Peace Hills General Insurance Company

Insurer

2009 Year

(\$'000)

Investment Income due and accrued			Γ		
Cash				Current	Prior
Cash 01 44,939 43,3 Investment Income due and accrued 02 799 8 Investments: 04 0 0 Bonds and Debentures 05 68,989 48,2 Mortgage Loans 06 0 0 Preferred Shares 07 1,695 1,695 Common Shares 08 21,134 21,7 40.07 Real Estate 09 1,853 1,9 40.07 Other Investments 10 817 2,1 40.07 Total Investments (lines 04 to 10) 19 94,488 74,0 Receivables: Unaffiliated Agents and Brokers 20 7,455 7,8 50.20 Unaffiliated Agents and Brokers 20 7,455 7,8 50.30 Other Insurers 21 0 Instalment Premiums 22 24,954 24,1 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,5 <td>Page</td> <td></td> <td></td> <td>Year</td> <td>Year</td>	Page			Year	Year
Investments Investments Investments Investments Term Deposits O4				01	03
Investments Investments Investments Investments Term Deposits O4					
Investments		Cash	01	44,939	43,379
Term Deposits		Investment Income due and accrued	02	799	851
Term Deposits					
Bonds and Debentures		Investments:			
Mortgage Loans		Term Deposits	04	0	0
Preferred Shares		Bonds and Debentures	05	68,989	48,254
Common Shares. 08 21,134 21,7 40.70 Real Estate 09 1,853 1,9 40.80 Other Investments 10 817 2,1 40.07 Total Investments (lines 04 to 10) 19 94,488 74,0 So 20 Unaffiliated Agents and Brokers 20 7,455 7,8 Policyholders. 21 0 Instalment Premiums 22 24,954 24,1 50.30 Other Insurers. 23 596 1,5 "Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes. 26 0 6,5 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: Unearned Premiums 30 18,856 15,3 60.10 Unpaid Claims and Adjustment Expenses 31 47,650 31,8 60.40 Investment in Subsidiaries, Affiliates & Partnerships 40		Mortgage Loans	. 06	0	0
Real Estate	-	Preferred Shares	. 07	1,695	0
A0.80 A0.07 A0.0		Common Shares	. 08	21,134	21,733
Total Investments (lines 04 to 10) 19 94,488 74,0	40.70	Real Estate	09	<u>1,853</u>	1,909
Or/Ou Total Investments (lines 04 to 10) 19 94.488 74,0 Receivables: 50.20 Unaffiliated Agents and Brokers 20 7,455 7,8 Policyholders 21 0 Instalment Premiums 22 24,954 24,1 50.30 Other Insurers 23 596 1,5 "Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,5 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,144 Deferred Policy Acquisition Expenses 43 19,270 <td>40.80</td> <td>Other Investments</td> <td> 10</td> <td>817</td> <td>2,189</td>	40.80	Other Investments	10	817	2,189
50.20 Unaffiliated Agents and Brokers 20 7,455 7,8 Policyholders 21 0 0 Instalment Premiums 22 24,954 24,1 50.30 Other Insurers 23 596 1,5 "Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,9 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 0.30 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 0 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18, Future Income Taxes 44 288		Total Investments (lines 04 to 10)	19	94,488	74,085
50.20 Unaffiliated Agents and Brokers 20 7,455 7,8 Policyholders 21 0 0 Instalment Premiums 22 24,954 24,1 50.30 Other Insurers 23 596 1,5 "Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,9 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 0.30 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 0 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18, Future Income Taxes 44 288		Receivables			
Policyholders	50.20		20	7,455	7,826
Instalment Premiums	50.20			0	0
50.30 Other Insurers 23 596 1,5 "Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,9 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers 30 18,856 15,3 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,50 Future Income Taxes 44 288 19,270 18,70		SO MANY SO PERCENTAGE AND	22	24,954	24,134
"Facility Association" and the "P.R.R." 24 8,413 7,0 50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes 26 0 6,9 50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,7 Future Income Taxes 44 288 3,754 3,	50.30			596	1,546
50.40 Subsidiaries, Affiliates and Partnerships 25 0 Income Taxes. 26 0 6,9 50.20 Other Receivables. 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 60.10 Unpaid Claims and Adjustment Expenses. 31 47,650 31,6 Other Recoverables on Unpaid Claims. 37 0 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships. 40 0 0 40.70 Real Estate for Insurer's own use. 41 1,144 1,3 Deferred Policy Acquisition Expenses. 43 19,270 18, Future Income Taxes. 44 288	30.00		24	8,413	7,043
Income Taxes	50.40				0
50.20 Other Receivables 27 2,201 2,0 Recoverable from Reinsurers: 30 18,856 15,3 60.10 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,5 Future Income Taxes 44 288 3,754 3,8	50.40			0	6,997
Recoverable from Reinsurers:	50.00	27		2 201	2,051
60.10 Unearned Premiums 30 18,856 15,3 60.30 Unpaid Claims and Adjustment Expenses 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,3 Future Income Taxes 44 288	50.20				
50.10 Official Red Fernitum 31 47,650 31,6 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,3 Future Income Taxes 44 288 3,754 <	60.40		30	18.856	15,395
50.30 Other Recoverables on Unpaid Claims 37 0 50.40 Investment in Subsidiaries, Affiliates & Partnerships 40 0 40.70 Real Estate for Insurer's own use 41 1,144 1,3 Deferred Policy Acquisition Expenses 43 19,270 18,3 Future Income Taxes 44 288 88 3,754 3,754 3,754		- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1			31,628
50.40 Investment in Subsidiaries, Affiliates & Partnerships. 40 0 40.70 Real Estate for Insurer's own use. 41 1,144 1,144 Deferred Policy Acquisition Expenses. 43 19,270 18,144 Future Income Taxes. 44 288 88 3,754 3,754	60.30				0
1,144 1,5 1,2 1,2 1,2 1,2 1,2 1,3 1,4 1,5 1,		Other recoverables on onput			
Deferred Policy Acquisition Expenses	50.40	Investment in Subsidiaries, Affiliates & Partnerships	40	0	0
Future Income Taxes	40.70	Real Estate for Insurer's own use	41	1,144	1,324
Future Income Taxes		Deferred Policy Acquisition Expenses	43	19,270	18,129
00 3754 3		No. 10 10 10 10 10 10 10 10 10 10 10 10 10		288	547
	50.50	LONG TO THE PARTY OF THE PARTY		3,754	3,876
TOTAL ASSETS		TOTAL ASSETS	89	274,807	238,811

Insurer

LIABILITIES AND EQUITY (\$'000)

Page			Current Year 01	Prior Year 03
	LIABILITIES			
	Overdrafts	01		0
	Borrowed Money and Accrued Interest	02		0
	Payables:			
50.20	Unaffiliated Agents and Brokers	03	3,838	3,219
	Policyholders	04		0
50.30	Other Insurers	05	8,952	6,669
50.40	Subsidiaries, Affiliates and Partnerships	06	<u>0</u>	0
	Expenses due and accrued		2,445	1,709
	Income Taxes due and accrued		2,359	0
	Other Taxes due and accrued	09	5,573	5,913
	Policyholder Dividends and Rating Adjustments	10		0
10.70	Encumbrances on Real Estate	[1,795	1,957
40.70				
60.10	Unearned Premiums	12	78,305	73,126
60.30	Unpaid Claims and Adjustment Expenses	13	115,196	97,548
80.10	Unearned Commissions	14	6,451	5,629
	Premium Deficiency	15	0	0
	Future Income Taxes	21		0
50.50	Other Liabilities	28	851	787
	Total Liabilities	29	225,765	196,557
	EQUITY			
	Shares issued and paid	41	2,000	2,000
	Contributed Surplus		9,362	9,362
		43		0
20.40	Retained Earnings	44	35,200	32,026
20.40	Reserves	45	<u>0</u>	0
20.42	Accumulated Other Comprehensive Income (Loss)	47	2,480	(1,134
to V . I to	Total Equity	49	49,042	42,254
	TOTAL LIABILITIES AND EQUITY	89	274,807	238,811

STATEMENT OF INCOME (\$'000)

Page	1		Current Year 01	Prior Year 03
	UNDERWRITING OPERATIONS			
	Premiums Written			
	Direct	01	156,803	147,184
70.21	Reinsurance Assumed	02	0	0 0 007
70.21	Reinsurance Ceded	03	45,086	35,887
60.20	Net Premiums Written	04	111,717	111,297
	Decrease (increase) in Net Unearned Premiums	05	(1,718)	(10,036)
60.20	Net Premiums Earned	06	109,999	101,261
	Service Charges	07	1,964	1,820
	Other	08		0
	Total Underwriting Revenue	09	111,963	103,081
60.20	Net Claims and Adjustment Expenses	10	66,221	67,081
	Acquisition Expenses	200	000.000.00	
80.10	Commissions	11	19,611	16,723
	Taxes	12	5,103	4,658
80.20	Other	14	(150)	(65
80.20	General Expenses	16	18,551	17,698
	Total Claims and Expenses	19	109,336	106,095
	Premium Deficiency Adjustments	20		0
	Underwriting Income (Loss)	29	2,627	(3,014
40.07 or/ou	INVESTMENT OPERATIONS			
	Income	32	3,317	4,469
	Realized Gains (Losses)	33	(962)	(5,584
	Expenses	34	338	346
	SET FOR STANDARD STANDARD STANDARD CO. OF THE ADDRESS CONTRACTOR OF TH	39	2.017	(1,461
	Net Investment Income		2,017	(1,10)
	OTHER REVENUE AND EXPENSES			
	Income (Loss) from Ancillary Operations (net of Expenses of \$'000	40		0
			Chair de Service	
	Share of Net Income (Loss) of Subsidiaries and Affiliates		(393)	(219
	Gain (losses) from fluctuations in Foreign Exchange Rates	1		
	Other	43	66	(1
	Net Income (Loss) before Income Taxes and Extraordinary Items	49	4,317	(4,695
	INCOME TAXES			
	Current	50	814	(1,278
	Future	51	329	18
	Total Income Taxes		1,143	(1,26
	Extraordinary Items (net of Income Taxes of \$'000)	60		(
	NET INCOME (LOSS) FOR THE YEAR	co-con-	3,174	(3,435

Insurer

2009 Year

STATEMENT OF RETAINED EARNINGS (\$'000)

Page			Current Year	Prior Year
			01	02
	Balance at beginning of year	01	32,026	35,662
	Prior period adjustments:	02		(1)
		04		0
	Adjusted balance at beginning of year	09	32,026	35,661
20.30	Net Income (loss) for the year	10	3,174	(3,435)
	Dividends declared to shareholders	11		200
	Decrease (increase) in Reserves	12	0	0
	(Please specify)	- 1		
	Net increase (decrease) in Retained Earnings			
	during the year	15	3,174	(3,635)
	Balance at end of year	89	35,200	32,026

RESERVES (\$'000)

	Γ	Current	Prior	
		Year	Year	
		01	02	
Earthquake Reserves				
Reserve Complement	90		(0
Premium Reserve	91		(0
Mortgage Reserve	95			0
Nuclear Reserve	96			0
General and Contingency Reserves	98			0
Total Reserves	99	0		0

2009 Year

Insurer

COMPREHENSIVE INCOME (LOSS) and ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (\$'000)

Page			Current Year 01	Prior Year 03
	Comprehensive Income (Loss)			
20.30	Net Income	01	3,174	(3,435)
	Other Comprehensive Income (Loss):			
	Available for Sale:		1	
	Change in Unrealized Gains and Losses:			
	- Loans			0
	- Bonds and Debentures	03	72	725
	- Equities	11.00	3,810	(13,269
	Reclassification to Earnings of (Gains) Losses	05	435	3,730
	Derivatives Designated as Cash Flow Hedges			
	Change in Unrealized Gains and Losses	06		0
	Reclassification to Earnings of (Gains) Losses	07		0
	Foreign Currency Translation			
	Change in Unrealized Gains and Losses	08	(702)	941
	Impact of Hedging	09		0
	Income (Loss) from Subsidiaries			0
	Other			0
	Total Other Comprehensive Income (Loss)	- 1	3,615	(7,873
	Total Comprehensive Income (Loss)		6,789	(11,308

Т		Current	Prior
		Year	Year
		(01)	(03)
	Accumulated Other Comprehensive Income (Loss)		
	Accumulated Gains/ (Losses) on:		
	Available for Sale:		
	- Loans 42		0
	- Bonds and Debentures	1,509	1,478
	- Equities	641	(3,644)
	Derivatives Designated as Cash Flow Hedges 45	2	0
	Foreign Currency (Net of Hedging Activities)	330	1,032
	Income (Loss) from Subsidiaries		0
	Other		. 0
20.20	Balance at end of Period		(1,134)

2009 Year

MINIMUM CAPITAL TEST (\$'000)

		Current	Prior
		Year	Year
		01	02
Capital Available			
Total Equity less Accumulated Other Comprehensive Income	02	46,562	43,388
Add:			
Subordinated Indebtedness and Redeemable Preferred Shares	03		0
Accumulated Other Comprehensive Income (Loss) on:			
Available for Sale Equity Securities		641	(3,644)
Available for Sale Debt Securities		1,509	1,478
Foreign Currency (Net of Hedging Activities)	08	330	1,032
Included in Capital Available of Regulated FI Subsidiaries	10	0	0
[]	30		0
Capital Available reported by Regulated FI Subsidiaries	11		0
Less:			
Accumulated net after-tax fair value gains (losses) arising from	10		0
changes in the company's own credit risk			0
	13	-	0
Balance Sheet Value of Investments in Regulated FI Subsidiaries	14	<u>0</u>	0
Assets with a Capital Requirement of 100%	17	3,114	5,225
Total Capital Available		45,928	37,029
Minimum Capital Required	20	0.054	7,702
Balance Sheet Assets	20	8,854	9,988
Unearned Premiums/Unpaid Claims/Premium Deficiencies	22	10,007	9,900
Catastrophes	24	0	0
Reinsurance Ceded to Unregistered Insurers	26	0	U
Capital Required reported by Regulated FI Subsidiaries	27		0
Structured Settlements, Letters of Credit, Derivatives and			
Structured Settlements, Letters of Credit, Derivatives and	28	72	72
Other Exposures	20		
Minimum Capital Required	29	18,933	17,762
Excess of Capital Available over Capital Required			
(line 19 minus line 29)	89	26,995	19,267
Line 19 as a % of line 29	90	242.58%	208.47%