

NATIONAL AMERICAN INSURANCE COMPANY

"Setting the standard that others strive for..."

Financial Ratios As of 12/31/2009

	Normal ranges per A.M. Best	Industry 2008	<i>December</i> <i>2009</i>	September 2009	June 2009	March 2009	December 2008
Profitability Tests							
Loss ratio	Non stated	77.1%	61.2%	61.4%	61.5%	56.1%	64.4%
Expense ratio (excluding dividends)	Non stated	27.4%	37.1%	37.4%	36.9%	36.2%	36.8%
Combined ratio after dividends	100% to 110%	105.1%	98.3%	98.8%	98.4%	92.3%	101.2%
Operating ratio	85% to 95%	93.1%	92.6%	93.1%	93.0%	87.0%	96.0%
NOI to NPE before taxes	3% to 10%	7.2%	7.4%	8.8%	8.4%	11.7%	5.5%
Yield in invested assets	4% to 6%	4.2%	2.8%	2.9%	2.7%	2.8%	3.1%
Change in policyholders' surplus	5% to 10%	-11.8%	6.0%	3.3%	1.4%	2.0%	1.6%
Annualized return on surplus	5% to 15%	-11.4%	6.8%	8.5%	8.4%	10.1%	4.7%
Leverage Tests							
Change in net written premiums	3% to 10%	-2.3%	-9.3%	-13.3%	-11.0%	-18.8%	-3.3%
GWP to PHS	N/A	1.80	1.69	1.71	1.81	1.79	1.93
NWP to PHS	Under 2.00	0.93	1.04	1.06	1.14	1.13	1.22
Net leverage	Under 6.00	3.0	2.81	2.80	3.06	2.93	3.02
Gross leverage	Under 7.00	3.7	4.82	4.81	5.15	4.94	5.06
Reinsurance recoverables to PHS	50% to 150%		136.7%	136.4%	142.1%	135.3%	133.0%
Liquidity Tests							
Agents' balances to surplus	Under 40%	9.5%	12.2%	13.3%	13.3%	12.5%	14.6%
Liabilities to liquid assets	Under 105%	80.8%	72.3%	73.6%	75.6%	73.2%	74.3%
Current liquidity	100% to 120%	119.7%	115.8%	117.5%	115.2%	113.3%	112.6%
Operating cash flow	Positive		\$ 8,177	\$ 5,272	\$ 11,372	\$ 3,701	\$ 6,753
Non-investment grade bonds to PHS	0% to 10%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Loss Reserve Tests							
Development to prior year PHS	0% to 25%	-0.4%	1.3%	-0.4%	0.1%	-0.8%	4.0%
Loss reserves to current PHS	200% to 300%	125.3%	91.3%	93.0%	100.6%	95.1%	96.1%

= Considered outside A.M. Best's normal range in a "negative" direction for casualty companies. The industry averages include predominantly commercial casualty companies.

