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Glacier Insurance AG

Financial Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007





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Report of the Independent Auditors to the Board of Directors of

Glacier Insurance AG, Schaan

We have audited the accompanying balance sheets of Glacier Insurance AG as of December 31, 2008 and 2007 and the related statements of income, changes in shareholders' equity and comprehensive income and cash flows for the year and the period 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 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glacier Insurance AG as of December 31, 2008 and 2007 and the results of their operations and their cash flows for the year and the period then ended in conformity with U.S. generally accepted accounting principles.

KPMG AG

Ian Sutcliffe
Licensed Audit Expert

Patrick Scholz
Licensed Audit Expert

Auditor in Charge

Zurich, 12 June 2009

Enclosure:

- Financial statements

Glacier Insurance AG

Balance Sheets

As at 31 December 2008 and 2007

(Expressed in US Dollars thousands unless otherwise indicated)

Assets	2008	2007
<i>Cash and cash equivalents</i>		
Cash and cash equivalents	24,493	36,330
<i>Total cash and cash equivalents</i>	<u>24,493</u>	<u>36,330</u>
<i>Other assets</i>		
Insurance balances receivable	74,786	24,545
Reinsurance recoverable on unpaid losses	23,154	5,820
Ceded unearned premium	73,240	24,036
Deferred acquisition costs	7,522	2,722
Deferred tax assets	260	178
Intangible fixed assets	60	29
Tangible fixed assets	501	-
Other assets	238	175
<i>Total other assets</i>	<u>179,761</u>	<u>57,505</u>
Total assets	<u>204,254</u>	<u>93,835</u>
Liabilities and shareholders' equity		
<i>Liabilities</i>		
Unpaid losses and loss-adjustment expenses	23,529	6,126
Gross unearned premium	76,740	25,030
Insurance balances payable	71,362	35,647
Ceded deferred acquisition costs payable	8,907	4,338
Accounts payable and accrued liabilities	811	707
Deferred tax liabilities	14	11
<i>Total liabilities</i>	<u>181,363</u>	<u>71,859</u>
<i>Shareholders' equity</i>		
Common shares	20,000	20,000
Additional paid-in capital	1,000	1,000
Income brought forward	976	-
Net income	915	976
<i>Total shareholders' equity</i>	<u>22,891</u>	<u>21,976</u>
Total liabilities and shareholders' equity	<u>204,254</u>	<u>93,835</u>

The accompanying notes are an integral part of these financial statements

Glacier Insurance AG

Income Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

	2008	2007/2006 14 months
Revenues		
Gross premiums written	123,559	41,494
Less ceded premiums written	<u>(118,033)</u>	<u>(39,747)</u>
Net premiums written	5,526	1,747
Net change in unearned premiums	<u>(2,506)</u>	<u>(993)</u>
Net premiums earned	3,020	754
Net investment income	<u>926</u>	<u>442</u>
Total revenues	<u>3,946</u>	<u>1,196</u>
Expenses		
Losses and loss-adjustment expenses	(827)	(334)
Acquisition costs recovered	4,616	1,085
Operating expenses	(6,187)	(1,134)
Net foreign exchange (losses) gains	<u>(712)</u>	<u>284</u>
Total expenses	<u>(3,110)</u>	<u>(99)</u>
Income before taxes	836	1,097
Tax	<u>79</u>	<u>(121)</u>
Net income	<u>915</u>	<u>976</u>

The accompanying notes are an integral part of these financial statements

Glacier Insurance AG

Statements of Changes in Shareholders' Equity and Other Comprehensive Income For the Year Ended 31 December 2008 and the period from 11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

Shareholders' equity	2008	2007/2006 14 months
<i>Common voting shares</i>		
Balance beginning of year/period	20,000	-
Issue of common shares	<u>-</u>	<u>20,000</u>
Balance - end of year/period	<u>20,000</u>	<u>20,000</u>
<i>Additional paid-in capital</i>		
Balance at beginning and end of year/period	1,000	-
Contribution	<u>-</u>	<u>1,000</u>
Balance - end of year/period	<u>1,000</u>	<u>1,000</u>
<i>Retained earnings</i>		
Balance - beginning of year/period	976	-
Net income	<u>915</u>	<u>976</u>
Balance - end of year/period	<u>1,891</u>	<u>976</u>
Total shareholders' equity	<u>22,891</u>	<u>21,976</u>

The accompanying notes are an integral part of these financial statements

Glacier Insurance AG

Statements of Cash Flows

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

	2008	2007/2006 14 months
Cash flows provided by (used in) Operating Activities:		
Net income for the year	915	976
<i>Adjustments to reconcile Net income to Net cash provided by Operating Activities</i>		
Depreciation	257	-
Change in deferred income tax asset/liability	(79)	(167)
Insurance balances receivable	(50,241)	(24,545)
Reinsurance recoverable	(17,334)	(5,820)
Net deferred acquisition costs	(231)	1,616
Other assets	(63)	(175)
Unpaid losses and loss-adjustment expenses	17,403	6,126
Net unearned premiums	2,506	994
Insurance balances payable	35,715	35,647
Accounts payable and other liabilities	104	707
Due to parent	0	-
Net cash (used in) provided by Operating Activities	(11,048)	15,359
Cash flows (used in) provided by Investing Activities:		
Purchase of property, equipment and intangibles	(789)	(29)
Net cash (used in) provided by Investing Activities	(789)	(29)
Cash flows from Financing Activities:		
Proceeds from issuance of common stock	-	21,000
Net cash provided by Financing Activities	-	21,000
Net (decrease) increase in cash and cash equivalents	(11,837)	36,330
<i>Cash and cash equivalents - beginning of the year</i>	36,330	-
<i>Cash and cash equivalents - end of the year</i>	24,493	36,330

The accompanying notes are an integral part of these financial statements

Glacier Insurance AG

Notes to the Financial Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

1. Organization

Glacier Insurance AG (the "Company") was incorporated on 24 October 2006 under the laws of Liechtenstein. The Company, based in Schaan, Liechtenstein, is licensed to underwrite insurance policies in Europe and commenced operations on 11 November 2006, following the subscription of common shares in the Company with a value of USD 20,000,000 (CHF 22,533,200) pursuant to a subscription agreement with its parent, Glacier Reinsurance AG (the "Parent"). Following receipt of its Insurance license on 13 October 2006, the Company commenced writing Insurance coverages with effective inception dates commencing on or after 11 November 2006. Insurance coverages provided by the Company include (but are not limited to): property & casualty, aerospace, marine & energy, catastrophe and losses arising from war & terrorist events.

Because the Company commenced operating on 11 November 2006, the comparative figures included in the income statement and statement of cash flows includes the results of operations for the period from 11 November 2006 to December 31, 2007.

2. Summary of Significant Accounting Policies

a) *Basis of Presentation*

The Company's financial statements have been prepared in United States Dollars in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and comply with Liechtenstein law. The financial statements present the financial condition of the Company as at 31 December 2008 and 2007 and the related statements of income, cash flows and changes in shareholders' equity and other comprehensive income for each of the periods then ended.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates when recording transactions and balances resulting from business operations based on information currently available. The most significant items on the Company's balance sheet that involve accounting estimates and actuarial determinations are deferred acquisition costs and liabilities for unpaid losses and loss-adjustment expenses. These accounting estimates and actuarial determinations are sensitive to market conditions, loss estimates and recoverability of acquisition expenses. Actual results may differ materially from those estimates, as additional information becomes available, or actual amounts are determinable. Should actual results differ from those previously recognized the recorded estimates will be revised accordingly with the impact reflected in the operating results of the Company in the period in which they become known.

b) *Foreign Currency Translation and Transactions*

In view of the international nature of the Company's business and the fact that the Parent Company's reporting currency is US Dollars, the financial statements are reported in US Dollars. Assets and liabilities expressed in currencies other than US Dollars are translated at the end of period exchange rates, revenues and expenses are translated using a weighted average rate for the period. The resulting exchange differences are recorded within the income statement.

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Notes to the Financial Statements

For the Year Ended 31 December 2008 and the period from
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c) *Premiums Written and Ceded*

Premiums written and ceded reinsurance business are recorded as earned on a pro rata basis over the term of the related policies and are based on estimated premiums. Adjustments based on actual premiums are recorded once determined. The portion of written and ceded premiums written and relating to unexpired coverage at the end of the reporting period are recorded as unearned premiums and ceded unearned premiums, respectively. Written and ceded reinstatement premiums are estimated and recorded as earned based on contract terms and estimated losses incurred. A reserve for uncollectible premiums is established when considered appropriate.

d) *Reinsurance*

In the ordinary course of business, the Company cedes reinsurance to the Parent. The related reinsurance premiums and commissions thereon ceded outward are recognized and earned over the period to which that reinsurance coverage relates. Reinsurance recoverables reflect balances due from the Parent for paid and unpaid losses and loss-adjustment expenses that will be recovered from the Parent, based on the reinsurance agreement in place.

e) *Deferred Acquisition Costs*

Acquisition costs, primarily comprised of brokerage fees, commissions, excise taxes and operating expenses, which vary with and are primarily related to the acquisition of new and renewal insurance contracts, are capitalised and charged to expense as the related premium revenue is recognized.

A premium deficiency reserve is recognized immediately as a reduction in deferred acquisition costs ("DAC") to the extent that the future policy premiums including anticipated interest income is not adequate to recover all deferred acquisition costs and pay related losses and loss expenses. If the premium deficiency is greater than unamortized DAC a liability will be accrued for the excess deficiency. The Company has determined a premium deficiency reserve is not required to be recognized.

f) *Unpaid Losses and Loss-Adjustment Expenses*

Losses and loss-adjustment expenses are charged to expenses as incurred. Unpaid losses and loss-adjustment expenses represent the accumulation of estimates for ultimate losses based on reports and individual case estimates received from ceding companies. An amount is included for losses and loss-adjustment expenses incurred but not reported ("IBNR") on the basis of past experience of the Company.

The methods for determining such loss and loss-adjustment expense estimates and establishing the resulting liabilities are continually reviewed and updated and, as experience develops and new information becomes known, the liabilities are adjusted as necessary. Resulting adjustments are reflected as a current expense in the period in which the adjustments become known. As the liability for losses is based on estimates, the ultimate loss settlement amount paid may vary from the amount recorded.

Glacier Insurance AG

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g) Cash, Cash Equivalents and Short-term Investments

Short-term investments are carried at fair value and are comprised of securities due to mature between 90 days and one year from the date of purchase. Cash represents cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

h) Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and any necessary write-downs for impairment. Fixed assets are depreciated using the straight-line method over the estimated useful economic life of the related asset as follows: furniture and fixtures - five to ten years; computer equipment and software - up to three years. Leasehold improvements are depreciated over the life of the lease or the life of the leasehold improvement, whichever is shorter. Maintenance and repair costs are charged to income as incurred.

i) Licensing costs

Licensing costs, included within intangible assets, relate to the acquisition of the licence to write insurance business from the Liechtenstein Financial Market Authority, are valued at fair value at the time of acquisition. The licensing costs are considered to have an indefinite life and are not being amortized. The carrying value of this asset is reviewed annually and any impairment in value will be charged to income during the period in which it occurs.

j) Pension Plans

The Company sponsors certain defined contribution pension plans in locations where the Company maintains offices. These plans provide post retirement, death and disability benefits for its employees and are administered by third party life insurance companies. The assets of these plans are held separately from the Company. The contributions made by the Company to the defined contribution plan are charged to income in the period in which they occur.

3. Reinsurance

The Company purchases reinsurance protection to reduce its exposure to the risk of loss on insurance written as well as to severe losses related to any one event or catastrophe. Glacier Insurance currently has reinsurance treaties in place with different coverages, territories and limits and retentions that serve to reduce financial loss from a significant gross loss emanating from any one event. This reinsurance coverage provides for a recovery of a portion of certain losses and loss-adjustment expenses ceded to the Company; however, it does not discharge the primary liability of the Company. Glacier Insurance remains liable to the extent that its retrocessionaires do not meet their obligations under these agreements. To limit the credit risk exposure, the Company may hold letters of credit on certain coverages and monitors the financial condition of its reinsurers and concentrations of credit risk. The Company did not hold any letters of credit as at 31 December 2008. When necessary, a provision for uncollectible amounts is recognized; at 31 December 2008, the Company has determined that no provision is necessary. (refer to Note 12)

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Notes to the Financial Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

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4. Fixed Assets

The net balance of fixed assets as at 31 December 2008 and 2007 is comprised as follows:

	2008	2007/2006 14 months
<i>Tangible Assets</i>		
Computer equipment	140	-
Furniture, fittings	602	-
Less accumulated depreciation	(242)	-
Subtotal	501	-
<i>Intangible Assets</i>		
Software	47	-
Licencing costs	29	29
Less accumulated amortization:	(16)	-
Subtotal	60	29
Net fixed assets	561	29

Licensing costs relate primarily to the insurance licenses of the Company and represent the costs incurred to acquire such licenses. Licensing costs are not depreciated as they have an indefinite useful life and are tested at least annually for impairment. Depreciation expense for the period ended 31 December 2008 is USD 257,088 (2007, USD Nil). The table below summarises the future estimated depreciation expenses for the following five years

	<i>Future Estimated Depreciation Expenses</i>
2009	257
2010	257
2011	9
2012	9
Total	532

Glacier Insurance AG

Notes to the Financial Statements

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(Expressed in US Dollars thousands unless otherwise indicated)

5. Foreign Currency Translation and Transactions

The table below summarises the principal exchange rates, which have been used for translation purposes (US Dollar per foreign currency unit) for 2008. Net realized losses (gains) on foreign currency transactions were USD 703,875 for the period ended 31 December 2008 (2007, USD (284,195))

<i>Exchange rates against US Dollar (USD)</i>	<i>Balance Sheet</i>	<i>Income Statement & Cash Flow Statement</i>
British Pound (GBP)	1 4479	1 8555
Euro (EUR)	1.4097	1 4713
100 Japanese Yen (JPY)	0.0111	0 0097
Swiss Franc (CHF)	0 9473	0.9264

6. Premiums

Gross and ceded premiums written and earned for the periods ended 31 December 2008 and 2007 are as follows

	<i>2008</i>	<i>2007/2006 14 months</i>
<i>Premiums written</i>		
Gross premiums written	123,559	41,494
Ceded premiums written	(118,033)	(39,747)
Net premiums written	5,526	1,747
<i>Premiums earned</i>		
Gross premiums earned	5,526	1,746
Ceded premiums earned	(2,506)	(993)
Net premiums earned	3,020	754

Premiums written were assumed principally through brokers or intermediaries

Glacier Insurance AG

Notes to the Financial Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

7. Unpaid Losses and Loss-Adjustment Expenses

Unpaid losses and loss-adjustment expense liabilities are based on estimates and may be subject to material changes prior to the ultimate settlement of the underlying claims. These changes may arise as: (a) additional claim information is received, (b) there are changes in the frequency or severity of claims from historical trends; or, (c) the legal interpretation of the underlying contracts changes. Movements in the liability for unpaid losses and loss-adjustment expenses are summarized as follows

	2008	2007/2006 14 months
Gross balance at beginning of year/period	6,126	-
Less reinsurance recoverables on unpaid losses	(5,820)	-
Net balance at beginning of year/period	306	-
Net (recovered) incurred related to:		
Prior year/period	(29)	-
Current year/period	1,655	334
Total net incurred	1,626	334
Paid related to:		
Prior year/period	(159)	-
Current year/period	(603)	(28)
Effect of foreign exchange	4	-
Net unpaid losses at 31 December	1,174	306
Reinsurance recoverables on unpaid losses	22,355	5,820
Gross unpaid losses and loss expenses at 31 December	23,529	6,126

Gross unpaid loss and loss-adjustment expense balances are comprised of liabilities for reported claims and estimates for claims incurred but not yet reported. The losses incurred relate primarily to claims arising from property, aerospace and marine and energy business lines.

In addition the financial results for the period ended 31 December 2008 include the impact of loss development on prior year claims.

The balance of net (recovered) related to prior year/period is due primarily to favourable development on settlement of prior year/period reported claims.

Unpaid losses and loss-adjustment expense liability estimates are based on all information available to the Company. These liability estimates contain inherent uncertainty due to the complexity of issues

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For the Year Ended 31 December 2008 and the period from
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relating to policy coverage, timing of claim estimates from ceding companies and the impact of multiple loss events on a single geographical location. The liability for unpaid losses and loss-adjustment expenses is subject to actuarial review on a regular basis and adjusted as new information becomes available. If adjustments to the liability estimates are necessary they are reflected in the period in which they become known.

8. Income Taxes

Glacier Insurance is incorporated in Liechtenstein and is liable for Liechtenstein income tax. The Company has a net loss carry forward from the period ending 31 December 2008 totalling CHF 1,057,806 (2007, net profit carry forward of CHF 2,619,560). Under the applicable laws CHF 1,057,806 will expire in 2015. In order to realise these amounts statutory profits must be a minimum of CHF 1,057,806 by 2015.

U.S. GAAP differs in certain respects from the accounting practices prescribed or permitted by the Liechtenstein Financial Market Authority (Finanzmarktaufsicht Liechtenstein) ("FMA") and Liechtenstein Company Law. Accordingly, such differences will determine the tax result of the company. The Company's statutory shareholders' equity, including effects of prescribed and permitted statutory practices was CHF 25,221,614 and CHF 26,279,420 at 31 December 2008 and 2007, respectively.

Deferred income taxes are provided for all temporary differences, which are based on the difference between financial statement carrying amounts and the income tax basis of assets and liabilities. The income tax basis of an asset or liability is calculated in accordance with the rules for determining taxable income established by the local taxation authorities.

A deferred tax asset had been established for net operating loss carry forwards. At 31 December 2008 the Company has determined that a valuation allowance is not necessary because it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax asset.

FASB Statement No. 109 "Accounting for Income Tax" (SFAS 109) provides that a deferred tax asset or liability is recognized for the estimated future tax effects attributable to temporary differences and carry-forwards. SFAS 109 also establishes procedures whether a valuation allowance should be established for deferred taxes.

Temporary differences between our financial accounts and the applicable tax basis arise with respect to deferred acquisition costs (DAC), liabilities for incurred-but-not-reported losses (IBNR) and the accounting treatment prescribed for foreign exchange differences on revaluation of statutory balance sheet at current rates.

Glacier Insurance AG

Notes to the Financial Statements

For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007

(Expressed in US Dollars thousands unless otherwise indicated)

The following table outlines the current and deferred income tax effect for the Company:

	2008	2007/2006 14 months
Current	-	287
Deferred from statutory loss carried forward	(107)	-
Deferred other	29	(167)
Total income tax expense	(79)	121

The Company's deferred income tax assets and liabilities are reflected in the below table

	2008	2007
<i>Deferred income tax assets</i>		
Deferred acquisition costs	152	178
Statutory loss carried forward	107	-
Total deferred income tax assets	260	178

Deferred income tax liabilities

Additional IBNR recognised for statutory purposes	11	11
Intangible assets expensed for statutory purposes	3	-
Total deferred income tax liabilities	14	11

The table below provides a summary of items accounting for the difference between the federal income tax expense computed at the statutory rate and the provision for income taxes reported in the consolidated financial statements.

	2008	14 months
Income from continuing operations before tax	835	1,097
Statutory average tax rate	11%	11%
Expected income tax expense	92	121
<i>(Reduction) increase in taxes resulting from</i>		
Foreign exchange differences on revaluation of statutory balance sheet at current rates	(171)	-
Actual income tax (recovery) expense	(79)	121
Effective tax rate	0.0%	11.0%

Glacier Insurance AG

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For the Year Ended 31 December 2008 and the period from
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(Expressed in US Dollars thousands unless otherwise indicated)

9. Shareholders' Equity

The following table outlines the increase in common shares issued and outstanding during the period from the foundation of the Company to 31 December 2008:

<i>Event</i>	<i>Date</i>	<i>Amount USD</i>	<i>Amount CHF</i>	<i>Number of Shares Issued</i>
Company foundation	19 October 2006	6,000	7,691	5,000
Capital increase	28 December 2007	15,000	15,969	15,000
Total		21,000	23,660	20,000

On 19 October 2006, Glacier Reinsurance AG was founded with the issuance of 5,000 common shares with a nominal value of USD 1,000 per share. The capital subscribed on 26 November 2006 includes USD 1,000,000 (CHF 1,126,660) of paid-in surplus to cover certain costs relating to the establishment of the Company as required under Liechtenstein law and by the FMA. On 28 December 2007, the share capital of the company was increased with the issuance of 15,000 common shares with a nominal value of USD 1,000 per share.

10. Commitments and Contingencies

Arbitration and Litigation

Arbitration and litigation is a standard feature of the insurance and reinsurance industry and arises in the normal course of business. As of 31 December 2008 the Company was not involved in any arbitration other than in the ordinary course of business in relation to claims activity. Management does not expect this activity to have a significant adverse effect on the Company's result of operations, financial condition and cash flows.

Minimum Payments under Operating Leases

The Company and its branch offices lease office space and automobiles in the countries in which they operate under operating leases which expire at various dates. The Company renews and enters into new leases in the ordinary course of business as required. Total rent expense with respect to these operating leases for the year ended December 31, 2008 was \$317,417 (2007, \$80,376). Future minimum lease commitments for non-cancellable operating leases as at 31 December 2008 are expected to be as follows:

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	<i>Future Minimum Lease Commitments</i>
2009	940
2010	940
2011	940
2012	778
2013	621
Later years	2,225
Total	6,446

11. Pension Scheme Arrangements

The Company sponsors mandatory defined contribution pension plans in the countries where it operates for the provision of employee retirement benefits. Contributions are made by the Company and these contributions are supplemented by the individual plan participants. Contributions are based on a percentage of the participants' base salary, the benefits of which vest immediately to the employee. As required by law the retirement plans provide for death, sickness and disability benefits. The Company has maintained a defined contribution plan under Liechtenstein law for its employees based in Liechtenstein during the year 2008. The fair value of the plan assets at 31 December 2008 was USD 119,842 (2007, NIL). Employer contributions made by the Company during the year ended 31 December 2008 were USD 42,553 (2007, NIL).

12. Related Party

Pursuant to an Outsourcing Master Agreement dated 12 December 2007 between Glacier Insurance AG and Glacier Reinsurance AG covering the provision of underwriting, actuarial, claims handling and management services from the Parent to the Company, Glacier Insurance AG has charged to Operating expenses during the year ended 31 December 2008 fees totalling USD 1,679,676 (2006/2007 - 14 months, USD 240,496) for services rendered during the respective year/period.

Glacier Insurance is primarily protected by a reinsurance program provided by its Parent through a whole-account 95% quota share agreement further supplemented by a stop loss reinsurance agreement to cover severity losses. Additional security is provided by a parental guarantee allowing the Company to fully benefit from the financial strength of the Parent.

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Pursuant to the reinsurance program with the Parent, amounts included in these financial statements not otherwise disclosed as at 31 December 2008 and 2007 and for the year/period then ended were as follows

	2008	2007
Reinsurance recoverables on unpaid losses		
from Parent	22,242	5,820
from third parties	912	-
	<u>23,154</u>	<u>5,820</u>
Ceded unearned premium		
from Parent	71,653	24,036
from third parties	1,587	-
	<u>73,240</u>	<u>24,036</u>
Insurance balances payable		
to Parent	55,608	32,761
to third parties	15,754	2,886
	<u>71,362</u>	<u>35,647</u>
Ceded deferred acquisition costs payable		
to Parent	8,898	4,338
to third parties	9	-
	<u>8,907</u>	<u>4,338</u>

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Notes to the Financial Statements

**For the Year Ended 31 December 2008 and the period from
11 November 2006 to 31 December 2007**

(Expressed in US Dollars thousands unless otherwise indicated)

	2008	2007/2006 14 months
Gross premiums written	123,559	41,494
Less ceded premiums written		
to Parent	(113,978)	(39,747)
to third parties	<u>(4,054)</u>	<u>-</u>
Net premiums written	5,526	1,747
Net change in unearned premiums		
from Parent	47,616	(25,030)
from third parties	<u>(50,122)</u>	<u>24,036</u>
	(2,506)	(993)
Losses and loss adjustment expenses		
from Parent	30,898	6,352
from third parties	<u>(31,725)</u>	<u>(6,685)</u>
	(827)	(334)
Acquisition costs recovered		
from Parent	11,845	2,610
from third parties	<u>(7,229)</u>	<u>(1,525)</u>
	4,616	1,085