

**NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
BEACH PLAN
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
AS OF SEPTEMBER 30, 2006**

| | 2006 | | | | 2005 | | | |
|---------------------------------|----------------------|---------------------|------------------------|-----------------------|----------------------|---------------------|------------------------|-----------------------|
| | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL |
| INCOME RECEIVED | | | | | | | | |
| PREMIUMS WRITTEN | 85,695,110 | 19,979,662 | 55,806,455 | 12,371,436 | 71,220,575 | 14,481,706 | 36,499,282 | 8,625,042 |
| INTEREST RECEIVED | 7,009,092 | 1,634,158 | 4,564,469 | 1,011,873 | 3,459,812 | 697,805 | 1,761,489 | 409,716 |
| MISCELLANEOUS INCOME | (12,561) | (2,928) | (8,180) | (1,813) | 2,267 | 457 | 1,154 | 269 |
| TOTAL INCOME | 92,691,641 | 21,610,892 | 60,362,744 | 13,381,496 | 74,682,654 | 15,179,968 | 38,261,925 | 9,035,027 |
| EXPENSES PAID | | | | | | | | |
| LOSSES | 1,835,220 | 218,663 | 669,003 | 292,763 | 19,934,260 | 24,163,391 | 10,215,830 | 6,401,605 |
| LOSS ADJUSTMENT EXPENSES | 232,198 | 93,722 | 138,576 | 40,960 | 1,431,796 | 693,252 | 1,002,490 | 255,549 |
| COMMISSION | 11,036,031 | 2,537,132 | 7,216,502 | 1,588,083 | 9,053,325 | 1,892,612 | 4,755,602 | 1,128,616 |
| PREMIUM TAX | 1,762,019 | 410,812 | 1,147,464 | 254,375 | 1,483,193 | 299,143 | 755,136 | 175,643 |
| ADMINISTRATIVE EXPENSES | 1,000,212 | 233,198 | 651,359 | 144,396 | 1,068,771 | 215,559 | 544,142 | 126,565 |
| TOTAL EXPENSES PAID | 15,865,680 | 3,493,527 | 9,822,904 | 2,320,577 | 32,971,344 | 27,263,957 | 17,273,200 | 8,087,978 |
| NET CASH CHANGE | 76,825,961 | 18,117,365 | 50,539,840 | 11,060,919 | 41,711,310 | (12,083,989) | 20,988,725 | 947,049 |
| RESERVES: | | | | | | | | |
| DEDUCT: (CURRENT PERIOD) | | | | | | | | |
| LOSSES (INCL. IBNR.) | 5,127,082 | 1,667,467 | 3,123,664 | 456,003 | 497,360 | 208,034 | 361,016 | 20,000 |
| LOSS ADJUSTMENT EXPENSES | 361,300 | 118,044 | 223,652 | 28,492 | 32,500 | 13,594 | 23,591 | 1,307 |
| UNEARNED PREMIUMS | 46,716,937 | 11,019,525 | 30,279,327 | 6,795,789 | 0 | 0 | 0 | 0 |
| NET RESERVE CHANGE | 52,205,319 | 12,805,036 | 33,626,643 | 7,280,284 | 529,860 | 221,628 | 384,607 | 21,307 |
| NET OTHER CHANGES | | | | | | | | |
| ASSETS NOT ADMITTED | 3,905 | 911 | 2,545 | 564 | 6,209 | 1,252 | 3,161 | 736 |
| MINIMUM PENSION LIABILITY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PRIOR PERIOD ADJUSTMENT | 0 | 0 | 0 | 0 | (125,302) | (25,272) | (63,795) | (14,839) |
| TOTAL NET OTHER CHANGES | 3,905 | 911 | 2,545 | 564 | (119,093) | (24,020) | (60,634) | (14,103) |
| ASSESSMENTS | 0 | 0 | 0 | 0 | 159,060 | 0 | 0 | 0 |
| DISTRIBUTIONS | 0 | 0 | 0 | 0 | (159,060) | 0 | 0 | 0 |
| INSOLVENT MEMBERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MEMBERS' EQUITY | 24,624,547 | 5,313,240 | 16,915,742 | 3,781,199 | 41,062,357 | (12,329,637) | 20,543,484 | 911,639 |

**NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
BEACH PLAN
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
AS OF SEPTEMBER 30, 2006**

| | 2004 | | | | 2003 | | | |
|---------------------------------|----------------------|---------------------|------------------------|-----------------------|----------------------|---------------------|------------------------|-----------------------|
| | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL |
| INCOME RECEIVED | | | | | | | | |
| PREMIUMS WRITTEN | 61,517,124 | 12,728,880 | 18,370,202 | 6,322,807 | 43,871,928 | 13,874,727 | 10,476,995 | 6,426,818 |
| INTEREST RECEIVED | 1,136,073 | 229,024 | 334,440 | 112,719 | 1,086,606 | 342,721 | 248,892 | 155,314 |
| MISCELLANEOUS INCOME | 2,158 | 434 | 634 | 214 | (12,031) | (3,795) | (2,756) | (1,720) |
| TOTAL INCOME | 62,655,355 | 12,958,338 | 18,705,276 | 6,435,740 | 44,946,503 | 14,213,653 | 10,723,131 | 6,580,412 |
| EXPENSES PAID | | | | | | | | |
| LOSSES | 11,320,143 | 2,424,179 | 3,524,646 | 1,197,377 | 28,248,140 | 27,084,660 | 3,848,487 | 5,046,797 |
| LOSS ADJUSTMENT EXPENSES | 986,674 | 160,999 | 320,641 | 75,446 | 2,415,282 | 885,556 | 407,617 | 278,839 |
| COMMISSION | 7,680,722 | 1,584,913 | 2,601,362 | 834,881 | 5,704,804 | 1,801,946 | 1,307,146 | 807,189 |
| PREMIUM TAX | 1,312,394 | 264,569 | 386,346 | 130,213 | 969,857 | 305,897 | 222,150 | 138,626 |
| ADMINISTRATIVE EXPENSES | 1,241,643 | 252,209 | 329,811 | 116,404 | 1,102,136 | 354,925 | 261,524 | 149,442 |
| TOTAL EXPENSES PAID | 22,541,575 | 4,686,869 | 7,162,806 | 2,354,321 | 38,440,219 | 30,432,984 | 6,046,924 | 6,420,893 |
| NET CASH CHANGE | 40,113,780 | 8,271,469 | 11,542,470 | 4,081,419 | 6,506,284 | (16,219,331) | 4,676,207 | 159,519 |
| RESERVES: | | | | | | | | |
| DEDUCT: (CURRENT PERIOD) | | | | | | | | |
| LOSSES (INCL. IBNR.) | 147,942 | 0 | 53,483 | 0 | 20,100 | 128,773 | 0 | 10,000 |
| LOSS ADJUSTMENT EXPENSES | 9,667 | 0 | 3,495 | 0 | 1,313 | 8,415 | 0 | 653 |
| UNEARNED PREMIUMS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET RESERVE CHANGE | 157,609 | 0 | 56,978 | 0 | 21,413 | 137,188 | 0 | 10,653 |
| NET OTHER CHANGES | | | | | | | | |
| ASSETS NOT ADMITTED | 241,635 | 48,712 | 71,133 | 23,975 | (150,489) | (48,462) | (35,709) | (20,405) |
| MINIMUM PENSION LIABILITY | (11,896) | (2,416) | (3,160) | (1,115) | 15,590 | 5,021 | 3,699 | 2,114 |
| PRIOR PERIOD ADJUSTMENT | 29,810 | 6,055 | 7,919 | 2,795 | 0 | 0 | 0 | 0 |
| TOTAL NET OTHER CHANGES | 259,549 | 52,351 | 75,892 | 25,655 | (134,899) | (43,441) | (32,010) | (18,291) |
| ASSESSMENTS | 0 | 0 | 0 | 0 | 961,092 | 303,133 | 220,142 | 137,374 |
| DISTRIBUTIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INSOLVENT MEMBERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MEMBERS' EQUITY | 40,215,720 | 8,323,820 | 11,561,384 | 4,107,074 | 7,311,064 | (16,096,827) | 4,864,339 | 267,949 |

NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
BEACH PLAN
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
AS OF SEPTEMBER 30, 2006

| | 2002 | | | | 2001 | | | |
|---------------------------------|----------------------|---------------------|------------------------|-----------------------|----------------------|---------------------|------------------------|-----------------------|
| | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL |
| INCOME RECEIVED | | | | | | | | |
| PREMIUMS WRITTEN | 37,077,994 | 12,819,548 | 5,366,055 | 5,546,852 | 34,706,831 | 10,613,765 | 3,966,521 | 4,058,334 |
| INTEREST RECEIVED | 1,196,773 | 412,074 | 168,931 | 175,180 | 2,071,772 | 627,809 | 215,338 | 224,128 |
| MISCELLANEOUS INCOME | 8,305 | 2,860 | 1,172 | 1,216 | 5,339 | 1,618 | 555 | 577 |
| TOTAL INCOME | 38,283,072 | 13,234,482 | 5,536,158 | 5,723,248 | 36,783,942 | 11,243,192 | 4,182,414 | 4,283,039 |
| EXPENSES PAID | | | | | | | | |
| LOSSES | 6,293,773 | 2,228,427 | 240,991 | 105,050 | 2,706,230 | 114,715 | 89,190 | 109,076 |
| LOSS ADJUSTMENT EXPENSES | 491,354 | 150,930 | 23,840 | 4,015 | 191,545 | 118,080 | 8,464 | 6,317 |
| COMMISSION | 4,669,754 | 1,725,938 | 690,768 | 700,379 | 4,541,074 | 1,371,869 | 471,995 | 489,279 |
| PREMIUM TAX | 817,282 | 281,408 | 115,364 | 119,631 | 769,372 | 233,143 | 79,968 | 83,232 |
| ADMINISTRATIVE EXPENSES | 993,627 | 342,126 | 140,154 | 145,622 | 802,354 | 243,137 | 83,396 | 86,800 |
| TOTAL EXPENSES PAID | 13,265,790 | 4,728,829 | 1,211,117 | 1,074,697 | 9,010,575 | 2,080,944 | 733,013 | 774,704 |
| NET CASH CHANGE | 25,017,282 | 8,505,653 | 4,325,041 | 4,648,551 | 27,773,367 | 9,162,248 | 3,449,401 | 3,508,335 |
| RESERVES: | | | | | | | | |
| DEDUCT: (CURRENT PERIOD) | | | | | | | | |
| LOSSES (INCL. IBNR.) | 0 | 0 | 0 | 0 | 0 | 5,000 | 0 | 0 |
| LOSS ADJUSTMENT EXPENSES | 0 | 0 | 0 | 0 | 327 | 0 | 0 | 0 |
| UNEARNED PREMIUMS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET RESERVE CHANGE | 0 | 0 | 0 | 0 | 327 | 5,000 | 0 | 0 |
| NET OTHER CHANGES | | | | | | | | |
| ASSETS NOT ADMITTED | (72,073) | (24,816) | (10,173) | (10,550) | (13,460) | (4,078) | (1,398) | (1,456) |
| MINIMUM PENSION LIABILITY | (44,532) | (15,331) | (5,840) | (7,300) | 0 | 0 | 0 | 0 |
| PRIOR PERIOD ADJUSTMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL NET OTHER CHANGES | (116,605) | (40,147) | (16,013) | (17,850) | (13,460) | (4,078) | (1,398) | (1,456) |
| ASSESSMENTS | 778,200 | 267,919 | 109,807 | 113,914 | 795,554 | 227,840 | 86,852 | 86,580 |
| DISTRIBUTIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INSOLVENT MEMBERS | (11,322) | (925) | (1,330) | (248) | (17,033) | 0 | (4,038) | 0 |
| MEMBERS' EQUITY | 25,667,555 | 8,732,500 | 4,417,505 | 4,744,367 | 28,538,101 | 9,381,010 | 3,530,817 | 3,593,459 |

**NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
BEACH PLAN
MEMBERS' ACCOUNT FOR UNSETTLED YEARS
AS OF SEPTEMBER 30, 2006**

| | 2000 | | | | |
|---------------------------------|----------------------|---------------------|------------------------|-----------------------|--------------------|
| | BEACH RESIDENTIAL | BEACH COMMERCIAL | COASTAL RESIDENTIAL | COASTAL COMMERCIAL | TOTAL |
| INCOME RECEIVED | | | | | |
| PREMIUMS WRITTEN | 32,475,301 | 10,055,887 | 3,085,970 | 2,973,903 | 641,015,710 |
| INTEREST RECEIVED | 1,984,615 | 538,681 | 170,110 | 141,758 | 32,121,372 |
| MISCELLANEOUS INCOME | (11,552) | (3,136) | (990) | (825) | (33,058) |
| TOTAL INCOME | 34,448,364 | 10,591,432 | 3,255,090 | 3,114,836 | 673,104,024 |
| EXPENSES PAID | | | | | |
| LOSSES | 2,874,564 | 436,232 | 28,245 | 18,170 | 161,669,826 |
| LOSS ADJUSTMENT EXPENSES | 365,580 | 46,638 | 13,310 | 7,923 | 10,847,593 |
| COMMISSION | 3,265,246 | 993,100 | 311,623 | 315,425 | 81,077,316 |
| PREMIUM TAX | 748,493 | 203,162 | 64,157 | 53,464 | 13,586,513 |
| ADMINISTRATIVE EXPENSES | 830,222 | 225,346 | 71,162 | 59,301 | 11,815,543 |
| TOTAL EXPENSES PAID | 8,084,105 | 1,904,478 | 488,497 | 454,283 | 278,996,791 |
| NET CASH CHANGE | 26,364,259 | 8,686,954 | 2,766,593 | 2,660,553 | 394,107,233 |
| RESERVES: | | | | | |
| DEDUCT: (CURRENT PERIOD) | | | | | |
| LOSSES (INCL. IBNR.) | 0 | 0 | 0 | 0 | 11,825,924 |
| LOSS ADJUSTMENT EXPENSES | 0 | 0 | 0 | 0 | 826,350 |
| UNEARNED PREMIUMS | 0 | 0 | 0 | 0 | 94,811,578 |
| NET RESERVE CHANGE | 0 | 0 | 0 | 0 | 107,463,852 |
| NET OTHER CHANGES | | | | | |
| ASSETS NOT ADMITTED | 16,881 | 4,582 | 1,447 | 1,205 | 35,784 |
| MINIMUM PENSION LIABILITY | 0 | 0 | 0 | 0 | (65,166) |
| PRIOR PERIOD ADJUSTMENT | 0 | 0 | 0 | 0 | (182,629) |
| TOTAL NET OTHER CHANGES | 16,881 | 4,582 | 1,447 | 1,205 | (212,011) |
| ASSESSMENTS | 727,190 | 242,396 | 82,129 | 88,974 | 5,388,156 |
| DISTRIBUTIONS | (26,973,492) | (8,875,495) | (2,850,129) | (2,727,887) | (41,586,063) |
| INSOLVENT MEMBERS | (134,838) | (58,437) | (40) | (22,845) | (251,056) |
| MEMBERS' EQUITY | (0) | 0 | 0 | (0) | 249,982,407 |