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## HISTORY

Great Midwest is the successor to Food Markets Insurance Company, Ltd. ("FMIC"). FMIC was formed in 1980 as a Bermuda captive to provide commercial insurance for Michigan and Ohio retail grocers. In 1985, Great Midwest was formed and licensed in Michigan to reduce FMIC's reliance upon the availability of U.S. insurers' facilities.

## OWNERSHIP

Great Midwest's ownership is a unique combination of insurance and reinsurance company executives, specialty agents, distributors to insureds and associations of insureds. This group has made Great Midwest successful by working as a partnership to provide quality insurance products and services on a consistent basis.

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## GREAT MIDWEST INSURANCE COMPANY STATUTORY BALANCE SHEET

	December 31, 2005	December 31, 2004
<b>Assets</b>		
Cash	\$ 1,053,639	\$ 977,844
U.S. Treasury Notes	22,891,604	21,874,320
Premiums Receivable	4,106,480	5,054,005
Reinsurance Recoveries	827,342	1,847,938
Accrued Investment Income	180,825	178,932
Federal Income Tax	-	36,940
Net Deferred Tax Asset	<u>273,559</u>	<u>305,445</u>
Total Assets	<u>\$29,333,449</u>	<u>\$30,275,424</u>
<b>Liabilities</b>		
Outstanding Losses	\$ 2,908,660	\$ 3,470,091
Reinsurance Payable	46,083	83,715
IBNR	3,986,625	4,195,006
Ceded Reinsurance Payable	4,292,966	5,449,699
Unearned Premium	3,301,228	3,058,085
Accrued Expenses and Payables	1,354,047	1,337,575
Federal Income Tax Payable	204,261	-
Dividends Payable	<u>-</u>	<u>22,756</u>
Total Liabilities	<u>16,093,870</u>	<u>17,616,927</u>
Policyholders' Surplus	<u>13,239,579</u>	<u>12,658,497</u>
Total Liabilities and Policyholders' Surplus	<u>\$ 29,333,449</u>	<u>\$30,275,424</u>

**RATED "A" (EXCELLENT)  
BY A.M. BEST COMPANY  
SINCE 1993**

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## FINANCIAL STRENGTH

Great Midwest ended 2005 with a statutory policyholders' surplus of over \$13 million and a Combined Ratio of 84.63%. Reinsurance protection is provided both on a quota share and excess of loss basis with some of the strongest "A" rated reinsurers. After reinsurance premium cessions, Great Midwest's ratio of net premiums written to policyholders' surplus was a conservative 0.61 to 1 in 2005. Great Midwest's reserves are certified by an independent actuary and a clean opinion of the company's statutory and GAAP financials has been rendered by PricewaterhouseCoopers.

## PLANS

Great Midwest is dedicated to providing quality commercial insurance products for independent businesses. It is licensed in Michigan and thirty-four other states. Great Midwest is expanding its business in the current market environment, but continues to protect this growth with quota share reinsurance.

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**PROVIDING CUSTOM PROPERTY,  
CASUALTY AND HEALTH  
COVERAGES FOR SPECIALIZED  
CLASSES OF BUSINESS**

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A preferred insurance market  
you can count on.

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FINANCIAL STABILITY

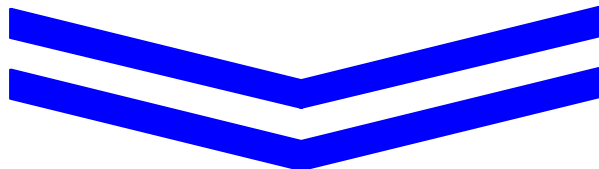
UNDERWRITING EXPERTISE

COMPREHENSIVE COVERAGES

PRICING EXCELLENCE

PROMPT AND COURTEOUS CLAIMS  
SERVICE

LONG TERM COMMITMENT TO ITS  
CUSTOMERS



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**EXPLANATION OF BEST'S RATING:**

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A (Excellent)

Assigned to those companies which in A.M. Best Company's opinion have achieved excellent overall performance when compared to the standard established by the A.M. Best Company.

A (Excellent) rated companies have shown a strong ability to meet their obligations to policyholders over a long period of time.



**2006**

ADMINISTRATIVE OFFICES

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**GREAT  
MIDWEST  
INSURANCE  
COMPANY**

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