

HM Captive Insurance Company
 Incorporated under the laws of Vermont

BALANCE SHEET

As of December 31, 2011

	Sponsor	Davis	Total
ASSETS			
Cash & cash equivalents	694,797	1,787,590	2,482,387
Premium receivable	-	9,393,786	9,393,786
Interest receivable	45	153	198
Accounts receivable	4,049	-	4,049
Prepaid expenses	1,664	836	2,500
Letter of credit	-	-	-
Deferred tax asset	-	43,913	43,913
Federal income tax recoverable	-	-	-
	<u>700,555</u>	<u>11,226,278</u>	<u>11,926,833</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Unearned premium reserve	-	-	-
Reserve for losses and LAE	-	93,954	93,954
Losses payable	-	7,345,986	7,345,986
Commissions payable	-	268,742	268,742
Premium taxes payable	-	22,800	22,800
Accounts payable & accrued expenses	16,146	142,486	158,632
Federal income tax payable	3,109	331,208	334,317
Total liabilities	<u>19,255</u>	<u>8,205,176</u>	<u>8,224,431</u>
Shareholders' equity			
Share capital	1,000	750	1,750
Contributed surplus	999,000	1,371,497	2,370,497
Retained earnings	(318,700)	1,648,855	1,330,155
Total shareholders' equity	<u>681,300</u>	<u>3,021,102</u>	<u>3,702,402</u>
	<u>700,555</u>	<u>11,226,278</u>	<u>11,926,833</u>

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STATEMENT OF INCOME AND RETAINED EARNINGS**For the period ended December 31, 2011**

	Sponsor	Davis	Total
REVENUE			
Gross premiums written	-	13,890,215	13,890,215
Earned premium	-	(4,496,429)	(4,496,429)
Net underwriting revenue	-	9,393,786	9,393,786
UNDERWRITING EXPENSES			
Change in loss & lae reserves	-	29,940	29,940
Losses & lae paid	-	10,753,298	10,753,298
Change claims payable assumed	-	(3,343,299)	(3,343,299)
Ceding commission	-	268,742	268,742
Premium taxes	-	29,251	29,251
Other underwriting expenses	-	125,000	125,000
	-	7,862,932	7,862,932
Net underwriting income	-	1,530,854	1,530,854
Net investment income	592	2,242	2,834
General and administrative expenses	80,220	19,757	99,977
Net income/(loss) before taxes	(79,628)	1,513,339	1,433,711
Federal taxes expense/(benefit)	(27,869)	503,871	476,002
Federal deferred tax expense/(benefit)	-	25,798	25,798
Net income/(loss) after taxes	(51,759)	983,670	931,911
Retained earnings at beginning of period	(266,942)	2,311,148	2,044,205
Distribution to Davis Vision	-	(1,645,963)	(1,645,963)
Net income (loss) for period	(51,759)	983,670	931,911
Retained earnings at end of period	(318,701)	1,648,855	1,330,154

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CASH and CASH EQUIVALENTS

For the period ended December 31, 2011

	<u>Sponsor</u>	<u>Davis</u>	<u>HMA</u>	<u>Other</u>
Operating account	170,491	-	-	-
Money market	524,307	1,787,590	-	-
Total	<u>694,798</u>	<u>1,787,590</u>	-	-

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GENERAL and ADMINISTRATIVE EXPENSES

As of December 31, 2011

	<u>Sponsor</u>	<u>Davis</u>	<u>Totals</u>
Consulting fees (management & actuarial)	30,658	9,998	40,656
Audit and tax fees	8,964	8,960	17,924
Memberships and dues	-	-	-
Personnel expenses	26,304	-	26,304
Computer & equipment	1,949	-	1,949
Printing and publication	-	-	-
Office supplies & expenses	1,585	-	1,585
Travel	-	-	-
Insurance	-	-	-
Legal expenses	-	-	-
Bank fees	9,279	799	10,078
Miscellaneous taxes, licenses and fees	610	-	610
Miscellaneous	871	-	871
Total	80,220	19,757	99,977