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HCC SERVICE COMPANY, INC.
(FORMERLY HCCS CORPORATION)

UNAUDITED FINANCIAL STATEMENTS

For The Years Ending December 31, 2009 and 2008

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COMPANIES HOUSE		

HCC Service Company, Inc.
13403 Northwest Freeway
Houston, Texas USA 77040

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HCC Service Company, Inc.
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BALANCE SHEET

As of December 31, 2009 and 2008

Unaudited

(In Thousands USD)

	Year Ended December 31, 2009	Year Ended December 31, 2008
ASSETS		
Cash	\$ 428	\$ 102
Investments	264	1,306
Property and Equipment	23,946	21,217
Investment in Subsidiaries	14,851	16,874
Current Income Tax	18,754	10,267
Deferred Income Tax	6,755	8,110
Other	4,846	3,140
Total Assets	<u>\$ 69,844</u>	<u>\$ 61,016</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	15,741	10,842
Net Payables to Subsidiaries	36,454	23,159
Total Liabilities	<u>52,195</u>	<u>34,001</u>
Total Shareholder's Equity	<u>17,649</u>	<u>27,015</u>
Total Liabilities and Shareholder's Equity	<u>\$ 69,844</u>	<u>\$ 61,016</u>

Authorized by the board
and signed on its behalf by



William T. Whamond
Director

January 28, 2011

HCC Service Company, Inc.
13403 Northwest Freeway
Houston, Texas USA 77040

STATEMENT OF EARNINGS

For the Years Ended December 31, 2009 and 2008

Unaudited

(In Thousands USD)

	Year Ended December 31, 2009	Year Ended December 31, 2008
REVENUE		
Investment Income	\$ 3,031	\$ 52
Equity in Earnings of Subsidiaries	(2,022)	817
Other Operating Income	75	501
Total Revenue	1,084	1,370
EXPENSES		
Compensation Expense	59,575	46,835
Other Operating Expenses	19,698	17,716
Allocation of Expenses to Affiliates	(47,723)	(44,938)
Total Expenses	31,550	19,613
Loss Before Income Tax Expense	(30,466)	(18,243)
Income Tax Benefit	(9,949)	(6,505)
Net Loss	\$ (20,517)	\$ (11,738)

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NOTES TO THE FINANCIAL STATEMENTS

Unaudited
(In Thousands USD)

1 Organization

HCCS Corporation changed its name to HCC Service Company, Inc (HCC Service), effective January 1, 2011. HCC Service is a Texas corporation that operates in Houston, Texas and through a branch in the United Kingdom. HCC Service is a wholly-owned subsidiary of HCC Insurance Holdings, Inc.

As of December 31, 2009 and 2008, HCC Service had investments in subsidiaries and affiliated companies, with equity holdings as follows:

	Class of Shares	% Held	Year Ended December 31, 2009	Year Ended December 31, 2008
Investment in HCC Service Delaware, LLC	Common	100%	\$ 11,445	\$ 13,468
Investment in HCC Service Company, Ltd	Common	1%	3,406	3,406
Total Investment in Subsidiaries			<u>\$ 14,851</u>	<u>\$ 16,874</u>

HCC Service provides shared services to all of the wholly-owned subsidiaries of HCC Insurance Holdings, Inc. These services include Payroll, Employee Benefits, Information Technology, Investment Accounting, Actuarial, Treasury, Tax, Legal and other shared services. HCC Service holds fixed assets and technology hardware and software related to providing these services. HCC Service recovers a portion of its operating costs related to payroll processing, benefits administration, technology support, investment accounting and certain other services through allocation of those costs to HCC Insurance Holdings, Inc.'s subsidiaries.

2 Basis of Presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as promulgated by the Financial Accounting Standards Board (United States), and are unaudited.

HCC Insurance Holdings, Inc., incorporated in the United States and listed on the New York Stock Exchange, is HCC Service's immediate parent company and is regarded by the directors as HCC Service's ultimate parent company. The largest and smallest group in which the results of HCC Service are consolidated is that of which HCC Insurance Holdings, Inc. is the parent company. The consolidated accounts of HCC Insurance Holdings, Inc. may be obtained from that company's principal office at 13403 Northwest Freeway, Houston, Texas 77040-6094, USA. HCC Insurance Holdings, Inc. provides ongoing support to HCC Service, such that HCC Service is a going concern.

Related to regulatory filings in the UK, consolidated accounts are not prepared by HCC Service as it claims exemption from the requirements to produce such accounts by virtue of s401 CA2006 in that the ultimate parent company's published accounts are considered to be compatible with the requirements of the European Union's 7th Directive.