (Part 2)

(A) FINANCIAL IMPACT

	1 As Reported	2 Interrogatory 9 Reinsurance Effect	3 Restated without Interrogatory 9 Reinsurance
A01. Assets	2,228,411,414	(67,944,393)	2,296,355,807
A02. Liabilities	1,625,596,046	(54,596,672)	1,680,192,718
A03. Surplus as Regards to Policyholders	602,815,368	(13,347,721)	616,163,089
A04. Income Before Taxes	149,689,152	(14,314,574)	164,003,726

(B) SUMMARY OF REINSURANCE CONTRACT TERMS	(C) MANAGEMENT'S OBJECTIVES
Calendar year 2000 through 2004 aggregate stop loss reinsurance coverage attaching at annual accident year loss and defense and cost containment expenses incurred ratios, subject to annual aggregate limits of subject premium. This contract is being reported pursuant to Interrogatory 9.1 (c).	To reduce the cost of reinsurance and provide protection against the volatility from a single line of business.

D. If the response to General Interrogatory 9.4 (Part 2 Property & Casualty Interrogatories) is yes, explain below why the contracts are treated differently for GAAP and SAP...

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? .... Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions........ 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? .... Yes [ ] No [ ]

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity........ Yes [X] No [ ]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract........ Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has file attestation supplement. Yes [ ] No [X]