

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES - UNAUDITED
(In Millions)

ASSETS	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Short and intermediate duration investments	\$ 2,253.6	\$ 2,191.9
Investments held for secured creditors	4.4	5.5
Investments held for uncovered claimants	15.8	15.5
Invested assets excluding affiliates	<u>2,273.8</u>	<u>2,212.9</u>
Investments in affiliates	134.4	134.4
Total invested assets	2,408.2	2,347.3
Premium balances	29.1	30.1
Reinsurance receivable	38.8	56.3
Reinsurance recoverables	673.7	816.1
Early access advances to guaranty associations	2,089.4	2,089.1
Other assets	26.6	31.1
Total Assets	<u>5,265.8</u>	<u>5,370.0</u>
 LIABILITIES		
Secured Creditors - Funds held	48.3	48.5
Class (a) liabilities		
Liquidator expenses incurred since liquidation	1,123.5	1,106.6
Liquidator expenses paid since liquidation	<u>(1,123.5)</u>	<u>(1,106.6)</u>
Liquidator expenses - unpaid	-	-
Guaranty association expenses - submitted	327.0	317.5
Guaranty association expenses - paid	<u>260.0</u>	<u>260.0</u>
Guaranty association expenses - unpaid	67.0	57.5
Other class (a) liabilities	<u>4.8</u>	<u>53.9</u>
Total class (a) liabilities	71.8	111.4
Class (b) liabilities		
Guaranty association paid losses	2,950.7	2,907.0
Guaranty association reported reserves	1,132.9	1,131.8
Notices of determination issued	885.8	872.4
Gross distribution calculation	(339.1)	(318.4)
Reduction for aggregate policies	<u>32.3</u>	<u>30.8</u>
Asset distribution payments	(306.8)	(287.6)
All other estimated reserves (including IBNR)	<u>2,787.5</u>	<u>2,857.0</u>
Total class (b) liabilities	7,450.1	7,480.6
Class (c) liabilities	-	-
Class (d) liabilities	-	-
Class (e) liabilities		
Notices of determination issued	80.2	74.6
Losses and reserves on assumed business	1,170.8	1,159.5
Other class (e) liabilities	<u>30.7</u>	<u>37.4</u>
Total class (e) liabilities	1,281.7	1,271.5
Class (f) liabilities	-	-
Class (g) liabilities - Notices of determination issued	26.2	18.4
Class (h) liabilities	-	-
Class (i) liabilities	-	-
Total liabilities	<u>8,878.1</u>	<u>8,930.4</u>
Net deficit	<u>(\$3,612.3)</u>	<u>(\$3,560.4)</u>

The special purpose statement of assets and liabilities of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the liquidation, future administration expenses, and various potential exposures, recoveries or benefit. The special purpose statement of assets and liabilities is not intended to be in conformity with, and will vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the NAIC.

See accompanying notes.