

ANNUAL STATEMENT

OF THE

**HOW INSURANCE COMPANY, A RISK
RETENTION GROUP, In Receivership**

2006

OF

Richmond

IN THE STATE OF

Virginia/Vatican

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF

FOR THE YEAR ENDED

DECEMBER 31, 2006

PROPERTY AND CASUALTY

2006



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

NAIC Group Code 0000, NAIC Company Code 41246, Employer's ID Number 52-1208234, State of Domicile or Port of Entry Virginia, Country of Domicile United States, Statutory Home Office 1300 E. Main Street, Richmond, VA 23219, Main Administrative Office 7501 N. Capital of Texas Hwy., Ste. C200, Austin, TX 78731, Internet Website Address www.howcorp.com, Statutory Statement Contact Brenda J. Stewart, Policyowner Relations Contact 7501 N. Capital of Texas Hwy., Ste C200, Austin, TX 78731

OFFICERS

Table with 4 columns: Name, Title, Name, Title. Rows are blank.

OTHER OFFICERS

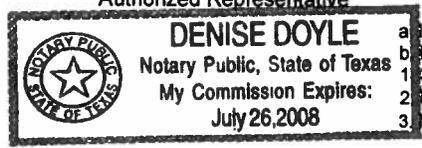
DIRECTORS OR TRUSTEES

State of Texas
County of Travis ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Signatures of Brenda J. Stewart and Nicole Wilkins, Authorized Representatives.

Subscribed and sworn to before me this 27 day of February, 2007. Signature of Denise Doyle, Notary Public.



Is this an original filing? Yes [X] No []
1. State the amendment number
2. Date filed 02/27/2007
3. Number of pages attached



**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Statement of Actuarial Opinion



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

Management's Discussion and Analysis



**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Audited Financial Report

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	78,027,336		78,027,336	123,009,170
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$847,497 , Schedule E, Part 1), cash equivalents (\$46,989,900 , Schedule E, Part 2) and short-term investments (\$857,809 , Schedule DA).....	48,695,205		48,695,205	1,417,770
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	126,722,541	0	126,722,541	124,426,940
11. Title plants less \$charged off (for Title insurers only).....			0	0
12. Investment income due and accrued	1,061,646		1,061,646	1,350,923
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	845,117		845,117	845,117
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software.....			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	4,669,106	4,669,106	0	0
22. Health care (\$) and other amounts receivable.....			0	0
23. Aggregate write-ins for other than invested assets	49,766,612	49,246,008	520,604	504,578
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	183,065,022	53,915,114	129,149,908	127,127,558
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	183,065,022	53,915,114	129,149,908	127,127,558
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Loss reserve prepayments.....	520,604		520,604	504,578
2302. Miscellaneous receivables.....	3,550	3,550	0	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	49,242,458	49,242,458	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	49,766,612	49,246,008	520,604	504,578

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	33,545,000	41,228,000
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		.0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	4,203,000	7,669,000
4. Commissions payable, contingent commissions and other similar charges .....		.0
5. Other expenses (excluding taxes, licenses and fees)	66,257	155,655
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....		.0
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)).....		.0
7.2 Net deferred tax liability .....		.0
8. Borrowed money \$ and interest thereon \$ .....		.0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	.0	.0
10. Advance premium.....		.0
11. Dividends declared and unpaid:		
11.1 Stockholders .....		.0
11.2 Policyholders .....		.0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		.0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	50,726,123	46,984,700
14. Amounts withheld or retained by company for account of others .....		.0
15. Remittances and items not allocated.....		.0
16. Provision for reinsurance (Schedule F, Part 7)	10,800	10,800
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		.0
18. Drafts outstanding .....		.0
19. Payable to parent, subsidiaries and affiliates .....		.0
20. Payable for securities .....		.0
21. Liability for amounts held under uninsured plans .....		.0
22. Capital notes \$ and interest thereon \$ .....		.0
23. Aggregate write-ins for liabilities	13,573,215	13,311,492
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	102,124,395	109,359,647
25. Protected cell liabilities		0
26. Total liabilities (Lines 24 and 25)	102,124,395	109,359,647
27. Aggregate write-ins for special surplus funds .....	.0	.0
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock .....		.0
30. Aggregate write-ins for other than special surplus funds .....	.0	.0
31. Surplus notes .....		.0
32. Gross paid in and contributed surplus	5,097,479	5,097,479
33. Unassigned funds (surplus)	20,928,034	11,670,433
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		.0
34.2 shares preferred (value included in Line 29 \$)		.0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39)	27,025,513	17,767,912
36. Totals (Page 2, Line 26, Col. 3)	129,149,908	127,127,559
DETAILS OF WRITE-INS		
2301. Loss payments - deferred, see footnote no. 6.....	704,607	704,607
2302. Loss reserve prepayments, See footnote no. 7.....	1,063,949	1,047,924
2303. Deferred LAE.....	1,288,855	1,288,855
2398. Summary of remaining write-ins for Line 23 from overflow page	10,515,804	10,270,106
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	13,573,215	13,311,492
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	.0	.0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	.0	.0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4) .....	.0	.0
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 34, Column 7)	(7,477,688)	(3,171,476)
3. Loss expenses incurred (Part 3, Line 25, Column 1)	(2,107,329)	2,852,129
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	(361)	1,238
5. Aggregate write-ins for underwriting deductions	246,648	334,900
6. Total underwriting deductions (Lines 2 through 5)	(9,338,730)	16,791
7. Net income of protected cells .....		.0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	9,338,730	(16,791)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,273,155	1,582,534
10. Net realized capital gains (losses) less capital gains tax of \$	(1,353,940)	(61,980)
11. Net investment gain (loss) (Lines 9 + 10)	(80,785)	1,520,554
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....		.0
13. Finance and service charges not included in premiums .....		.0
14. Aggregate write-ins for miscellaneous income	4,525,490	3,548,719
15. Total other income (Lines 12 through 14)	4,525,490	3,548,719
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	13,783,435	5,052,482
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	13,783,435	5,052,482
19. Federal and foreign income taxes incurred		0
20. Net income (Line 18 minus Line 19) (to Line 22)	13,783,435	5,052,482
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	17,767,914	16,248,598
22. Net income (from Line 20)	13,783,435	5,052,482
23. Net transfers (to) from Protected Cell accounts .....		.0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(2,225)	(625)
25. Change in net unrealized foreign exchange capital gain (loss) .....		.0
26. Change in net deferred income tax .....		.0
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3)	(4,523,610)	(3,542,869)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	.0	10,328
29. Change in surplus notes .....		.0
30. Surplus (contributed to) withdrawn from protected cells .....		.0
31. Cumulative effect of changes in accounting principles .....		.0
32. Capital changes:		
32.1. Paid in .....		.0
32.2. Transferred from surplus (Stock Dividend) .....		.0
32.3. Transferred to surplus .....		.0
33. Surplus adjustments:		
33.1. Paid in .....		.0
33.2. Transferred to capital (Stock Dividend) .....		.0
33.3. Transferred from capital .....		.0
34. Net remittances from or (to) Home Office .....		.0
35. Dividends to stockholders .....		.0
36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....	.0	.0
37. Aggregate write-ins for gains and losses in surplus .....	.0	.0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	9,257,600	1,519,316
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35)	27,025,514	17,767,914
DETAILS OF WRITE-INS		
0501. Interest expense on deferred loss payments	246,648	334,900
0502. ....		.0
0503. ....		.0
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	246,648	334,900
1401. Miscellaneous income	1,880	5,850
1402. ....		.0
1403. Increase in estimated net recoverable from funds held under reinsurance treaties	4,523,610	3,542,869
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	4,525,490	3,548,719
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page .....	.0	.0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance .....	.0	.0
2. Net investment income	1,737,372	2,001,582
3. Miscellaneous income	1,880	5,850
4. Total (Lines 1 through 3)	1,739,252	2,007,432
5. Benefit and loss related payments	205,312	758,176
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....	.0	.0
7. Commissions, expenses paid and aggregate write-ins for deductions	1,442,858	2,313,105
8. Dividends paid to policyholders .....	.0	.0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	.0	.0
10. Total (Lines 5 through 9)	1,648,170	3,071,281
11. Net cash from operations (Line 4 minus Line 10)	91,081	(1,063,849)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	88,117,519	48,334,117
12.2 Stocks .....	.0	.0
12.3 Mortgage loans .....	.0	.0
12.4 Real estate .....	.0	.0
12.5 Other invested assets .....	.0	.0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	.0	.0
12.7 Miscellaneous proceeds .....	.0	.0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	88,117,519	48,334,117
13. Cost of investments acquired (long-term only):		
13.1 Bonds	44,671,611	55,232,802
13.2 Stocks .....	.0	.0
13.3 Mortgage loans .....	.0	.0
13.4 Real estate .....	.0	.0
13.5 Other invested assets .....	.0	.0
13.6 Miscellaneous applications .....	.0	.0
13.7 Total investments acquired (Lines 13.1 to 13.6)	44,671,611	55,232,802
14. Net increase (decrease) in contract loans and premium notes .....	.0	.0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	43,445,908	(6,898,685)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	.0	.0
16.2 Capital and paid in surplus, less treasury stock .....	.0	.0
16.3 Borrowed funds .....	.0	.0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	.0	.0
16.5 Dividends to stockholders .....	.0	.0
16.6 Other cash provided (applied)	3,740,447	3,059,672
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	3,740,447	3,059,672
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and Line 17)	47,277,436	(4,902,862)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,417,768	6,320,630
19.2 End of year (Line 18 plus Line 19.1)	48,695,205	1,417,768

Part 1

NONE

Part 1A

NONE

Part 1B

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence	322,927		117,615	205,312	33,545,000	41,228,000	(7,477,688)	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	322,927	0	117,615	205,312	33,545,000	41,228,000	(7,477,688)	0.0
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				(a) .0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence				.0				.0	
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence	32,244,000		144,000	32,100,000	2,966,000		1,521,000	33,545,000	4,203,000
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	32,244,000	0	144,000	32,100,000	2,966,000	0	1,521,000	33,545,000	4,203,000
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(1,555,877)			(1,555,877)
1.2 Reinsurance assumed .....				.0
1.3 Reinsurance ceded	(237,144)			(237,144)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	(1,318,733)	.0	.0	(1,318,733)
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....				.0
2.2 Reinsurance assumed, excluding contingent .....				.0
2.3 Reinsurance ceded, excluding contingent .....				.0
2.4 Contingent-direct .....				.0
2.5 Contingent-reinsurance assumed .....				.0
2.6 Contingent-reinsurance ceded .....				.0
2.7 Policy and membership fees .....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	.0	.0	.0	.0
3. Allowances to manager and agents .....				.0
4. Advertising .....				.0
5. Boards, bureaus and associations .....				.0
6. Surveys and underwriting reports .....				.0
7. Audit of assureds' records .....				.0
8. Salary and related items:				
8.1 Salaries .....				.0
8.2 Payroll taxes .....				.0
9. Employee relations and welfare .....				.0
10. Insurance .....				.0
11. Directors' fees .....				.0
12. Travel and travel items .....				.0
13. Rent and rent items .....				.0
14. Equipment .....				.0
15. Cost or depreciation of EDP equipment and software .....				.0
16. Printing and stationery .....				.0
17. Postage, telephone and telegraph, exchange and express .....				.0
18. Legal and auditing		(361)		(361)
19. Totals (Lines 3 to 18) .....	.0	(361)	.0	(361)
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....				.0
20.2 Insurance department licenses and fees .....				.0
20.3 Gross guaranty association assessments .....				.0
20.4 All other (excluding federal and foreign income and real estate) .....				.0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	.0	.0	.0	.0
21. Real estate expenses .....				.0
22. Real estate taxes .....				.0
23. Reimbursements by uninsured plans .....				.0
24. Aggregate write-ins for miscellaneous expenses	(788,596)	0	4,070,810	3,282,214
25. Total expenses incurred	(2,107,329)	(361)	4,070,810	(a) 1,963,120
26. Less unpaid expenses - current year	4,203,000	66,257		4,269,257
27. Add unpaid expenses - prior year	7,669,000	52,736		7,721,736
28. Amounts receivable relating to uninsured plans, prior year .....	.0	.0	.0	.0
29. Amounts receivable relating to uninsured plans, current year .....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,358,671	(13,882)	4,070,810	5,415,599
DETAILS OF WRITE-INS				
2401. Excess ULAE paid	(788,596)			(788,596)
2402. Investment interest expense			3,864,894	3,864,894
2403. Investment management expense			205,916	205,916
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	(788,596)	0	4,070,810	3,282,214

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,330,715	1,352,536
1.1 Bonds exempt from U.S. tax		
1.2 Other bonds (unaffiliated)	(a) 4,050,080	3,738,983
1.3 Bonds of affiliates		
2.1 Preferred stocks (unaffiliated)		
2.11 Preferred stocks of affiliates		
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans		
4. Real estate		
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 213,126	213,126
7. Derivative instruments		
8. Other invested assets	(f) 39,321	39,321
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	5,633,242	5,343,965
11. Investment expenses		(g) 4,070,810
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		4,070,810
17. Net Investment Income - (Line 10 minus Line 16)		1,273,155
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 326,119 accrual of discount less \$ 505,880 amortization of premium and less \$ 426,452 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds	(425,547)			(425,547)
1.1 Bonds exempt from U.S. tax				0
1.2 Other bonds (unaffiliated)	(928,393)		(2,225)	(930,617)
1.3 Bonds of affiliates	0	0	0	0
2.1 Preferred stocks (unaffiliated)				0
2.11 Preferred stocks of affiliates	0	0	0	0
2.2 Common stocks (unaffiliated)				0
2.21 Common stocks of affiliates	0	0	0	0
3. Mortgage loans				0
4. Real estate				0
5. Contract loans				0
6. Cash, cash equivalents and short-term investments				0
7. Derivative instruments				0
8. Other invested assets				0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0
10. Total capital gains (losses)	(1,353,940)	0	(2,225)	(1,356,165)
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	4,669,106	4,669,106	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	49,246,008	44,722,398	(4,523,610)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	53,915,114	49,391,504	(4,523,610)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
26. Total (Lines 24 and 25)	53,915,114	49,391,504	(4,523,610)
DETAILS OF WRITE-INS			
0901.	0	0	0
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Loss reserve prepayments.....	0	0	0
2302. Miscellaneous receivables.....	3,550	3,550	0
2303. Estimated net recoverable from funds held under reinsurance treaties.....	49,242,458	44,718,848	(4,523,610)
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	49,246,008	44,722,398	(4,523,610)

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying financial statements of HOW Insurance Company, a Risk Retention Group, in Receivership (the "Company"), have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Bureau of Insurance (the "Bureau"), State Corporation Commission (the "Commission") of the Commonwealth of Virginia, including full adoption of the reporting requirement adopted by the National Association of Insurance Commissioners ("NAIC") in September 1995 for "Unearned Premium - Single or Fixed Premium Policies with Coverage Periods in Excess of Thirteen Months."

2. Receivership

On October 14, 1994, in Cause No. HE-1059-1, styled Commonwealth of Virginia, ex rel. State Corporation Commission and Steven T. Foster, Commissioner of Insurance v. Home Warranty Corporation, Home Owners Warranty Corporation, and HOW Insurance Company, a Risk Retention Group, the Circuit Court for the City of Richmond, Virginia, entered its FINAL ORDER APPOINTING RECEIVER FOR REHABILITATION OR LIQUIDATION (the "Receivership Order"), appointing the Commission permanent Receiver of the Company, as well as its parent, Home Warranty Corporation ("HWC"), and its affiliate, Home Owners Warranty Corporation ("HOW") (collectively, "the Companies"). The Receivership Order also appointed Steven T. Foster, Commissioner of Insurance of the Bureau, as Deputy Receiver, and Patrick H. Cantilo as Special Deputy Receiver of the Companies. In May of 1996, Alfred W. Gross replaced Steven Foster as the Commissioner of Insurance of the Bureau and as Deputy Receiver of the Company.

The liabilities of the Company will be paid subject to the payment priority scheme authorized by Virginia law. This financial statement has been prepared in conformity with the format adopted by the Bureau, and therefore, this financial statement does not segregate the Company's liabilities by order of payment priority. In this connection, certain liabilities listed in this financial statement may never be paid if the Company has insufficient assets available to satisfy these claims.

The Receivership Order directed the Receiver, Deputy Receiver, and the Special Deputy Receiver to take control and possession of all of the Companies' property and affairs. The Deputy Receiver takes the place of the Board of Directors for the purpose of answering the various "General Interrogatories." Also, the "General Interrogatories" have been answered to the best of the Deputy Receiver's and his Authorized Representatives' knowledge and may be subject to change. Information for periods prior to October 7, 1994, is presented as previously reported to the Bureau by the Company or as presented in the books and records of the Company. The Deputy Receiver continues to evaluate the way in which the Company reported its pre-receivership information.

On March 12, 1996, and May 2, 1996, the Company entered into administrative service arrangements (the "Service Agreements") with third-party companies for the administration of certain specified aspects of the Company's operations and affairs. The Service Agreements enabled the Company to close its administrative office in Irving, Texas, on April 30, 1996, at which time it terminated most of its employees. The remaining employees of the Company were terminated in July of 1996.

In January of 1997, the Company applied for recognition of tax-exempt status under Internal Revenue Code ("IRC") Section 501(c) (15) retroactively to January 1, 1995. On April 10, 1997, HOWIC received a favorable determination letter from the Internal Revenue Service which recognized the Company as tax-exempt as of January 1, 1995. As a result of this determination, all income received by the Company since January 1, 1995, was exempt from federal income taxes.

On September 22, 2005, in accordance with the "Plan" described in Note 11. D. below, the Deputy Receiver filed a private letter ruling ("PLR") request with the Internal Revenue Service ("IRS") and requested rulings from the IRS as to the federal income tax consequences of the "Plan" for the liquidation of the Company and its parent company, Home Warranty Corporation ("HWC"). Specifically, the Deputy Receiver sought rulings from the IRS to determine the tax status of certain matters related to the "Plan." On January 25, 2006, by PLR Ruling PLR-149808-05, the IRS ruled in favor of the Deputy Receiver's PLR request as follows:

a) No gain or loss will be recognized by HWC upon the receipt of the assets and liabilities of its subsidiary, HOWIC, under Section 332 of the Internal Revenue Code;

b) No gain or loss will be recognized by HOWIC on the distribution of its assets to, or the assumption of liabilities by, HWC in complete liquidation under Section 337 (a) of the Internal Revenue Code;

NOTES TO FINANCIAL STATEMENTS

c) HWC's basis in each asset received from HOWIC will be the same as the basis of that asset on the books of HOWIC immediately prior to its liquidation under Section 334 (b) (1) of the Internal Revenue Code;

d) HWC's holding period in each asset received from HOWIC, as a result of the liquidation of HOWIC, will include the period during which that asset was held by HOWIC under Section 1223 (2) of the Internal Revenue Code; and

e) HWC will succeed to, and take into account the items of, HOWIC as described in Section 381 (c) of the Internal Revenue Code, subject to the conditions and limitations specified in Sections 381, 382, 383 and 384 of the Internal Revenue Code and regulations thereunder.

3. Investments

Bonds are amortized using the scientific method.

The Company's investment guidelines provide as follows: (a) up to 100% of its assets may be invested in fixed-income securities rated NAIC Class 1, (b) up to 25% of its assets may be invested in fixed-income securities rated NAIC Class 2, (c) up to 10% of its assets may be invested in fixed-income securities rated NAIC Class 3, and (d) up to 2% of its assets may be invested in fixed-income securities rated NAIC Class 4, provided that such Class 4 securities are rated no lower than BB by Standard & Poor's or any equivalent nationally recognized securities rating organization. The Company may not invest in fixed income securities rated NAIC Class 5 or lower without the approval of the Deputy Receiver. The Company may not invest in equities.

4. Reserves

The Deputy Receiver's staff investigated the method by which the Company established incurred but not reported ("IBNR") reserves. The Company's management reported IBNR reserves based on claims reported in the 15 days subsequent to a year end. The Deputy Receiver's staff determined from its reviews that the more appropriate period to measure IBNR claims was approximately 650 days. This change was reflected at December 31, 1994. Historical losses were reported by the Company on a report year rather than a manifestation year basis. The receivership staff continues to review the historical loss information of the Company. The Deputy Receiver has allocated IBNR reserves to the receivership year because the Company did not previously record data which would reasonably permit such allocation by year with sufficient reliability.

5. Debt

The Company has no outstanding debt obligations to third parties.

6. Claims Payments

On November 29, 1994, the Deputy Receiver issued his First Directive (the "Directive") which authorized initial payments of 40% on approved direct claims for the cost of repairing defects to homes which are covered by the Company's warranty. The unpaid portion of the approved direct claim is reflected as "Loss payments - deferred" in the liabilities. The same Directive imposed a moratorium on the payment of "indirect claims" under the Company's warranty, which include, but are not limited to, amounts owed for extra-contractual obligations, non-economic damages, consequential damages, litigation costs and attorneys' fees.

A second directive dated January 23, 1996, increased the direct claim payment rate to 50%. The Company began paying direct claims at the 50% rate in February of 1996.

A third directive dated December 28, 1998, increased the direct claim payment rate to 60% and directed that the following indirect claims are reclassified as direct claims: (i) claims approved by the Deputy Receiver for damages determined to be extra contractual obligations of the Company, non-economic damages, consequential damages, litigation costs or attorneys' fees incurred by a home owner or member builder in asserting a claim against the Company before receivership; and (ii) claims approved by the Deputy Receiver for litigation costs and attorneys' fees incurred by a member builder in an action brought against the member builder to recover under the Major Structural Defect Insurance coverage provided by the Company. The Company began paying claims at the 60% rate in January of 1999.

NOTES TO FINANCIAL STATEMENTS

A fourth directive dated August 13, 1999, increased the direct claim payment rate to 70%. The Company began paying direct claims at the 70% rate in October of 1999. A fifth directive dated November 14, 2000, increased the direct claim payment rate to 100%. The Company began paying direct claims at the 100% rate in November of 2000.

The Deputy Receiver approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$6,510,492 as of December 31, 2006. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership. By order of the Deputy Receiver's Sixth Directive, effective on and after October 1, 2005, the Company will pay 6% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership.

The Deputy Receiver has entered into claims handling agreements with certain builders in which such builders settle the direct claims of their customers.

Under the terms of the Receivership Appeal Procedure, claimants are permitted two levels of appeal for denied claims. The first level of appeal is to the Deputy Receiver. The second level of appeal is to the Commission if such claim appeal is denied by the Deputy Receiver. As of December 31, 2006, approximately 1,339 appeals and 215 Petitions for Review have been filed with the Deputy Receiver and Commission, respectively, since the inception of the receivership proceeding. The majority of these appeals involve claims by home owners for the following: (a) Major Structural Defect coverages for claims arising in the third through the tenth year after the home's construction; and (b) Builder's Limited Warranty/Builder Default coverage for defect claims arising during the first two years after the home's construction.

In regard to the appeal and petition information and statistics referenced by the preceding paragraph, there have been approximately 1,074 home owner appeals, 190 builder appeals, 37 vendor and local council appeals, 9 attorney fee appeals, 8 former employee appeals, 6 appeals relating to additional distributions authorized by the third directive of the Deputy Receiver, and 15 appeals of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. In addition, there have been approximately 136 home owner petitions, 52 builder petitions, 10 vendor and local council petitions, 2 attorneys' fees petitions, 6 former employee petitions, and 9 petitions of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. Generally, builder appeals involve disputes with respect to determinations of responsibility for making certain home repairs under the Builder's Limited Warranty. Further, builder appeals include, but are not limited to, claims for the refund of loss reserve prepayments, capital contributions, and enrollment fees. The appeals from claimants, other than home owners, generally involve fees for goods and services provided to the Company prior to the inception of the receivership proceedings.

7. Loss Prepayments

Pursuant to certain agreements between the Company and certain member builders, participating member builders are liable for specified payments which they may be required to prepay in the form of cash, certificates of deposit ("CDs"), or letters of credit ("LOCs"). Prepayments were made by builders and held by the Company as follows: (a) cash payments were deposited in the general operating account of the Company; (b) CDs received were issued in the Company's name; and (c) LOCs named the Company as the beneficiary. Cash prepayments and CDs were \$1,063,949 as of December 31, 2006, and this amount is included in the Company's financials as of that date.

8. Related Party Transactions

Before they were placed in receivership, the Companies and their affiliates operated under previously adopted protocols and agreements for the allocation of revenues and expenses among themselves. The Deputy Receiver has not found adequate documentation for at least some of these protocols and agreements. Beginning January 1, 1995, the Deputy Receiver has provisionally concentrated revenues and expenses at the Company, both operationally and for purposes of its financial reports.

9. Leases

The Company is not a direct party to any lease obligations.

NOTES TO FINANCIAL STATEMENTS

10. Regulatory Status

The Company was engaged in the business of administering and insuring a home builder warranty protection plan for new homes known as the Home Owners Warranty Program (the "HOW Program"). Before receivership, the HOW Program was available in all jurisdictions (other than Alaska) and the District of Columbia. During the course of receivership, a number of these states have placed restrictions on the Company's authority to write new insurance business. The Deputy Receiver imposed a moratorium on the issuance of new insurance business at the inception of the receivership. The moratorium for new insurance business remains in effect.

11. Litigation

The following is a description of certain litigation or claims filed by or against the Company:

A. Fire Retardant Treated ("FRT") Plywood Roof Sheathing Litigation

In 1977, the New Jersey legislature passed the New Home Warranty and Builders Registration Act (the "Registration Act") which established a state funded and sponsored builder warranty program largely modeled upon the pre-existing HOW Program. For private warranty plans, the legislation established an approval process which required each such plan to submit an application for continued approval to operate within New Jersey every two years. Since the Company pre-existed this legislation, the HOW Program was "grandfathered" for its initial approval in 1977 and obtained re-approval from New Jersey upon re-application until 1989.

During the 1980s, certain New Jersey home owners began to complain that the roofs of their town homes and multi-family dwellings were deteriorating. The home owners alleged that fire retardant treated plywood roof sheathing ("FRT plywood"), which was treated with chemicals designed to make the wood char at temperatures much less than the temperature at which wood burns so as to prevent the spread of fire across roof lines, was defective, because the wood was deteriorating at temperatures far lower than it was designed. The Company's warranty document specifically provides that roof sheathing is a nonstructural component that is separate and distinct from the structural roof system which consists generally of trusses, braces, and framing. As such, the roof sheathing was considered to be a first-year warranty item and not a ten-year structural item.

The State of New Jersey decided to assure prompt relief to these home owners by agreeing to cover FRT plywood claims under the "Major Construction" or "Structural" defect portions of its warranty coverage (as defined in the statute). To do so, it expanded its traditional definition of structural elements to include plywood roof sheathing in spite of prior limitations respecting coverage for that element.

Similarly, the New Jersey Department of Community Affairs (the "DCA"), which is charged with administering and enforcing the Registration Act, opined that the Registration Act required such coverage and that any private warranty company that refused to provide ten-year coverage for FRT plywood would have its authorization to conduct business in New Jersey revoked. In May of 1990, the DCA formally notified the Company that its application for renewal as an approved private warranty program in New Jersey was denied due to its position on coverage of FRT plywood roof sheathing. The DCA then established a fund for FRT plywood related claims to reimburse participating plans for the cost of repairs in exchange for an assignment of rights by the plans to the DCA of any rights to go against the manufacturers of these products and other responsible parties for contribution and/or indemnity. The Company elected not to participate voluntarily in New Jersey's suggested remedy.

New Jersey's position was that roof sheathing was "intended" to be covered for ten years as a structural component since the outset of the state plan in 1977. The Registration Act, which mandates that private warranty plans must offer warranty coverage equivalent to the state's plan, requires that coverage deviating from the state plan automatically conform to its provisions.

The Company offered to provide supplemental FRT plywood coverage going forward but would not agree to an expanded coverage on enrolled units applied retroactively. The DCA was not agreeable to this approach but allowed the Company to continue to operate in a state of suspended approval while its administrative action was pending.

On April 26, 1990, New Jersey Senator Paterniti introduced S. 2602 (the "Paterniti Amendment"), which was signed into law on July 11, 1991, as L. 1991, C. 202. This bill essentially codified the remedies proposed by

NOTES TO FINANCIAL STATEMENTS

New Jersey for defects in residential structures built using FRT plywood. The remediation system provides for payments by the new home warranty fund to those who demonstrate either actual sheathing damage or inevitable premature failure within the first ten years of residence. It also provides for the subrogation of claims that residents, builders, and warrantors might have against manufacturers and other responsible parties.

The Paterniti Amendment also asserts a retroactive application based upon the rationale that it was merely a clarification of the intent of the original Registration Act. The DCA's position was that this "clarification" function was a legitimate foundation and justification for the proposed retroactive application and effectively mandated the Company's participation in the program to its inception in 1977.

The above-described events resulted in litigation in two forums. First, the Company and some of its corporate affiliates were sued by home owner associations to replace roofs that contained allegedly defective roof sheathing. At the time of receivership, the Company was a co-defendant in approximately 57 such home owners' suits involving more than 50,000 roofs. While the home owners associations in many of these lawsuits have entered into settlement agreements with other co-defendants, some of the settling parties have assigned any rights they have against the Company and its affiliates to the DCA. This litigation has been stayed since September of 1991 in all cases except for two home owner association suits.

During 1995 the DCA intervened in the home owners' lawsuits and moved to have all FRT plywood claims involving non-settling parties transferred and consolidated into the case encaptioned as, The Commons at Kingswood Station, C.A. v. Orleans Construction Company, et al. All cases involving non-settling parties were consolidated into The Commons at Kingswood Station, C.A. suit. In this suit, the DCA asserted its right to recover payments made by it on behalf of non-settling defendants in the original action. The Companies were severed from this case. On September 7, 2005, HOW issued a Notice of Claim Determination and denied the DCA's claim on the grounds that the HOW Insurance/Warranty Document did not provide coverage for the damaged FRT plywood roof sheathing. On October 6, 2005, the DCA timely filed a Notice of Appeal. The Deputy Receiver is now evaluating the appeal filed by the DCA.

B. Claims of ARDC Corporation ("ARDC")

In these claims, numerous lawsuits were filed against ARDC in the State of Florida for damages allegedly constituting major structural defects ("MSDs"). The claims can basically be divided into two groups: (1) those claims arising from lawsuits instituted in the wake of damage inflicted by Hurricane Andrew in 1992 ("Hurricane Related Claims"); and (2) those claims arising from lawsuits seeking damages for construction defects unrelated and occurring prior to Hurricane Andrew ("Pre-Hurricane Claims"). In regard to Pre-Hurricane Claims, ARDC is seeking \$290,670 in defense costs and \$132,500 as indemnification for amounts paid to the home owners for the costs to repair alleged MSDs. The Pre-Hurricane Claims total \$423,170 and involve approximately 12 homes.

The Hurricane Related Claims arise from class action litigation, and ARDC alleges that the litigation involves approximately 1,000 HOW enrollments. ARDC further alleges that, with respect to this claim, it has incurred and continues to incur defense costs which currently exceed \$4 million. ARDC seeks in excess of \$7,108,800 for the indemnity portion of the Hurricane Related Claims. Accordingly, the total Hurricane Related Claims exceed \$11 million.

In addition to the Pre-Hurricane Claims and Hurricane Related Claims, ARDC seeks the return of \$37,782.14 drawn under its letter of credit by the HOW Companies for failure to satisfy obligations under the builder agreement. ARDC petitioned the Commission for immediate relief in this matter. However, the petition was dismissed without prejudice on the ground that the Commission appeal was premature because the Deputy Receiver had not entered an initial determination regarding the claim. In February 2005, the Pre-Hurricane Claims and Hurricane Related Claims of ARDC were denied by the Deputy Receiver and ARDC filed an appeal of that denial with the Commission. ARDC's appeal remains pending at the Commission as of this financial statement.

C. In addition to litigation mentioned in these notes to financial statement, the Company, its affiliates and its insureds were subject to claims litigation or threatened litigation brought under the Company's warranty documents that may have a material effect on the Company's financials. The reserve for litigation or threatened litigation matters reflects only a portion of the potential claims liability, if any, which may arise from litigation or threatened litigation matters. The Deputy Receiver believes that there are meritorious defenses to the litigation or threatened litigation cases. Due to the inherent uncertainty of litigation, the Company's actual liability may vary from its reserved liability for such litigation or threatened litigation

NOTES TO FINANCIAL STATEMENTS

matters. The Deputy Receiver has stayed or moved to stay all pending litigation cases that were filed against the Companies. In some cases, litigation continues against the Company's insureds.

D. On or about November 29, 2004, the Deputy Receiver filed with the Commission of the Commonwealth of Virginia an "Application for Orders Setting Hearing on Plans of Liquidation for HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Establishing Response Date, Approving Plans of Liquidation, Approving Claims Bar Date, and Related Matters" (the "Plan"). The Plan may be summarized by the following key parts:

- (1) HOW will be liquidated under a tax-free exchange plan of liquidation.
- (2) Member builders of HWC will be paid the return of their capital contributions in HWC, as and when HWC has sufficient assets, provided that such member builders are eligible builders as defined by the HOW member builder program. Ineligible builders, as defined by the HOW member builder program, will not receive the return of their capital contributions from HWC.
- (3) All of the HOW's claims will be finally paid and adjudicated within a three-year period following the commencement of the Plan.
- (4) Interest will be paid on all home owner claims that had been deferred since the inception of the receivership. General creditor claims of the Companies will also be paid.
- (5) Member builders will be paid by HWC, as and when it has available assets, for their equity in HWC. Member builders, as of the receivership date, will be eligible for the payment of their equity in HWC. The equity payments of HWC will be based on a two-part formula. The first part of the formula will pay all member builders the same for having been a member builder in HWC as of the receivership date. The second part of the formula will reward builders for their profits' interest in HWC (*i.e.*, for how profitable each builder's insurance business may have been in HOW). The second part of the formula will consider the insurance business placed in HOW by such member builder.
- (6) The Deputy Receiver will retain assets of HWC for administrative expenses, taxes, and other contingencies before the final amounts are paid from HWC's assets. A trust (the "Trust") will be created for funds that must be escheated to state jurisdictions. Following the payment of all liabilities and amounts required for member builders' equity in HWC, the receivership estate of the HOW Companies will be closed. The Trust will be dissolved when all escheat funds have been paid to state jurisdictions.

On December 27, 2004, the Commission entered an order setting a hearing on the Application for May 17, 2005. Following the hearing on the Application, on July 13, 2005, the Commission entered its Order Approving Plans of Liquidation in which it largely approved the Deputy Receiver's Application. The Commission ordered that further efforts to rehabilitate the HOW Companies would be useless and that they should be liquidated in accordance with the plan of liquidation proposed in the Application, subject to a modification with respect to the Fixed and Variable Components for the payment of the member builders' equity in HWC. For the member builders' equity in HWC, the Commission ordered that such equity should be allocated as follows: twenty-five percent (25%) of the residual assets to the Fixed Component, with seventy-five percent (75%) of the residual assets allocated to the Variable Component.

Further, pursuant to the Commission's Order, it ordered that the only former members of HWC who are entitled to a refund of capital contributions pursuant to the builder agreements, are those whose capital contributions vested pursuant to the terms of the builder agreements, and who either: (i) after the inception of the receivership, had their builder agreements automatically terminated during 1994 and 1995 upon expiration of their builder agreements' one-year terms; or (ii) voluntarily terminated their builder agreements before the inception of receivership, or prior to the date that such builder agreements would have terminated automatically during 1994 or 1995 upon expiration of their one-year terms, and who at the time of termination had been members in good standing for at least five consecutive years (collectively, "Eligible Builders"); (iii) member builders who were in good standing as of October 14, 1994, but who had not been members in good standing for at least five continuous years as of the date their builder agreements were terminated automatically for non-renewal; and (iv) member builders who were terminated only for filing bankruptcy prior to receivership. Also, as proposed in the Application, the Commission ordered that the parties entitled to residual assets are those parties who were HOWIC insureds as of the date of the receivership order, regardless of whether or not they are Eligible Builders.

NOTES TO FINANCIAL STATEMENTS

The Commission also authorized the Deputy Receiver to establish by directive a period for filing proofs of claims against the HOW Companies and a final bar date. The Commission directed the Deputy Receiver, upon completion of the liquidation and dissolution of the HOW Companies, to file a request with the Commission for approval to terminate and close the receivership proceeding.

12. The Company has entered into an agreement with Compagnie Euro Paris ("Compagnie"), in Liquidation, in which it has agreed to accept a 25% settlement of its claims. The amount accepted by the Company amounted to \$26,250, but the amount was not paid and Compagnie still owes the Company approximately \$105,000 under a reinsurance agreement. The Company has filed a proof of debt in the liquidation proceeding of Compagnie for the \$105,000 debt, but it is not known what amount, if any, will be paid by Compagnie on such debt.

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	25,394,656	20.040	25,394,656	20.040
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	13,897,767	10.967	13,897,767	10.967
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	1,329,087	1.049	1,329,087	1.049
1.512 Issued or guaranteed by FNMA and FHLMC	0	0.000	0	0.000
1.513 All other	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	0	0.000	0	0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	0	0.000	0	0.000
1.523 All other	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	37,405,827	29.518	37,405,827	29.518
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
4.6 Mezzanine real estate loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (including \$0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (including \$0 property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Contract loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash, cash equivalents and short-term investments	48,695,205	38.427	48,695,205	38.427
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	126,722,542	100.000	126,722,542	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Virginia.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1990
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1990
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/12/1992
- 3.4 By what department or departments? Virginia
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No []
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
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GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Calhoun & Co. LLP., 9500 Aboretum BLVD, Suite 120, Austin, Texas 78759
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....
Mercer Oliver Wyman Actuarial Consulting, Inc., 1166 Avenue of the Americas, New York, NY 10036
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved.....
- 11.13 Total book/adjusted carrying value..... \$.....
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA [X]

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?..... Yes [X] No []

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.11 To directors or other officers \$.....0
- 16.12 To stockholders not officers .. \$.....0
- 16.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 16.21 To directors or other officers .. \$.....0
- 16.22 To stockholders not officers ... \$.....0
- 16.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 17.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:
- 17.21 Rented from others \$.....
- 17.22 Borrowed from others \$.....
- 17.23 Leased from others \$.....
- 17.24 Other \$.....
- 18.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 18.2 If answer is yes,
- 18.21 Amount paid as losses or risk adjustment \$.....
- 18.22 Amount paid as expenses \$.....
- 18.23 Other amounts paid \$.....
- 19.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 19.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount:.....\$.....4,669,106

GENERAL INTERROGATORIES

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [] No []

20.2 If no, give full and complete information relating thereto:

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [] No []

21.2 If yes, state the amount thereof at December 31 of the current year:

	21.21 Loaned to others	\$
	21.22 Subject to repurchase agreements	\$
	21.23 Subject to reverse repurchase agreements	\$
	21.24 Subject to dollar repurchase agreements	\$
	21.25 Subject to reverse dollar repurchase agreements ...	\$
	21.26 Pledged as collateral	\$
	21.27 Placed under option agreements	\$
	21.28 Letter stock or other securities restricted as to sale ..	\$
	21.29 Other	\$

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No []

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA []
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No []

23.2 If yes, state the amount thereof at December 31 of the current year. \$

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GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Investors Bank & Trust Company.....	33 Maiden Lane, 4th Floor, New York, NY 10038.....
Deutsche Bank.....	P.O. Box 3343, Church Street Station, New York, NY 10008-3343.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	2 Complete Explanation(s)
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No []

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	2 Address
105496.....	T. Rowe Price Association, Inc.....	100 East Pratt Street, Baltimore, MD 21202.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No []

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	78,885,144	78,508,071	(377,073)
26.2 Preferred stocks.....	0		0
26.3 Totals	78,885,144	78,508,071	(377,073)

26.4 Describe the sources or methods utilized in determining fair values:

Market values were obtained from the SVO where available. The market value of bonds not valued by the SVO were obtained from T. Rowe Price Associates, Inc.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	

29.1 Amount of payments for legal expenses, if any?.....\$214,012

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
SEE ATTACHED.....	

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?...\$0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives 0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives 0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives 0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$0	\$	.....0
2.2	Premium Denominator	\$0	\$	.....0
2.3	Premium Ratio (2.1/2.2)	.....0.000		.....0.000
2.4	Reserve Numerator	\$0	\$	.....0
2.5	Reserve Denominator	\$37,748,000	\$	.....48,897,000
2.6	Reserve Ratio (2.4/2.5)	.....0.000		.....0.000

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
- 3.21 Participating policies..... \$
- 3.22 Non-participating policies..... \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

- 4.1 Does the reporting entity issue assessable policies?..... Yes [] No []
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [] No []
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums..... \$

5. For Reciprocal Exchanges Only:

- 5.1 Does the exchange appoint local agents?..... Yes [] No []
- 5.2 If yes, is the commission paid:
- 5.21 Out of Attorney's-in-fact compensation..... Yes [] No [] NA [X]
- 5.22 As a direct expense of the exchange..... Yes [] No [] NA [X]
- 5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []
- 5.5 If yes, give full information

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....
N/A.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [X] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 8.2 If yes, give full information
.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates..... Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?..... Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [X] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
- 11.2 If yes, give full information
.....

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses..... \$
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [] NA [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From..... %
- 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of the current year:
- 12.61 Letters of Credit..... \$
- 12.62 Collateral and other funds..... \$1,063,949
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No []
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [] No []
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
- 14.5 If answer to 14.4 is no, please explain:
.....
- 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 15.2 If yes, give full information
.....
- 16.1 Does the reporting entity write any warranty business?..... Yes [X] No []
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....	\$(7,477,688)	\$33,545,000	\$	\$	\$
16.12 Products.....	\$	\$	\$	\$	\$
16.13 Automobile.....	\$	\$	\$	\$	\$
16.14 Other*.....	\$	\$	\$	\$	\$

* Disclose type of coverage:

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No []

Incurred but not reported losses on contracts not in force on July 1, 1984 or subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$
- 17.12 Unfunded portion of Interrogatory 17.11..... \$
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$
- 17.14 Case reserves portion of Interrogatory 17.11..... \$
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$
- 17.19 Unfunded portion of Interrogatory 17.18..... \$
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$
- 17.21 Case reserves portion of Interrogatory 17.18..... \$
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2006	2 2005	3 2004	4 2003	5 2002
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	0	0	0	0	0
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	0	0	0	0	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	9,338,730	(16,791)	6,620,105	(8,159,100)	19,161,718
14. Net investment gain (loss) (Line 11)	(80,785)	1,520,554	1,630,170	2,844,505	3,372,448
15. Total other income (Line 15)	4,525,490	3,548,719	4,450,404	36,903,204	722
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	0	0	0	0	0
18. Net income (Line 20)	13,783,435	5,052,482	12,700,678	31,588,609	22,534,888
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)	129,149,908	127,127,558	125,651,226	124,234,570	124,273,103
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 13.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 13.2)	0	0	0	0	0
20.3 Accrued retrospective premiums (Line 13.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 24)	102,124,395	109,359,647	109,402,630	116,239,871	111,625,425
22. Losses (Page 3, Line 1)	33,545,000				
23. Loss adjustment expenses (Page 3, Line 3)	4,203,000	7,669,000	7,243,870	12,339,196	13,600,000
24. Unearned premiums (Page 3, Line 9)	0	0	0	101,000	236,000
25. Capital paid up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35)	27,025,513	17,767,912	16,248,598	7,994,699	12,647,675
Risk-Based Capital Analysis					
27. Total adjusted capital	27,025,513	17,767,912	16,248,598	7,994,699	12,647,675
28. Authorized control level risk-based capital	5,266,129	7,133,684	7,422,424	4,030,757	5,401,050
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0					
29. Bonds (Line 1)	61.6	98.9	94.9	97.9	97.8
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash, cash equivalents and short-term investments (Line 5)	38.4	1.1	5.1	2.1	2.2
34. Contract loans (Line 6)	0.0	0.0	0.0		XXX
35. Other invested assets (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Receivables for securities (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Aggregate write-ins for invested assets (Line 9)	0.0	0.0	0.0	0.0	0.0
38. Cash, cash equivalents and invested assets (Line 10)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
39. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)	0	0	0	0	0
40. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)	0	0	0	0	0
41. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)	0	0	0	0	0
42. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
43. Affiliated mortgage loans on real estate	0	0	0	0	0
44. All other affiliated	0	0	0	0	0
45. Total of above Lines 39 to 44	0	0	0	0	0
46. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 45 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2006	2 2005	3 2004	4 2003	5 2002
Capital and Surplus Accounts (Page 4)					
47. Net unrealized capital gains (losses) (Line 24)	(2,225)	(625)	0	648,365	(606,772)
48. Dividends to stockholders (Line 35)	0	0	0	0	0
49. Change in surplus as regards policyholders for the year (Line 38)	9,257,600	1,519,316	8,253,901	(4,652,978)	21,951,540
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
50. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	322,927	1,293,593	1,981,023	4,543,493	3,072,936
51. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
52. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
53. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
54. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
55. Total (Line 34)	322,927	1,293,593	1,981,023	4,543,493	3,072,936
Net Losses Paid (Page 9, Part 2, Col. 4)					
56. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	205,312	781,524	1,298,071	2,647,513	1,991,572
57. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
58. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
59. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
60. Nonproportional reinsurance lines (Lines 30, 31 & 32)	0	0	0	0	0
61. Total (Line 34)	205,312	781,524	1,298,071	2,647,513	1,991,572
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
62. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
63. Losses incurred (Line 2)	0.0	0.0	(3,217.8)	5,222.6	(491.9)
64. Loss expenses incurred (Line 3)	0.0	0.0	(3,586.3)	645.9	(151.7)
65. Other underwriting expenses incurred (Line 4)	0.0	0.0	2.2	0.6	0.0
66. Net underwriting gain (loss) (Line 8)	0.0	0.0	6,554.6	(6,043.8)	749.7
Other Percentages					
67. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	0.0	0.0	0.0	0.0	0.0
68. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	0.0	0.0	(6,804.0)	5,868.4	(643.6)
69. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
One Year Loss Development (000 omitted)					
70. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11)	(5,282)	(1,891)	(2,880)	7,078	(17,522)
71. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 70 above divided by Page 4, Line 21, Col. 1 x 100.0)	(29.7)	(11.6)	(36.0)	56.0	188.3
Two Year Loss Development (000 omitted)					
72. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(7,167)	(7,305)	2,104	(10,577)	(35,707)
73. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 72 above divided by Page 4, Line 21, Col. 2 x 100.0)	(44.1)	(91.4)	16.6	113.7	115.3



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code **0000**

BUSINESS IN THE STATE OF

DURING THE YEAR 2006

NAIC Company Code **41246**

Line of Business	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies not Taken		3 Dividends Paid or Credited to Policyholders on Direct Business	4 Direct Unearned Premium Reserves	5 Direct Losses Paid (deducting salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Direct Defense and Cost Containment Expense Paid	9 Direct Defense and Cost Containment Expense Incurred	10 Direct Defense and Cost Containment Expense Unpaid	11 Commissions and Brokerage Expenses	12 Taxes, Licenses and Fees
	1 Direct Premiums Written	2 Direct Premiums Earned										
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												
8. Ocean marine												
9. Inland marine												
10. Financial guaranty												
11. Medical malpractice												
12. Earthquake												
13. Group accident and health (b)												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H (b)												
15.2 Non-cancelable A & H (b)												
15.3 Guaranteed renewable A & H (b)												
15.4 Non-renewable for stated reasons only (b)												
15.5 Other accident only												
15.6 All other A & H (b)												
15.7 Federal employees health benefits program premium (b)												
16. Workers' compensation												
17. Other liability												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	0	0	0
34. TOTALS (a)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
3301.												
3302.												
3303.												
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Lines 1 to 34

\$

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products and number of persons insured under indemnity only products

20



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14)

NAIC Group Code 0000

BUSINESS IN THE STATE OF Consolidated

DURING THE YEAR 2006

NAIC Company Code 41246

Table with 12 columns: Line of Business, Direct Premiums Written, Direct Premiums Earned, Dividends Paid or Credited to Policyholders on Direct Business, Direct Unearned Premium Reserves, Direct Losses Paid (deducting salvage), Direct Losses Incurred, Direct Losses Unpaid, Direct Defense and Cost Containment Expense Paid, Direct Defense and Cost Containment Expense Incurred, Direct Defense and Cost Containment Expense Unpaid, Commissions and Brokerage Expenses, Taxes, Licenses and Fees. Includes a large 'NONE' watermark across the table.

20.GT

(a) Finance and service charges not included in Lines 1 to 34

\$ 0

(b) For health business on indicated lines report: Number of persons insured under PPO managed care products 0 and number of persons insured under indemnity only products 0

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11.....	0
2.2 Totals, Part 3, Column 7.....	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7, and net of additions and permanent improvements (Column 9).....	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 9.....	0
5. Total profit (loss) on sales, Part 3, Column 14.....	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 8.....	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13.....	0
8. Book/adjusted carrying value at end of current period.....	0
9. Total valuation allowance.....	0
10. Subtotal (Lines 8 plus 9).....	0
11. Total nonadmitted amounts.....	0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column).....	0

NONE

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest of mortgages owned, December 31, prior year.....	0
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions.....	0
2.2 Additional investment made after acquisitions.....	0
3. Accrual of discount and mortgage interest points and commitment fees.....	0
4. Increase (decrease) by adjustment.....	0
5. Total profit (loss) on sale.....	0
6. Amounts paid on account or in full during the year.....	0
7. Amortization of premium.....	0
8. Increase (decrease) by foreign exchange adjustment.....	0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....	0
10. Total valuation allowance.....	0
11. Subtotal (Lines 9 plus 10).....	0
12. Total nonadmitted amounts.....	0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column).....	0

NONE

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned December 31 of prior year.....	0
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions.....	0
2.2 Additional investment made after acquisitions.....	0
3. Accrual of discount.....	0
4. Increase (decrease) by adjustment.....	0
5. Total profit (loss) on sale.....	0
6. Amounts paid on account or in full during the year.....	0
7. Amortization of premium.....	0
8. Increase (decrease) by foreign exchange adjustment.....	0
9. Book/adjusted carrying value of long-term invested assets at end of current period.....	0
10. Total valuation allowance.....	0
11. Subtotal (Lines 9 plus 10).....	0
12. Total nonadmitted amounts.....	0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

NONE

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description	1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS				
1. United States	26,723,742	26,611,440	26,623,490	26,957,069
Governments (Including all obligations guaranteed by governments)	2. Canada	0	0	0
	3. Other Countries	0	0	0
	4. Totals	26,723,742	26,611,440	26,623,490
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0
	6. Canada	0	0	0
	7. Other Countries	0	0	0
	8. Totals	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	0	0	0
	10. Canada	0	0	0
	11. Other Countries	0	0	0
	12. Totals	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	13,897,767	13,868,573	13,783,483
	14. Canada	0	0	0
	15. Other Countries	0	0	0
	16. Totals	13,897,767	13,868,573	13,783,483
Public Utilities (unaffiliated)	17. United States	4,350,941	4,328,551	4,307,216
	18. Canada	0	0	0
	19. Other Countries	0	0	0
	20. Totals	4,350,941	4,328,551	4,307,216
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	33,054,886	32,841,699	33,316,867
	22. Canada	0	0	0
	23. Other Countries	0	0	0
	24. Totals	33,054,886	32,841,699	33,316,867
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0
	26. Total Bonds	78,027,336	77,650,262	78,031,056
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States	0	0	0
	28. Canada	0	0	0
	29. Other Countries	0	0	0
	30. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0
	32. Canada	0	0	0
	33. Other Countries	0	0	0
	34. Totals	0	0	0
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0
	36. Canada	0	0	0
	37. Other Countries	0	0	0
	38. Totals	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0
	40. Total Preferred Stocks	0	0	0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States	0	0	0
	42. Canada	0	0	0
	43. Other Countries	0	0	0
	44. Totals	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0
	46. Canada	0	0	0
	47. Other Countries	0	0	0
	48. Totals	0	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0
	50. Canada	0	0	0
	51. Other Countries	0	0	0
	52. Totals	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0
	54. Total Common Stocks	0	0	0
	55. Total Stocks	0	0	0
	56. Total Bonds and Stocks	78,027,336	77,650,262	78,031,056

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	123,009,170	7. Amortization of premium.....	505,880
2. Cost of bonds and stocks acquired, Column 7, Part 3	44,671,611	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	326,119	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	(2,850)	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0	9. Book/adjusted carrying value at end of current period	78,027,335
4.4 Columns 11 - 13, Part 4	625	10. Total valuation allowance	0
5. Total gain (loss), Column 19, Part 4	(1,353,940)	11. Subtotal (Lines 9 plus 10)	78,027,335
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	88,117,520	12. Total nonadmitted amounts	0
		13. Statement value of bonds and stocks, current period	78,027,335

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	3,880,347	23,221,102	367,199	112,902	.0	27,581,550	35.0	28,422,009	23.1	27,581,550	.0
1.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	3,880,347	23,221,102	367,199	112,902	0	27,581,550	35.0	28,422,009	23.1	27,581,550	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	2,448,015	11,449,752	.0	.0	.0	13,897,767	17.6	32,520,232	26.4	13,897,767	.0
5.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	2,448,015	11,449,752	0	0	0	13,897,767	17.6	32,520,232	26.4	13,897,767	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	1,799,922	.0	.0	.0	.0	1,799,922	2.3	2,440,202	2.0	1,799,922	.0
6.2 Class 2	380,875	2,170,144	.0	.0	.0	2,551,019	3.2	4,264,377	3.5	2,551,019	.0
6.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	2,180,797	2,170,144	0	0	0	4,350,941	5.5	6,704,579	5.5	4,350,941	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	6,109,288	21,660,611	.0	.0	.0	27,769,899	35.2	42,715,467	34.7	27,769,899	.0
7.2 Class 2	2,484,569	2,553,365	.0	.0	.0	5,037,934	6.4	11,993,058	9.8	5,037,934	.0
7.3 Class 3	247,053	.0	.0	.0	.0	247,053	0.3	653,824	0.5	247,053	.0
7.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	8,840,910	24,213,976	0	0	0	33,054,886	41.9	55,362,349	45.0	33,054,886	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	14,237,572	56,331,465	367,199	112,902	.0	71,049,138	90.1	XXX	XXX	71,049,138	.0
10.2 Class 2	2,865,444	4,723,509	.0	.0	.0	7,588,953	9.6	XXX	XXX	7,588,953	.0
10.3 Class 3	247,053	.0	.0	.0	.0	247,053	0.3	XXX	XXX	247,053	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	.0	XXX	XXX	.0	.0
10.7 Totals	17,350,069	61,054,974	367,199	112,902	.0	78,885,144	100.0	XXX	XXX	78,885,144	.0
10.8 Line 10.7 as a % of Col. 6	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	19,012,161	72,106,323	11,381,494	2,734,891	863,041	XXX	XXX	106,097,910	86.3	106,097,910	.0
11.2 Class 2	3,204,954	13,052,482	.0	.0	.0	XXX	XXX	16,257,436	13.2	16,257,436	.0
11.3 Class 3	274,783	51,944	327,098	.0	.0	XXX	XXX	653,825	0.5	653,824	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	22,491,898	85,210,749	11,708,592	2,734,891	863,041	XXX	XXX	123,009,171	100.0	123,009,169	.0
11.8 Line 11.7 as a % of Col. 8	18.3	69.3	9.5	2.2	0.7	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	14,237,572	56,331,464	367,199	112,902	.0	71,049,137	90.1	106,097,911	86.3	71,049,137	XXX
12.2 Class 2	2,865,444	4,723,509	.0	.0	.0	7,588,953	9.6	16,257,435	13.2	7,588,953	XXX
12.3 Class 3	247,053	.0	.0	.0	.0	247,053	0.3	653,824	0.5	247,053	XXX
12.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	17,350,069	61,054,973	367,199	112,902	.0	78,885,143	100.0	123,009,170	100.0	78,885,143	XXX
12.8 Line 12.7 as a % of Col. 6	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$.0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 current year, .0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.0 current year, \$.0 prior year of bonds with 5* designations and .0 current year, .0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	3,603,431	22,649,033	0	0	0	26,252,464	33.3	22,631,626	18.4	26,252,464	0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	276,916	572,070	367,199	112,902	0	1,329,087	1.7	5,790,383	4.7	1,329,087	0
1.7 Totals	3,880,347	23,221,103	367,199	112,902	0	27,581,551	35.0	28,422,009	23.1	27,581,551	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
2.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
3.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
4.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	2,448,015	11,449,752	0	0	0	13,897,767	17.6	15,998,947	13.0	13,897,767	0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	16,521,285	13.4	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
5.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
5.7 Totals	2,448,015	11,449,752	0	0	0	13,897,767	17.6	32,520,232	26.4	13,897,767	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	2,180,797	2,170,144	0	0	0	4,350,941	5.5	6,704,579	5.5	4,350,941	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	2,180,797	2,170,144	0	0	0	4,350,941	5.5	6,704,579	5.5	4,350,941	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	8,840,910	24,213,976	0	0	0	33,054,886	41.9	48,258,956	39.2	33,054,886	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
7.3 Defined	0	0	0	0	0	0	0.0	499,842	0.4	0	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	0	0	0	0	0	0	0.0	6,603,552	5.4	0	0
7.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	8,840,910	24,213,976	0	0	0	33,054,886	41.9	55,362,349	45.0	33,054,886	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	17,073,153	60,482,905	0	0	0	77,556,058	98.3	XXX	XXX	77,556,058	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	276,916	572,070	367,199	112,902	0	1,329,087	1.7	XXX	XXX	1,329,087	0
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	17,350,069	61,054,975	367,199	112,902	0	78,885,145	100.0	XXX	XXX	78,885,145	0
10.8 Line 10.7 as a % of Col. 6	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	18,014,820	69,212,206	6,067,294	182,138	117,650	XXX	XXX	93,594,108	76.1	93,594,108	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	3,741,623	10,110,951	5,242,361	2,471,341	745,391	XXX	XXX	22,311,667	18.1	22,311,668	0
11.3 Defined	0	499,842	0	0	0	XXX	XXX	499,842	0.4	499,842	0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Defined	735,455	5,387,748	398,937	81,411	0	XXX	XXX	6,603,551	5.4	6,603,552	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	22,491,898	85,210,747	11,708,592	2,734,890	863,041	XXX	XXX	123,009,168	100.0	123,009,170	0
11.8 Line 11.7 as a % of Col. 8	18.3	69.3	9.5	2.2	0.7	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	17,073,153	60,482,904	0	0	0	77,556,057	98.3	93,594,108	76.1	77,556,057	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	276,916	572,070	367,199	112,902	0	1,329,087	1.7	22,311,669	18.1	1,329,087	XXX
12.3 Defined	0	0	0	0	0	0	0.0	499,842	0.4	0	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.5 Defined	0	0	0	0	0	0	0.0	6,603,552	5.4	0	XXX
12.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.7 Totals	17,350,069	61,054,974	367,199	112,902	0	78,885,144	100.0	123,009,170	100.0	78,885,144	XXX
12.8 Line 12.7 as a % of Col. 6	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	22.0	77.4	0.5	0.1	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	629,307	629,307	0	0	0
2. Cost of short-term investments acquired	100,371,879	100,371,879			
3. Increase (decrease) by adjustment	0				
4. Increase (decrease) by foreign exchange adjustment	0				
5. Total profit (loss) on disposal of short-term investments	0				
6. Consideration received on disposal of short-term investments	100,143,378	100,143,378			
7. Book/adjusted carrying value, current year	857,809	857,809	0	0	0
8. Total valuation allowance	0				
9. Subtotal (Lines 7 plus 8)	857,809	857,809	0	0	0
10. Total nonadmitted amounts	0				
11. Statement value (Lines 9 minus 10)	857,809	857,809	0	0	0
12. Income collected during year	0				
13. Income earned during year	79,825	79,825			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	7 Reinsurance Recoverable On									8 Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties						
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commissions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers								
0499999 - Total - Authorized - Affiliates															0	0	0							
13-4924125	10227	American Reinsurance Company	DE					144		1,521	336			2,001		2,001	50,726							
36-3347420	23876	Chatham Reinsurance Corporation	NJ											0	9	(9)								
13-3440360	29700	European Reinsurance Corp of America	NH			156	56							212	657	(445)								
13-2930109	22047	North Star Reinsurance Corp/Signet	DE			4	4							8	22	(14)								
23-0580680	24457	Reliance Insurance Company	PA			29	5							34	31	3								
75-1444207	30058	SCOR Reinsurance Company	NY			286	76							362	1,393	(1,031)								
13-3029255	39322	Sorema North America	NY			42	13							55	175	(120)								
41-0406690	24767	St. Paul Marine & Fire Insurance	MN			76	16							92	228	(136)								
47-0698507	23680	TIG Reinsurance Company	CT			9	3							12	35	(23)								
13-6108722	12904	Tokio Marine & Fire Insurance	NY											0	7	(7)								
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)															0	0	0							
0599999 - Authorized - Other U.S. Unaffiliated Insurers															602	173	144	1,521	336	2,776	2,557	219	50,726	
AA-1122000	00000	Lloyds Underwriters	GB			55	1							56	6	50								
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)																				0	0	0	0	
0899999 - Authorized - Other Non-U.S. Insurers															55	1				56	6	50		
0999999 - Total - Authorized															657	174	144	1,521	336	2,832	2,563	269	50,726	
1399999 - Total - Unauthorized - Affiliates																				0	0	0	0	
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)																				0	0	0	0	
AA-1120440	00000	Copenhagen Reinsurance Company	GB			13	1							14	55	(41)								
AA-1560483	00000	Hannover Stahl Ruckersicherungs Akt	D1											0	27	(27)								
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)																				0	0	0	0	
1799999 - Unauthorized - Other Non-U.S. Insurers															13	1				14	82	(68)		
1899999 - Total - Unauthorized															13	1				14	82	(68)		
1999999 - Total - Authorized and Unauthorized															670	175	144	1,521	336	0	2,846	2,645	201	50,726
2099999 - Total - Protected Cells																				0	0	0	0	
9999999 Totals															670	175	144	1,521	336	2,846	2,645	201	50,726	

NOTE: Report the five largest provisional commission rates included in the cedant's reinsurance treaties. The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

1 Name of Reinsurer	2 Commission Rate	3 Ceded Premium
1.		
2.		
3.		
4.		
5.		

Report the five largest reinsurance recoverables reported in Column 15, due from any one reinsurer (based on the total recoverables, Line 9999999, Column 15), the amount of ceded premium, and indicate whether the recoverables are due from an affiliated insurer.

1 Name of Reinsurer	2 Total Recoverables	3 Ceded Premiums	4 Affiliated
1.			Yes [] No []
2.			Yes [] No []
3.			Yes [] No []
4.			Yes [] No []
5.			Yes [] No []

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses							12 Percentage Overdue Col. 10/Col. 11	13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11
				5 Current	Overdue					11 Total Due Cols. 5 + 10		
					6 1 to 29 Days	7 30 - 90 Days	8 91 - 120 Days	9 Over 120 Days	10 Total Overdue Cols. 6 + 7 + 8 + 9			
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling											0.0	0.0
0299999 - Authorized - Affiliates - U.S. Non-Pool											0.0	0.0
0399999 - Authorized - Affiliates - Other (Non-U.S.)											0.0	0.0
0499999 - Total - Authorized - Affiliates									0	0	0.0	0.0
13-3440360	29700	European reinsurance Corp of America	NH					212	212	212	100.0	100.0
13-2930109	22047	North Star Reins Corp/Signet	DE					8	8	8	100.0	100.0
23-0580680	24457	Reliance Insurance Company	PA					34	34	34	100.0	100.0
75-1444207	30058	SCOR Reinsurer Company	NY					362	362	362	100.0	100.0
13-3029255	39322	Sorema North American Reinsurance	NY					55	55	55	100.0	100.0
41-0406690	24767	St. Paul Marine & Fire Insurance	MN					92	92	92	100.0	100.0
47-0698507	23680	TIG Reinsurance Company	CT					12	12	12	100.0	100.0
0599999 - Authorized - Other U.S. Unaffiliated Insurers								775	775	775	100.0	100.0
0699999 - Authorized - Pools - Mandatory Pools											0.0	0.0
0799999 - Authorized - Pools - Voluntary Pools											0.0	0.0
AA-1122000	00000	Lloyds Underwriters	GB					56	56	56	100.0	100.0
0899999 - Authorized - Other Non-U.S. Insurers								0	56	56	100.0	100.0
0999999 - Total - Authorized								0	831	831	100.0	100.0
1099999 - Unauthorized - Affiliates - U.S. Intercompany Pooling											0.0	0.0
1199999 - Unauthorized - Affiliates - U.S. Non-Pool											0.0	0.0
1299999 - Unauthorized - Affiliates - Other (Non-U.S.)											0.0	0.0
1399999 - Total - Unauthorized - Affiliates									0	0	0.0	0.0
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers											0.0	0.0
1599999 - Unauthorized - Pools - Mandatory Pools											0.0	0.0
1699999 - Unauthorized - Pools - Voluntary Pools											0.0	0.0
AA-1120440	00000	Copenhagen Reinsurance	GB					14	14	14	100.0	100.0
1799999 - Unauthorized - Other Non-U.S. Insurers								14	14	14	100.0	100.0
1899999 - Total - Unauthorized								14	14	14	100.0	100.0
1999999 - Total - Authorized and Unauthorized								0	845	845	100.0	100.0
2099999 - Total - Protected Cells									0	0	0.0	0.0
9999999 Totals								0	845	845	100.0	100.0

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 6 thru 10 but not in excess of Col. 5	Subtotal Col. 5 minus Col. 11	Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	20% of Amount in Col. 13	Smaller of Col. 11 or Col. 14	Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	Total Provision for Unauthorized Reinsurance Smaller of Col.5 or Cols. 12 +15 + 16
AA-1120440	00000	Copenhagen Reinsurance Company	GB	14				55		14	0		0	0	0	0
AA-1560483	00000	Hannover Stahl Ruckerversicherungs Akt	D1					27		0	0		0	0	0	0
0899999 - Other Non-U.S. Insurers				14				82		14	0					0
0999999 - Total - Affiliates and Others				14				82		14	0					0
1099999 - Total - Protected Cells										0	0		0	0	0	0
9999999 Totals				14				82		14	0					0

1. Amounts in dispute totaling \$are included in Column 5.
2. Amounts in dispute totaling \$are excluded from Column 13.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 6

Provision for Overdue Authorized Reinsurance as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	Amounts Received Prior 90 Days	Col. 4 divided by (Cols. 5 + 6)	Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	20% of Amount in Col. 9	Amount Reported in Col. 8 x 20% + Col. 10
36-3347420	23876	Chatham Reinsurance Corporation	308	308		100.000	0	0	0	0
13-3440360	29700	European Reinsurance Corp of America	211,152	211,152		100.000	0	0	0	0
AA-1122000	00000	Lloyds Underwriters	56,839	56,839		100.000	0	0	0	0
13-2930109	22047	North Star Reinsurance Corp/Signet	7,971	7,971		100.000	0	0	0	0
23-0580680	24457	Reliance Company	34,664	34,664		100.000	0	0	0	0
75-1444207	30058	SCOR Reliance Company	361,689	361,689		100.000	0	0	0	0
13-3029255	39322	Sorema North American Reinsurance Co.	54,409	54,409		100.000	0	0	0	0
41-0406690	24767	St. Paul Marine & Fire Insurance Company	92,356	92,356		100.000	0	0	0	0
47-0698507	23680	TIG Reinsurance Company	11,206	11,206		100.000	0	0	0	0
13-6108722	12904	Tokio Marine & Fire Insurance	154	154		100.000	0	0	0	0
9999999 Totals			830,748	830,748		XXX	0	0	0	0

(a) From Schedule F - Part 4 Columns 8 + 9, total authorized, less \$ in dispute.
 (b) From Schedule F - Part 3 Columns 7 + 8, total authorized, less \$ in dispute.

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Reinsurance Recoverable All Items	5 Funds Held By Company Under Reinsurance Treaties	6 Letters of Credit	7 Ceded Balances Payable	8 Other Miscellaneous Balances	9 Other Allowed Offset Items	10 Sum of Cols. 5 thru 9 but not in excess of Col. 4	11 Col. 4 minus Col. 10	12 Greater of Col. 11 or Schedule F - Part 4 Cols. 8 + 9
AA-1122000	00000	Lloyds Underwriters	56,839				6,212		6,212	50,627	50,627
23-0580680	24457	Reliance Insurance Corporation	34,664				31,293		31,293	3,371	3,371
9999999 Totals			91,503				37,505		37,505	53,998	53,998

- 1. Total
- 2. Line 1 x .2
- 3. Schedule F - Part 6 Col. 11
- 4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3)
- 5. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 17 x 1000)
- 6. Provision for Reinsurance (sum Lines 4 + 5) [Enter this amount on Page 3, Line 16]

53,998
10,800
0
10,800
0
10,800

40

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<u>ASSETS</u> (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)	126,722,541		126,722,541
2. Premiums and considerations (Line 13)	0		0
3. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14.1)	845,117	(845,117)	0
4. Funds held by or deposited with reinsured companies (Line 14.2)	0		0
5. Other assets	1,582,250		1,582,250
6. Net amount recoverable from reinsurers		(47,890,806)	(47,890,806)
7. Protected cell assets (Line 25)	0		0
8. Totals (Line 26)	129,149,908	(48,735,923)	80,413,985
<u>LIABILITIES</u> (Page 3)			
9. Losses and loss adjustment expenses (Lines 1 through 3)	37,748,000	2,001,000	39,749,000
10. Taxes, expenses, and other obligations (Lines 4 through 8)	66,257		66,257
11. Unearned premiums (Line 9)	0		0
12. Advance Premiums (Line 10)	0		0
13. Dividends declared and unpaid (Line 11.1 and 11.2)	0		0
14. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12)	0		0
15. Funds held by company under reinsurance treaties (Line 13)	50,726,123	(50,726,123)	0
16. Amounts withheld or retained by company for account of others (Line 14)	0		0
17. Provision for reinsurance (Line 16)	10,800	(10,800)	0
18. Other liabilities	13,573,215		13,573,215
19. Total liabilities excluding protected cell business (Line 24)	102,124,395	(48,735,923)	53,388,472
20. Protected cell liabilities (Line 25)	0		0
21. Surplus as regards policyholders (Line 35)	27,025,513	X X X	27,025,513
22. Totals (Line 36)	129,149,908	(48,735,923)	80,413,985

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [] No [X]

If yes, give full explanation:

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5

NONE

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	5,067	427	856	33	0	0	2,126	5,463	XXX
2. 1997	17,937	4,071	13,866	3,645	642	603	28	4,117	0	804	7,695	XXX
3. 1998	13,588	2,596	10,992	3,144	635	412	41	2,911	0	825	5,791	XXX
4. 1999	10,946	2,296	8,650	3,689	1,022	406	41	3,420	0	568	6,452	XXX
5. 2000	7,234	2,127	5,107	3,719	1,038	414	48	3,424	0	578	6,471	XXX
6. 2001	1,157	(117)	1,274	3,077	1,304	369	62	4,125	0	427	6,205	XXX
7. 2002	5,204	2,648	2,556	2,797	1,072	227	46	2,279	0	32	4,185	XXX
8. 2003	863	728	135	2,882	24	240	(4)	1,080	0	(57)	4,182	XXX
9. 2004	134	33	101	1,340	393	229	17	246	0	0	1,405	XXX
10. 2005	0	0	0	0	101	0	1	0	0	0	(102)	XXX
11. 2006	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	29,360	6,658	3,756	313	21,602	0	5,303	47,747	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	31,539	0	2,966	1,521	4	0	655	336	3,791	0	0	37,098	XXX
2.	68	0	0	0	0	0	0	0	0	0	0	68	XXX
3.	31	2	0	0	1	0	0	0	0	0	0	30	XXX
4.	118	23	0	0	7	0	0	0	0	0	0	102	XXX
5.	62	3	0	0	7	0	0	0	0	0	0	66	XXX
6.	212	24	0	0	15	0	0	0	0	0	0	203	XXX
7.	28	9	0	0	11	0	0	0	0	0	0	30	XXX
8.	7	5	0	0	11	0	0	0	0	0	0	13	XXX
9.	179	78	0	0	37	0	0	0	0	0	0	138	XXX
10.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	32,244	144	2,966	1,521	93	0	655	336	3,791	0	0	37,748	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount											
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid										
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	32,984	4,114										
2.	8,433	670	7,763	47.0	16.5	56.0	0	0		68	0										
3.	6,499	678	5,821	47.8	26.1	53.0	0	0		29	1										
4.	7,640	1,086	6,554	69.8	47.3	75.8	0	0		95	7										
5.	7,626	1,089	6,537	105.4	51.2	128.0	0	0		59	7										
6.	7,798	1,390	6,408	674.0	(1,188.0)	503.0	0	0		188	15										
7.	5,342	1,127	4,215	102.7	42.6	164.9	0	0		19	11										
8.	4,220	25	4,195	489.0	3.4	3,107.4	0	0		2	11										
9.	2,031	488	1,543	1,515.7	1,478.8	1,527.7	0	0		101	37										
10.	0	102	(102)	0.0	0.0	0.0	0	0		0	0										
11.	0	0	0	0.0	0.0	0.0	0	0		0	0										
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	33,545	4,203										

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	One Year	Two Year
1. Prior	85,046	77,672	66,364	87,900	70,171	52,169	59,121	54,027	49,378	46,472	(2,906)	(7,555)
2. 1997	3,677	3,467	3,272	3,628	3,642	3,671	3,637	3,653	3,642	3,646	4	(7)
3. 1998	XXX	3,062	3,120	3,001	3,061	3,062	2,969	3,766	2,964	2,910	(54)	(856)
4. 1999	XXX	XXX	3,154	4,251	3,741	3,758	3,946	3,156	3,923	3,134	(789)	(22)
5. 2000	XXX	XXX	XXX	2,460	2,667	2,873	2,721	2,932	3,084	3,113	29	181
6. 2001	XXX	XXX	XXX	XXX	2,016	2,243	2,327	2,106	2,302	2,283	(19)	177
7. 2002	XXX	XXX	XXX	XXX	XXX	1,765	1,898	2,005	1,906	1,936	30	(69)
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	1,112	3,206	3,227	3,115	(112)	(91)
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	222	2,756	1,297	(1,459)	1,075
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(6)	XXX
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											(5,282)	(7,167)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	000	4,637	6,540	6,776	7,426	7,703	7,715	7,698	7,702	13,165	XXX	XXX
2. 1997	1,392	2,905	2,952	3,457	3,496	3,549	3,556	3,572	3,572	3,578	XXX	XXX
3. 1998	XXX	1,230	2,621	2,794	2,876	2,893	2,883	2,883	2,883	2,880	XXX	XXX
4. 1999	XXX	XXX	1,031	2,263	2,650	2,776	3,050	3,032	3,032	3,032	XXX	XXX
5. 2000	XXX	XXX	XXX	1,094	2,136	2,394	2,551	2,717	3,018	3,047	XXX	XXX
6. 2001	XXX	XXX	XXX	XXX	672	1,698	2,067	2,065	2,095	2,080	XXX	XXX
7. 2002	XXX	XXX	XXX	XXX	XXX	486	1,765	1,891	1,876	1,906	XXX	XXX
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	733	3,093	3,174	3,102	XXX	XXX
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	177	2,673	1,159	XXX	XXX
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	XXX	XXX
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002	7 2003	8 2004	9 2005	10 2006
1. Prior	73,342	69,825	57,587	47,275	30,839	12,883	19,824	14,684	10,099	1,764
2. 1997	0	0	0	0	0	0	0	0	0	0
3. 1998	XXX	0	0	0	0	0	0	0	0	0
4. 1999	XXX	XXX	0	0	0	0	0	0	0	0
5. 2000	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2001	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2002	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Medical Mal Occur

NONE

Schedule P - Part 1F - Medical Mal Claim

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance A

NONE

Schedule P - Part 1O - Reinsurance B

NONE

Schedule P - Part 1P - Reinsurance C

NONE

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

**SCHEDULE P - PART 1R - SECTION 1 - PRODUCTS LIABILITY -
OCCURRENCE**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	5,067	427	856	33	0	0	2,126	5,463	XXX
2. 1997	17,937	4,071	13,866	3,645	642	603	28	4,117	0	804	7,695	2,767
3. 1998	13,588	2,596	10,992	3,144	635	412	41	2,911	0	825	5,791	2,007
4. 1999	10,946	2,296	8,650	3,689	1,022	406	41	3,420	0	568	6,452	1,895
5. 2000	7,234	2,127	5,107	3,719	1,038	414	48	3,424	0	578	6,471	1,113
6. 2001	1,157	(117)	1,274	3,077	1,304	369	62	4,125	0	427	6,205	1,113
7. 2002	5,204	2,648	2,556	2,797	1,072	227	46	2,279	0	32	4,185	646
8. 2003	863	728	135	2,882	24	240	(4)	1,080	0	(57)	4,182	239
9. 2004	134	33	101	1,340	393	229	17	246	0	0	1,405	119
10. 2005	0	0	0	0	101	0	1	0	0	0	(102)	0
11. 2006	0	0	0	0	0	0	0	0	0	0	0	0
12. Totals	XXX	XXX	XXX	29,360	6,658	3,756	313	21,602	0	5,303	47,747	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	31,539	0	2,966	1,521	4	0	655	336	3,791	0	0	37,098	1,055
2.	68	0	0	0	0	0	0	0	0	0	0	68	11
3.	31	2	0	0	1	0	0	0	0	0	0	30	6
4.	118	23	0	0	7	0	0	0	0	0	0	102	23
5.	62	3	0	0	7	0	0	0	0	0	0	66	22
6.	212	24	0	0	15	0	0	0	0	0	0	203	33
7.	28	9	0	0	11	0	0	0	0	0	0	30	6
8.	7	5	0	0	11	0	0	0	0	0	0	13	4
9.	179	78	0	0	37	0	0	0	0	0	0	138	7
10.	0	0	0	0	0	0	0	0	0	0	0	0	0
11.	0	0	0	0	0	0	0	0	0	0	0	0	0
12.	32,244	144	2,966	1,521	93	0	655	336	3,791	0	0	37,748	1,167

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	32,984	4,114
2.	8,433	670	7,763	47.0	16.5	56.0	0	0	0.0	68	0
3.	6,499	678	5,821	47.8	26.1	53.0	0	0	0.0	29	1
4.	7,640	1,086	6,554	69.8	47.3	75.8	0	0	0.0	95	7
5.	7,626	1,089	6,537	105.4	51.2	128.0	0	0	0.0	59	7
6.	7,798	1,390	6,408	674.0	(1,188.0)	503.0	0	0	0.0	188	15
7.	5,342	1,127	4,215	102.7	42.6	164.9	0	0	0.0	19	11
8.	4,220	25	4,195	489.0	3.4	3,107.4	0	0	0.0	2	11
9.	2,031	488	1,543	1,515.7	1,478.8	1,527.7	0	0	0.0	101	37
10.	0	102	(102)	0.0	0.0	0.0	0	0	0.0	0	0
11.	0	0	0	0.0	0.0	0.0	0	0	0.0	0	0
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	33,545	4,203

Schedule P - Part 1R - Prod Liab Claims

NONE

Schedule P - Part 1S-Fin./Mtg. Guaranty

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Medical Mal Occur

NONE

Schedule P - Part 2F - Medical Mal Claim

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I

NONE

Schedule P - Part 2J

NONE

Schedule P - Part 2K

NONE

Schedule P - Part 2L

NONE

Schedule P - Part 2M

NONE

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002	7 2003	8 2004	9 2005	10 2006	11 One Year	12 Two Year
1. Prior	85,046	77,672	66,364	87,900	70,171	52,169	59,121	54,027	49,378	46,472	(2,906)	(7,555)
2. 1997	3,677	3,467	3,272	3,628	3,642	3,671	3,637	3,653	3,642	3,646	4	(7)
3. 1998	XXX	3,062	3,120	3,001	3,061	3,062	2,969	3,766	2,964	2,910	(54)	(856)
4. 1999	XXX	XXX	3,154	4,251	3,741	3,758	3,946	3,156	3,923	3,134	(789)	(22)
5. 2000	XXX	XXX	XXX	2,460	2,667	2,873	2,721	2,932	3,084	3,113	29	181
6. 2001	XXX	XXX	XXX	XXX	2,016	2,243	2,327	2,106	2,302	2,283	(19)	177
7. 2002	XXX	XXX	XXX	XXX	XXX	1,765	1,898	2,005	1,906	1,936	30	(69)
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	1,112	3,206	3,227	3,115	(112)	(91)
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	222	2,756	1,297	(1,459)	1,075
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	(6)	XXX
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											(5,282)	(7,167)

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1997	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1998	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1999	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2000	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2001	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2002	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	XXX
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											0	0

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	.0	.0	.0	.0	.0						
2. 2005	XXX	.0	.0	.0	XXX							
3. 2006	XXX	0	XXX	XXX								
4. Totals											0	0

Schedule P - Part 3A

NONE

Schedule P - Part 3B

NONE

Schedule P - Part 3C

NONE

Schedule P - Part 3D

NONE

Schedule P - Part 3E

NONE

Schedule P - Part 3F - Medical Mal Occur

NONE

Schedule P - Part 3F - Medical Mal Claim

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J

NONE

Schedule P - Part 3K

NONE

Schedule P - Part 3L

NONE

Schedule P - Part 3M

NONE

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 3R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
1. Prior	.000	4,637	6,540	6,776	7,426	7,703	7,715	7,698	7,702	13,165	51,297	89,041
2. 1997	1,392	2,905	2,952	3,457	3,496	3,549	3,556	3,572	3,572	3,578	484	2,272
3. 1998	XXX	1,230	2,621	2,794	2,876	2,893	2,883	2,883	2,883	2,880	429	1,572
4. 1999	XXX	XXX	1,031	2,263	2,650	2,776	3,050	3,032	3,032	3,032	418	1,454
5. 2000	XXX	XXX	XXX	1,094	2,136	2,394	2,551	2,717	3,018	3,047	342	749
6. 2001	XXX	XXX	XXX	XXX	672	1,698	2,067	2,065	2,095	2,080	350	730
7. 2002	XXX	XXX	XXX	XXX	XXX	486	1,765	1,891	1,876	1,906	199	441
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	733	3,093	3,174	3,102	84	151
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	177	2,673	1,159	27	85
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(96)	(102)	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

SCHEDULE P - PART 3R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.000	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1997	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1998	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1999	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 2000	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. 2001	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
7. 2002	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	.000	.0	.0	XXX	XXX						
2. 2005	XXX	.0	.0	XXX	XXX							
3. 2006	XXX	XXX	0	XXX	XXX							

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Medical Mal Occur

NONE

Schedule P - Part 4F - Medical Mal Claim

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I - Special Property

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 4R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1997	2 1998	3 1999	4 2000	5 2001	6 2002	7 2003	8 2004	9 2005	10 2006
1. Prior	73,342	69,825	57,587	47,275	30,839	12,883	19,824	14,684	10,099	1,764
2. 1997	0	0	0	0	0	0	0	0	0	0
3. 1998	XXX	0	0	0	0	0	0	0	0	0
4. 1999	XXX	XXX	0	0	0	0	0	0	0	0
5. 2000	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2001	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2002	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	0	0	0	0	0	0	0	0	0	0							
2. 1997	0	0	0	0	0	0	0	0	0	0							
3. 1998	XXX	0	0	NONE							0						
4. 1999	XXX	XXX	0								0						
5. 2000	XXX	XXX	XXX								0						
6. 2001	XXX	XXX	XXX								XXX	0					
7. 2002	XXX	XXX	XXX								XXX	XXX	0				
8. 2003	XXX	XXX	XXX								XXX	XXX	XXX	0			
9. 2004	XXX	XXX	XXX								XXX	XXX	XXX	XXX	0		
10. 2005	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	0	
11. 2006	XXX	XXX	XXX								XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0		
2. 2005	XXX	XXX	XXX	NONE							0
3. 2006	XXX	XXX	XXX								XXX

Schedule P - Part 5A- SN1

NONE

Schedule P - Part 5A- SN2

NONE

Schedule P - Part 5A- SN3

NONE

Schedule P - Part 5B- SN1

NONE

Schedule P - Part 5B- SN2

NONE

Schedule P - Part 5B- SN3

NONE

Schedule P - Part 5C- SN1

NONE

Schedule P - Part 5C- SN2

NONE

Schedule P - Part 5C- SN3

NONE

Schedule P - Part 5D- SN1

NONE

Schedule P - Part 5D- SN2

NONE

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	429	387	209	26	71	3	3	25,073	25,832	26,880
2. 1997	219	427	464	477	480	482	484	484	484	484
3. 1998	XXX	216	388	409	424	429	429	429	429	429
4. 1999	XXX	XXX	191	357	406	412	415	419	418	418
5. 2000	XXX	XXX	XXX	186	308	330	335	337	340	342
6. 2001	XXX	XXX	XXX	XXX	154	322	343	345	346	350
7. 2002	XXX	XXX	XXX	XXX	XXX	110	175	193	195	199
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	26	62	78	84
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8	17	27
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	886	537	274	228	401	1,069	1,070	1,063	1,063	1,055
2. 1997	709	128	59	31	27	25	15	14	13	11
3. 1998	XXX	592	203	142	121	115	81	76	76	6
4. 1999	XXX	XXX	613	224	100	91	62	47	47	23
5. 2000	XXX	XXX	XXX	400	143	116	82	27	24	22
6. 2001	XXX	XXX	XXX	XXX	370	110	53	40	38	33
7. 2002	XXX	XXX	XXX	XXX	XXX	273	42	11	9	6
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	84	26	10	4
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51	28	7
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Prior	82	152	1	0	291	(14,087)	0	97,508	101,204	104,428
2. 1997	2,765	2,766	2,766	2,766	2,766	2,767	2,767	2,767	2,767	2,767
3. 1998	XXX	2,003	2,007	2,007	2,007	2,007	2,007	2,007	2,007	2,007
4. 1999	XXX	XXX	1,874	1,895	1,895	1,895	1,895	1,895	1,895	1,895
5. 2000	XXX	XXX	XXX	1,110	1,113	1,113	1,113	1,113	1,113	1,113
6. 2001	XXX	XXX	XXX	XXX	1,110	1,113	1,113	1,113	1,113	1,113
7. 2002	XXX	XXX	XXX	XXX	XXX	645	646	646	646	646
8. 2003	XXX	XXX	XXX	XXX	XXX	XXX	225	239	239	239
9. 2004	XXX	XXX	XXX	XXX	XXX	XXX	XXX	119	119	119
10. 2005	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2006	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

Schedule P - Part 6R - SN1A

NONE

Schedule P - Part 6R - SN2A

NONE

Schedule P - Part 6R - SN1B

NONE

Schedule P - Part 6R - SN2B

NONE

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P INTERROGATORIES

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in which premiums were earned and losses were incurred		1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01	Prior			
1.02	1997			
1.03	1998			
1.04	1999			
1.05	2000			
1.06	2001			
1.07	2002			
1.08	2003			
1.09	2004			
1.10	2005			
1.11	2006			
1.12	Totals	0	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Yes [X] No []

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Answer: Yes [X] No []

4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10? Yes [] No [X]

If Yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for:
(in thousands of dollars)

5.1 Fidelity

5.2 Surety

6. Claim count information is reported per claim or per claimant (Indicate which).....CLAIM
If not the same in all years, explain in Interrogatory 7.

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes that have occurred that must be considered when making such analyses? Yes [] No [X]

7.2 An extended statement may be attached.
ULAE and IBNR Reserves are allocated to 1994 (See Note to Financial Statement).....

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama	AL	No	.0	.0	.0	.0	.0	.0	.0	
2. Alaska	AK	No	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ	No	.0	.0	.0	.0	.0	.0	.0	
4. Arkansas	AR	No	.0	.0	.0	.0	.0	.0	.0	
5. California	CA	No	.0	.0	.0	(27,886)	88,778	.0	.0	
6. Colorado	CO	No	.0	.0	196,893	(690,157)	189,585	.0	.0	
7. Connecticut	CT	No	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE	No	.0	.0	.0	.0	.0	.0	.0	
9. District of Columbia	DC	No	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL	No	.0	.0	.0	(4,270,689)	19,675,393	.0	.0	
11. Georgia	GA	No	.0	.0	.0	(829)	3,822	.0	.0	
12. Hawaii	HI	No	.0	.0	.0	.0	.0	.0	.0	
13. Idaho	ID	No	.0	.0	.0	.0	.0	.0	.0	
14. Illinois	IL	No	.0	.0	.0	(5,266)	2,839	.0	.0	
15. Indiana	IN	No	.0	.0	.0	(6,308)	7,644	.0	.0	
16. Iowa	IA	No	.0	.0	.0	.0	.0	.0	.0	
17. Kansas	KS	No	.0	.0	.0	.0	.0	.0	.0	
18. Kentucky	KY	No	.0	.0	.0	.0	.0	.0	.0	
19. Louisiana	LA	No	.0	.0	.0	.0	.0	.0	.0	
20. Maine	ME	No	.0	.0	.0	.0	.0	.0	.0	
21. Maryland	MD	No	.0	.0	.0	8,444	17,745	.0	.0	
22. Massachusetts	MA	No	.0	.0	5,250	5,250	.0	.0	.0	
23. Michigan	MI	No	.0	.0	.0	.0	.0	.0	.0	
24. Minnesota	MN	No	.0	.0	.0	.0	.0	.0	.0	
25. Mississippi	MS	No	.0	.0	2,850	(937)	.0	.0	.0	
26. Missouri	MO	No	.0	.0	510	(4,141)	.0	.0	.0	
27. Montana	MT	No	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE	No	.0	.0	.0	.0	.0	.0	.0	
29. Nevada	NV	No	.0	.0	.0	(1,657)	7,644	.0	.0	
30. New Hampshire	NH	No	.0	.0	.0	.0	.0	.0	.0	
31. New Jersey	NJ	No	.0	.0	.0	(3,449,739)	14,764,735	.0	.0	
32. New Mexico	NM	No	.0	.0	.0	.0	.0	.0	.0	
33. New York	NY	No	.0	.0	.0	.0	.0	.0	.0	
34. North Carolina	NC	No	.0	.0	.0	(829)	3,822	.0	.0	
35. North Dakota	ND	No	.0	.0	.0	.0	.0	.0	.0	
36. Ohio	OH	No	.0	.0	.0	.0	.0	.0	.0	
37. Oklahoma	OK	No	.0	.0	14,850	7,577	3,822	.0	.0	
38. Oregon	OR	No	.0	.0	.0	.0	.0	.0	.0	
39. Pennsylvania	PA	No	.0	.0	.0	(9,301)	.0	.0	.0	
40. Rhode Island	RI	No	.0	.0	.0	.0	.0	.0	.0	
41. South Carolina	SC	No	.0	.0	.0	(11,758)	54,229	.0	.0	
42. South Dakota	SD	No	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN	No	.0	.0	6,161	6,161	.0	.0	.0	
44. Texas	TX	No	.0	.0	96,413	(43,839)	378,726	.0	.0	
45. Utah	UT	No	.0	.0	.0	.0	.0	.0	.0	
46. Vermont	VT	No	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA	Yes	.0	.0	.0	(2,486)	11,466	.0	.0	
48. Washington	WA	No	.0	.0	.0	.0	.0	.0	.0	
49. West Virginia	WV	No	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI	No	.0	.0	.0	.0	.0	.0	.0	
51. Wyoming	WY	No	.0	.0	.0	.0	.0	.0	.0	
52. American Samoa	AS	No	.0	.0	.0	.0	.0	.0	.0	
53. Guam	GU	No	.0	.0	.0	.0	.0	.0	.0	
54. Puerto Rico	PR	No	.0	.0	.0	.0	.0	.0	.0	
55. U.S. Virgin Islands	VI	No	.0	.0	.0	.0	.0	.0	.0	
56. Northern Mariana Islands	MP	No	.0	.0	.0	.0	.0	.0	.0	
57. Canada	CN	No	.0	.0	.0	.0	.0	.0	.0	
58. Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0	
59. Totals	(a)	1	0	0	322,927	(8,498,390)	35,210,249	0	0	
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0	
5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0	

(a) Insert the number of yes responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

**SCHEDULE T – PART 2
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN**

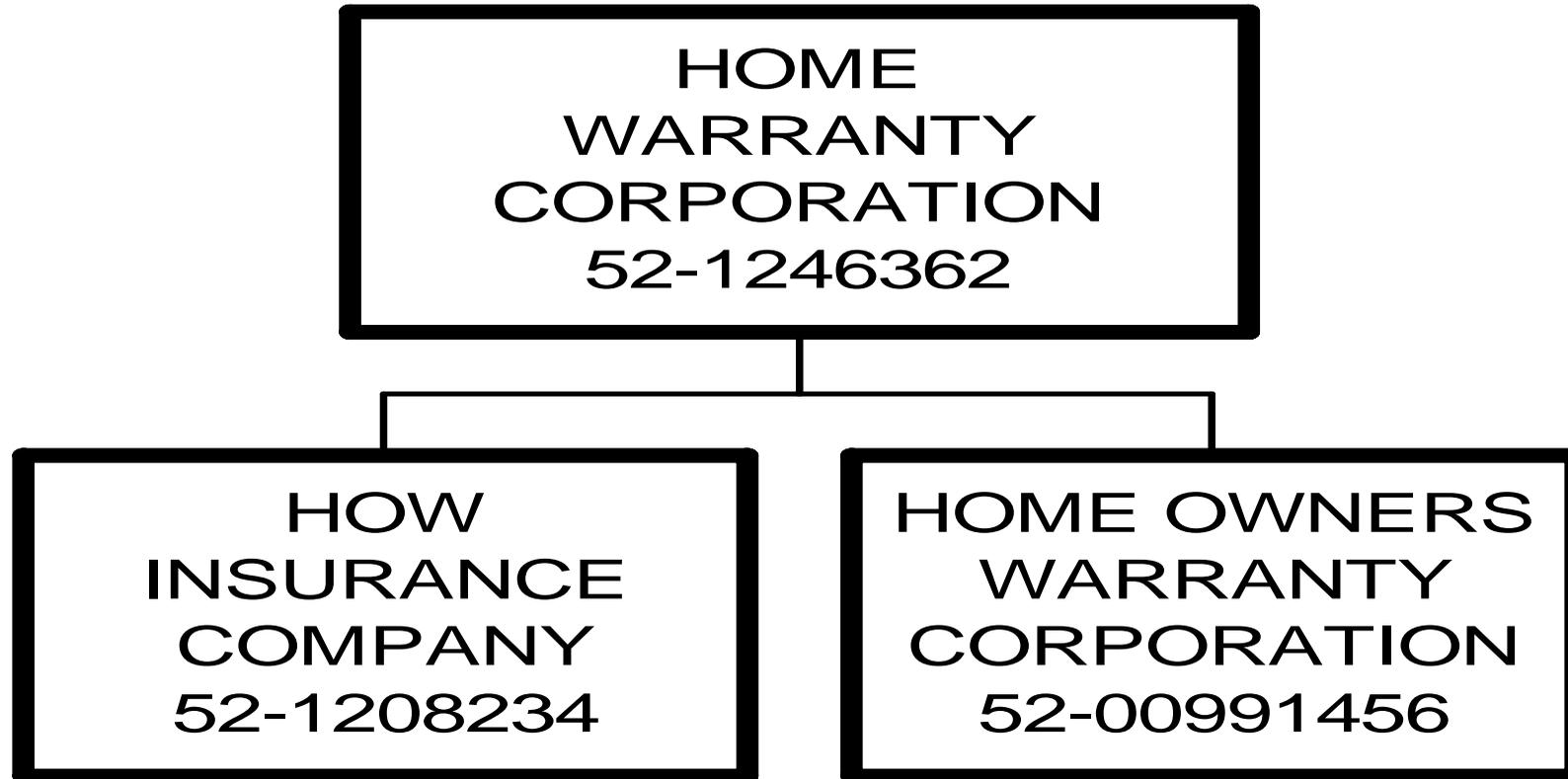
Allocated by States and Territories

States, Etc.		Direct Business Only					Totals
		1 Life (Group and Individual)	2 Annuities (Group and Individual)	3 Disability Income (Group and Individual)	4 Long-Term Care (Group and Individual)	5 Deposit-Type Contracts	
1. Alabama	AL						0
2. Alaska	AK						0
3. Arizona	AZ						0
4. Arkansas	AR						0
5. California	CA						0
6. Colorado	CO						0
7. Connecticut	CT						0
8. Delaware	DE						0
9. District of Columbia	DC						0
10. Florida	FL						0
11. Georgia	GA						0
12. Hawaii	HI						0
13. Idaho	ID						0
14. Illinois	IL						0
15. Indiana	IN						0
16. Iowa	IA						0
17. Kansas	KS						0
18. Kentucky	KY						0
19. Louisiana	LA						0
20. Maine	ME						0
21. Maryland	MD						0
22. Massachusetts	MA						0
23. Michigan	MI						0
24. Minnesota	MN						0
25. Mississippi	MS						0
26. Missouri	MO						0
27. Montana	MT						0
28. Nebraska	NE						0
29. Nevada	NV						0
30. New Hampshire	NH						0
31. New Jersey	NJ						0
32. New Mexico	NM						0
33. New York	NY						0
34. North Carolina	NC						0
35. North Dakota	ND						0
36. Ohio	OH						0
37. Oklahoma	OK						0
38. Oregon	OR						0
39. Pennsylvania	PA						0
40. Rhode Island	RI						0
41. South Carolina	SC						0
42. South Dakota	SD						0
43. Tennessee	TN						0
44. Texas	TX						0
45. Utah	UT						0
46. Vermont	VT						0
47. Virginia	VA						0
48. Washington	WA						0
49. West Virginia	WV						0
50. Wisconsin	WI						0
51. Wyoming	WY						0
52. American Samoa	AS						0
53. Guam	GU						0
54. Puerto Rico	PR						0
55. U.S. Virgin Islands	VI						0
56. Northern Mariana Islands	MP						0
57. Canada	CN						0
58. Aggregate Other Alien	OT						0
59. Totals		0	0	0	0	0	0

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
NONE												
9999999 Control Totals			0	0	0	0	0	0	XXX	0	0	0

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSES
1. Will an actuarial opinion be filed by March 1?	.....YES.....
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	.....WAIVED.....
3. Will the Risk-based Capital Report be filed with the NAIC by March 1?	.....YES.....
4. Will the Risk-based Capital Report be filed with the state of domicile, if required, by March 1?	.....YES.....
5. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	.....YES.....
APRIL FILING	
6. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	.....WAIVED.....
7. Will Management's Discussion and Analysis be filed by April 1?	.....YES.....
8. Will the Supplemental Investment Risk Interrogatories be filed by April 1?	.....YES.....
MAY FILING	
9. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?	.....WAIVED.....
JUNE FILING	
10. Will an audited financial report be filed by June 1?	.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING	
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....SEE EXPLANATION.....
12. Will the Financial Guaranty Insurance Exhibit be filed March 1?	.....SEE EXPLANATION.....
13. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
14. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?	.....SEE EXPLANATION.....
15. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....YES.....
16. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....SEE EXPLANATION.....
17. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
18. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....SEE EXPLANATION.....
19. Will the Actuarial Opinion Summary be filed with the state of domicile, if required by March 15 (or the date otherwise specified)?	.....YES.....
APRIL FILING	
20. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
21. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	.....SEE EXPLANATION.....
22. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	.....SEE EXPLANATION.....

Explanation:

- 11. Not Required
- 12. Not Required
- 13. Not Required
- 14. Not Required

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

16. Not Required

17. Not Required

18. Not Required

20. Not Required

21. Not Required

22. Not Required

Bar Code:



OVERFLOW PAGE FOR WRITE-INS

P003 Additional Aggregate Lines for Page 3 Line 23.
*LIAB - Liabilities

	1 Current Year	2 Prior Year
2304. Reinsurance liability adjustment.....	1,122,000	1,122,000
2305. Unclaimed property drafts.....	13,753	14,703
2306. Notices of claim determination.....	1,345,909	1,345,909
2307. Ceded reinsurance - Amounts due reinsurers.....	1,523,649	1,523,649
2308. Accrued interest on deferred loss payments.....	6,510,493	6,263,845
2309. Suspense.....	0	0
2397. Summary of remaining write-ins for Line 23 from page 3	10,515,804	10,270,106

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
912828-AT-7	UNITED STATES TREASURY				1	4,964,844	.978130	4,890,650	5,000,000	4,987,039	.0	11,155	.0	.0	3.000	3.263	FA	56,667	150,000	12/23/2004	02/15/2008
912828-EV-8	US TREASURY NOTE				1	11,599,125	.993910	11,628,747	11,700,000	11,613,070	.0	13,945	.0	.0	4.500	4.932	FA	198,900	76,500	10/13/2006	02/15/2009
912828-BG-4	US TREASURY NT/BD				1	2,233,037	.975160	2,194,110	2,250,000	2,242,110	.0	4,646	.0	.0	3.250	3.504	FA	27,625	73,125	01/06/2005	08/15/2008
912828-CC-2	US TREASURY NT/BD				1	3,756,797	.955630	3,822,520	4,000,000	3,806,814	.0	50,017	.0	.0	2.625	5.024	MS	30,917	52,500	05/24/2006	03/15/2009
912828-DN-7	US TREASURY NT/BD				1	1,232,813	.997340	1,246,675	1,250,000	1,247,227	.0	14,414	.0	.0	3.375	4.795	FA	14,180	42,188	02/14/2006	02/28/2007
912828-DQ-0	US TREASURY NT/BD				1	1,490,566	.996720	1,495,080	1,500,000	1,498,396	.0	6,289	.0	.0	3.750	4.231	MS	14,219	56,250	09/30/2005	03/31/2007
0199999 - Total Bonds - U.S. Government - Issuer Obligations						25,277,182	XXX	25,277,782	25,700,000	25,394,656	.0	100,466	.0	.0	XXX	XXX	XXX	342,507	450,563	XXX	XXX
36215N-TV-6	GNMA POOL #140164				1	11,508	.1072940	11,315	10,546	11,330	.0	(28)	.0	.0	10.000	6.326	MON	88	1,055	06/23/1995	03/15/2016
36215N-3T-9	GNMA POOL #140410				1	10,586	.1078560	10,463	9,700	10,294	.0	(46)	.0	.0	10.000	8.429	MON	81	970	06/23/1995	03/15/2016
36215N-3U-6	GNMA POOL #140411				1	8,694	.1072940	8,548	7,967	8,534	.0	(22)	.0	.0	10.000	6.740	MON	66	797	06/23/1995	04/15/2016
36215U-VT-2	GNMA POOL #145626				1	43,004	.1072940	42,283	39,408	42,165	.0	(80)	.0	.0	10.000	5.995	MON	328	3,941	06/23/1995	02/15/2016
36215W-BR-4	GNMA POOL #146848				1	5,525	.1061380	5,373	5,063	5,348	.0	(28)	.0	.0	10.000	8.849	MON	42	506	06/23/1995	02/15/2016
362151-AU-6	GNMA POOL #150419				1	9,935	.1085440	9,882	9,105	9,775	.0	(16)	.0	.0	10.000	5.252	MON	76	910	06/23/1995	02/15/2016
362153-ED-6	GNMA POOL #152332				1	96,708	.1085440	96,193	88,622	93,226	.0	(442)	.0	.0	10.000	8.967	MON	739	8,862	06/23/1995	03/15/2016
362159-P2-5	GNMA POOL #158041				1	19,284	.1085440	19,181	17,671	18,672	.0	(97)	.0	.0	10.000	8.886	MON	147	1,767	06/23/1995	04/15/2016
362164-XG-7	GNMA POOL #183501				1	21,279	.1085440	21,166	19,500	20,661	.0	(105)	.0	.0	10.000	8.881	MON	163	1,950	06/23/1995	10/15/2016
36217C-SU-1	GNMA POOL #189631				1	34,135	.1073560	33,582	31,281	33,142	.0	(142)	.0	.0	10.000	8.898	MON	261	3,128	06/23/1995	08/15/2017
36218V-S9-5	GNMA POOL #233744				1	19,275	.1073560	21,250	19,794	19,444	.0	19	.0	.0	10.000	10.815	MON	165	1,979	04/21/1989	09/15/2017
36218W-MD-0	GNMA POOL #234456				1	89,328	.1086060	88,903	81,858	87,584	.0	(308)	.0	.0	10.000	8.516	MON	582	8,186	06/23/1995	11/15/2018
36219S-Z5-1	GNMA POOL #258264				1	21,480	.1086060	21,377	19,683	20,857	.0	(82)	.0	.0	10.000	9.107	MON	164	1,968	06/23/1995	12/15/2016
36219U-4W-1	GNMA POOL #260137				1	3,481	.1086060	3,922	3,611	3,508	.0	1	.0	.0	10.000	12.007	MON	30	361	03/30/1989	08/15/2018
36201N-AD-2	GNMA POOL #587804				1	18,842	.975130	17,825	18,280	18,919	.0	48	.0	.0	4.500	3.923	MON	69	823	05/22/2003	06/15/2018
36200A-6U-8	GNMA POOL #595883				1	169,580	.974500	160,321	164,516	169,733	.0	611	.0	.0	4.500	3.981	MON	617	7,403	05/22/2003	05/15/2018
36200A-6Z-7	GNMA POOL #595888				1	135,115	.974500	127,738	131,080	134,983	.0	(171)	.0	.0	4.500	4.017	MON	492	5,899	05/22/2003	06/15/2018
36225A-FR-6	GNMA POOL #780176				1	535,683	.1095440	541,617	494,429	531,653	.0	(436)	.0	.0	10.000	6.282	MON	4,120	49,443	05/26/1995	03/15/2021
36221G-SV-4	GNMA POOL #905932				1	92,867	.1091380	84,956	84,956	89,259	.0	(421)	.0	.0	10.250	9.241	MON	726	8,708	10/07/1996	02/15/2016
0299999 - Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities						1,346,308	XXX	1,333,658	1,257,069	1,329,087	.0	(1,743)	.0	.0	XXX	XXX	XXX	9,055	108,656	XXX	XXX
0399999 - Total - U.S. Government Bonds						26,623,490	XXX	26,611,440	26,957,069	26,723,742	.0	98,723	.0	.0	XXX	XXX	XXX	351,561	559,219	XXX	XXX
31359M-SQ-7	FANNIE MAE				1	1,414,000	.971480	1,393,102	1,434,000	1,426,901	.0	4,175	.0	.0	3.250	3.598	FA	17,606	46,605	10/15/2003	08/15/2008
31359M-TZ-6	FANNIE MAE				1	2,277,836	.964700	2,291,163	2,375,000	2,289,975	.0	12,139	.0	.0	3.250	5.113	FA	29,160	10,563	10/17/2006	02/15/2009
3133XD-PS-4	FED HOME LOAN BANK				1	2,353,417	.992490	2,357,164	2,375,000	2,356,577	.0	3,160	.0	.0	4.625	5.125	MN	12,205	54,922	10/17/2006	11/21/2008
31359M-DJ-9	FED NATL MTG ASSN				1	519,174	.1006220	503,110	500,000	507,722	.0	(6,569)	.0	.0	5.750	4.373	FA	10,861	28,750	03/23/2005	02/15/2008
313310-3W-7	FEDERAL FARM CREDIT BANK				1	2,366,259	.998700	2,446,815	2,450,000	2,448,015	.0	46,297	.0	.0	1.875	3.859	JJ	21,055	45,938	03/16/2005	01/16/2007
3133XA-NS-2	FEDERAL HOME LOAN BANK				1	1,929,160	.975030	1,950,060	2,000,000	1,944,379	.0	15,219	.0	.0	3.875	5.350	FA	29,708	38,750	05/17/2006	02/13/2009
3134A3-EM-4	FEDERAL HOME LOAN MORTGAGE				1	658,989	.1015280	659,932	650,000	657,169	.0	(1,820)	.0	.0	5.750	5.283	MS	11,005	18,688	05/24/2006	03/15/2009
3134A4-ZU-1	FREDDIE MAC				1	544,341	.993520	546,436	550,000	546,331	.0	1,990	.0	.0	4.625	5.304	FA	9,186	12,719	05/08/2006	02/21/2008
3137EA-AA-7	FREDDIE MAC				1	1,720,306	.997560	1,720,791	1,725,000	1,720,699	.0	392	.0	.0	4.875	5.062	FA	31,302	0	10/17/2006	02/17/2009
2599999 - Total Bonds - Special Revenue - Issuer Obligations						13,783,483	XXX	13,868,573	14,059,000	13,897,767	.0	74,983	.0	.0	XXX	XXX	XXX	172,087	256,933	XXX	XXX
3199999 - Total - Special Revenue Bonds						13,783,483	XXX	13,868,573	14,059,000	13,897,767	.0	74,983	.0	.0	XXX	XXX	XXX	172,087	256,933	XXX	XXX
010392-EN-4	ALABAMA POWER CO				1FE	799,741	.985240	788,192	800,000	799,922	.0	87	.0	.0	3.510	3.552	MN	3,588	28,000	11/10/2004	11/15/2007
037735-CA-3	APPALACHIAN POWER CO				2FE	240,000	.1000860	240,206	240,000	240,000	.0	0	.0	.0	5.694	5.817	MUSD	76	13,187	06/24/2004	06/29/2007
15189T-AF-4	CENTERPOINT ENERGY				2FE	366,947	.1003710	351,299	350,000	356,893	.0	(4,612)	.0	.0	5.875	4.475	JD	1,714	20,563	10/05/2004	06/01/2008
25746U-AL-3	DOMINION RESOURCES INC				2	301,587	.986930	296,079	300,000	300,606	.0	(518)	.0	.0	4.125	3.978	FA	4,675	12,375	01/27/2005	02/15/2008
653522-DJ-8	NIAGARA MOHAWK POWER				2FE	525,378	.1037380	518,690	500,000	511,769	.0	(6,369)	.0	.0	7.750	6.455	AO	9,688	38,750	09/29/2004	10/01/2008
744567-DT-2	PUBLIC SERV ELECT & GAS				1FE	928,420	.999840	999,840	1,000,000	1,000,000	.0	9,182	.0	.0	6.250	7.348	JJ	31,250	62,500	03/29/1996	01/01/2007
816851-AH-2	SEMPRA ENERGY				2FE	500,000	.1000230	500,115	500,000	500,000	.0	0	.0	.0	5.863	5.993	FWAN	3,257	27,384	05/18/2004	05/21/2008
879403-AL-7	TELEFONOS DE MEXICO SA				2FE	501,719	.985000	492,500	500,000	500,876	.0	(438)	.0	.0	4.500	4.451	MN	2,625	22,500	10/19/2004	11/19/2008
92931D-AB-8	WPD HOLDINGS UK 144A				2FE	143,424	.1011640	141,630	140,000	140,875	.0	(862)	.0	.0	6.875	6.288	JD	428	9,625	11/06/2003	12/15/2007
3299999 - Total Bonds - Public Utilities - Issuer Obligations						4,307,216	XXX	4,328,551	4,330,000	4,350,941	.0	(3,530)	.0	.0	XXX	XXX	XXX	57,300	234,883	XXX	XXX
3899999 - Total - Public Utilities Bonds						4,307,216	XXX	4,328,551	4,330,000	4,350,941	.0	(3,530)	.0	.0	XXX	XXX	XXX	57,300	234,883	XXX	XXX
060505-BC-7	BANK OF AMERICA				1	724,170	.970440														

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*	Foreign	Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
097014-AJ-3	BOEING CO.				1	496,900	.99	496,080	500,000	497,092	.0	.192	.0	.0	4.750	5.187	FA	8,313	.0	11/20/2006	08/25/2008
055669-AA-7	BP CANADA FINANCE BV.				1FE	898,722	.98	886,113	900,000	899,761	.0	.278	.0	.0	3.375	3.437	AO	5,147	30,375	09/18/2002	10/31/2007
120568-AK-6	BUNGE LTD FINANCE CORP.				2FE	513,045	.98	490,175	500,000	505,498	.0	(2,659)	.0	.0	4.375	3.822	JD	972	21,875	01/22/2004	12/15/2008
14040E-HJ-4	CAPITAL ONE BANK				1	485,285	.98	491,095	500,000	488,703	.0	3,418	.0	.0	4.250	5.584	JD	1,771	21,250	05/17/2006	12/01/2008
14912L-2U-4	CATERPILLAR FIN SERV.				1	999,300	.98	987,280	1,000,000	999,529	.0	.224	.0	.0	4.500	4.581	MS	15,000	45,125	08/29/2005	09/01/2008
125581-AD-0	CIT GROUP				1FE	249,355	.100	250,268	250,000	249,868	.0	.137	.0	.0	5.500	5.637	MN	1,184	13,750	11/21/2002	11/30/2007
20029P-AF-6	COMCAST CABLE				2FE	507,096	.100	454,073	450,000	454,883	.0	(14,110)	.0	.0	8.375	5.129	MN	6,281	37,688	01/08/2003	05/01/2007
224050-AR-5	COX ENTERPRISES 144A				2FE	498,325	.98	491,060	500,000	499,401	.0	.426	.0	.0	4.375	4.518	MN	3,646	21,875	05/20/2004	05/01/2008
233835-AU-1	DAIMLERCHRYSLER NA				2FE	514,835	.99	495,935	500,000	504,799	.0	(4,444)	.0	.0	4.750	3.835	JJ	10,951	23,750	09/08/2004	01/15/2008
25156P-AE-3	DEUTSCHE TELEKOM INT.				1FE	372,540	.97	367,080	375,000	373,857	.0	.696	.0	.0	3.875	4.120	JJ	6,418	14,531	01/27/2005	07/22/2008
293791-AL-3	ENTERPRISE PRODUCTS OPER.				3FE	249,680	.98	247,053	120,000	247,053	(2,850)	.120	.0	.0	4.000	4.092	AO	2,111	10,000	02/11/2005	10/15/2007
349631-AF-8	FORTUNE BRANDS INC.				1	511,150	.100	504,085	500,000	506,554	.0	(4,596)	.0	.0	6.250	5.221	AO	7,813	31,250	01/27/2006	04/01/2008
37033L-FU-5	GENERAL MILLS INC.				1	587,581	.101	581,578	575,000	586,337	.0	(1,244)	.0	.0	6.378	5.278	AO	7,640	.0	10/05/2006	10/15/2008
38143U-AA-9	GOLDMAN SACHS GROUP INC.				1FE	221,990	.97	219,825	225,000	223,221	.0	.818	.0	.0	3.875	4.330	JJ	4,020	8,719	06/23/2005	01/15/2009
404140-AP-3	HBOS TREASURY SERVICES 144A				1FE	999,770	.99	999,390	1,000,000	999,998	.0	.77	.0	.0	3.125	3.157	JJ	14,670	31,260	12/02/2003	01/12/2007
441812-FW-9	HOUSEHOLD FIN CO.				1	624,219	.100	611,330	610,000	612,024	.0	(11,717)	.0	.0	6.875	4.927	MS	13,979	41,938	12/16/2005	03/01/2007
441812-FY-5	HOUSEHOLD FINANCE CORP.				1	509,065	.101	500,990	500,000	508,432	.0	(633)	.0	.0	6.400	5.254	JD	1,244	16,000	11/20/2006	06/17/2008
448414-AA-0	HUTCHISON WHAMPO 144A				1FE	271,365	.100	251,745	250,000	254,588	.0	(7,629)	.0	.0	6.950	3.779	FA	7,240	17,375	10/01/2004	08/01/2007
45920Q-ET-7	IBM CORP.				1FE	999,610	.98	984,280	1,000,000	999,854	.0	.130	.0	.0	3.800	3.850	FA	15,833	38,000	01/27/2005	02/01/2008
459745-FJ-9	INTL LEASE FINANCE CORP.				1FE	997,980	.99	990,760	1,000,000	999,686	.0	.522	.0	.0	3.750	3.841	FA	15,625	37,500	07/29/2003	08/01/2007
244217-BJ-3	JOHN DEERE CAP CORP.				1FE	500,810	.98	492,765	500,000	500,181	.0	(167)	.0	.0	3.900	3.901	JJ	8,992	19,500	01/08/2003	01/15/2008
24422E-PV-5	JOHN DEERE CAPITAL CORP.				1	494,330	.98	493,830	500,000	494,681	.0	.351	.0	.0	4.500	5.248	FA	7,875	.0	11/20/2006	08/25/2008
501044-BY-6	KROGER CO.				2FE	560,305	.101	506,455	500,000	513,101	.0	(20,443)	.0	.0	7.800	3.542	FA	14,733	39,000	08/20/2004	08/15/2007
524901-AH-8	LEGG MASON INC.				1	766,755	.102	765,178	750,000	765,610	.0	(1,145)	.0	.0	6.750	5.361	JJ	25,172	.0	11/20/2006	07/02/2008
524908-JA-9	LEHMAN BROTHERS HOLDINGS				1	969,460	.97	974,900	1,000,000	972,838	.0	3,378	.0	.0	3.500	5.362	FA	14,000	.0	10/16/2006	08/07/2008
5525V0-AP-1	MARSHALL & LISLEY BANK				1FE	499,440	.98	492,885	500,000	499,789	.0	.184	.0	.0	3.800	3.876	FA	7,547	19,000	01/14/2005	02/08/2008
577778-BP-7	MAY DEPARTMENT STORES				1	522,195	.101	508,865	500,000	510,452	.0	(11,743)	.0	.0	7.900	5.234	AO	8,339	39,500	01/27/2006	10/15/2007
59018Y-RN-3	MERRILL LYNCH & CO.				1	968,300	.97	970,540	1,000,000	970,415	.0	2,115	.0	.0	3.125	5.215	JJ	14,410	.0	11/20/2006	07/15/2008
600388-AA-0	MILLER BREWING CO 144A				1	489,575	.97	489,615	500,000	490,711	.0	1,136	.0	.0	4.250	5.536	FA	8,028	.0	10/16/2006	08/15/2008
637432-CY-9	NATIONAL RURAL UTILITIES				1FE	757,823	.98	738,705	750,000	752,675	.0	(2,295)	.0	.0	3.875	3.580	FA	10,979	29,063	09/15/2004	02/15/2008
652478-BW-7	NEWS AMERICA HOLDINGS				2FE	558,555	.103	517,050	500,000	528,250	.0	(14,867)	.0	.0	7.375	4.121	AO	7,580	36,875	12/01/2004	10/17/2008
698465-BL-4	PANHANDLE EASTERN PIPELINE				2FE	499,772	.99	497,125	500,000	499,984	.0	.77	.0	.0	2.750	2.785	MS	4,049	13,750	03/09/2004	03/15/2007
713291-AF-9	PEPCO HOLDINGS, INC.				2FE	542,545	.100	500,015	500,000	508,037	.0	(12,607)	.0	.0	5.500	2.898	FA	10,389	27,500	03/10/2004	08/15/2007
74005P-AW-6	PRAXAIR INC.				1	723,023	.96	723,668	750,000	724,912	.0	1,889	.0	.0	2.750	5.231	JD	917	10,313	11/20/2006	06/15/2008
7425A0-AY-6	PRINCIPAL LIFE GLOBAL 144A				1	978,850	.97	979,070	1,000,000	980,414	.0	1,564	.0	.0	3.625	5.232	AO	6,142	.0	11/21/2006	04/30/2008
767201-AB-2	RIO TINTO FIN USA				1FE	951,410	.95	956,540	1,000,000	956,335	.0	4,925	.0	.0	2.625	5.340	MS	7,729	.0	10/16/2006	09/30/2008
786514-BJ-7	SAFEWAY INC.				1	391,756	.97	391,084	400,000	395,181	.0	2,455	.0	.0	4.125	4.877	MN	2,750	16,500	08/04/2005	11/01/2008
78442F-BC-1	SLM CORP.				1	976,390	.97	977,310	1,000,000	978,965	.0	2,575	.0	.0	3.950	5.390	FA	14,922	.0	10/16/2006	08/15/2008
852060-AC-6	SPRINT CAPITAL CORP.				2FE	526,930	.101	506,635	500,000	515,417	.0	(7,731)	.0	.0	6.125	4.441	MN	3,913	30,625	08/29/2005	11/15/2008
792860-AF-5	ST PAUL COMPANIES INC.				1FE	463,400	.100	465,242	465,000	464,924	.0	.353	.0	.0	5.750	5.915	MS	7,873	26,738	03/07/2002	03/15/2007
88731E-AK-6	TIME WARNER ENTMT SR DEB.				1	534,300	.102	513,630	500,000	519,987	.0	(11,257)	.0	.0	7.250	4.785	MS	12,083	37,500	09/20/2005	09/01/2008
892332-AL-1	TOYOTA MOTOR CREDIT CORP.				1	720,900	.96	724,478	750,000	724,156	.0	3,256	.0	.0	2.875	5.235	FA	8,984	.0	10/16/2006	08/01/2008
89420G-AG-4	TRAVELERS PROPERTY CASUALTY				1FE	354,084	.98	347,953	355,000	354,763	.0	.188	.0	.0	3.750	3.843	MS	3,920	13,313	03/06/2003	03/15/2008
907818-CM-8	UNION PACIFIC CORP.				2FE	532,685	.100	501,060	500,000	508,565	.0	(10,508)	.0	.0	5.750	5.069	AO	6,069	28,750	08/25/2004	10/15/2007
908584-DJ-1	UNION TANK CAR.				1FE	499,465	.100	500,520	500,000	499,994	.0	.71	.0	.0	7.125	7.268	FA	14,844	35,625	01/22/1997	02/01/2007
949746-JB-8	WELLS FARGO & COMPANY				1	978,430	.98	982,810	1,000,000	980,784	.0	2,354	.0	.0	4.000	5.319	FA	15,111	.0	10/16/2006	08/15/2008
895953-AB-3	YUM! BRANDS INC - TRICON				1	526,915	.102	513,820	500,000	516,438	.0	(10,477)	.0	.0	7.650	5.206	MN	4,888	38,250	01/27/2006	05/15/2008
3999999	Total - Industrial - Misc. - Issuer Obligations					33,316,867	XXX	32,841,699	33,165,000	33,054,886	(2,850)	(120,600)	.0	.0	XXX	XXX	XXX	480,698	1,000,795	XXX	XXX
4599999	Total - Industrial and Miscellaneous Bonds					33,316,867	XXX	32,841,699	33,165,000	33,054,886	(2,850)	(120,600)	.0	.0	XXX	XXX	XXX	480,698	1,000,795	XXX	XXX
5499999	Total - Issuer Obligations					76,684,748	XXX	76,316,605	77,254,000	76,698,250	(2,850)	51,319	.0	.0	XXX	XXX	XXX	1,052,592	1,943,174	XXX	XXX
5599999	Total - Single Class Mortgage-Backed/Asset-Backed Securities					1,346,308	XXX	1,333,658	1,257,069	1,329,087	.0	(1,743)	.0	.0	XXX	XXX	XXX	9,055	108,656	XXX	XXX
6099999	Totals					78,031,056	XXX	77,650,262	78,511,069	78,027,386	(2,850)	49,576	.0	.0	XXX	XXX	XXX	1,061,646	2,051,830	XXX	XXX

E08.1

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
.912828-EV-8	US TREASURY NOTE		10/13/2006	Undefined		11,599,125	11,700,000	100,162
.912828-CC-2	US TREASURY NT/BD		05/24/2006	Undefined		3,756,797	4,000,000	19,260
.912828-DN-7	US TREASURY NT/BD		02/14/2006	Undefined		1,232,813	1,250,000	19,579
0399999 - Total	- Bonds - U.S. Government					16,588,734	16,950,000	139,001
.31359M-TZ-6	FANNIE MAE		10/17/2006	Undefined		2,277,836	2,375,000	15,679
.3133XD-PS-4	FED HOME LOAN BANK		10/17/2006	Undefined		2,353,417	2,375,000	32,911
.3133XA-N5-2	FEDERAL HOME LOAN BANK		05/17/2006	Undefined		1,929,160	2,000,000	20,021
.3134A3-EM-4	FEDERAL HOME LOAN MORTGAGE		05/24/2006	Undefined		658,989	650,000	7,267
.3134A4-ZU-1	FREDDIE MAC		05/08/2006	Undefined		544,341	550,000	5,511
.3137EA-AA-7	FREDDIE MAC		10/17/2006	Undefined		1,720,306	1,725,000	14,249
3199999 - Total	- Bonds - Special Revenue					9,484,049	9,675,000	95,639
.060505-BC-7	BANK OF AMERICA		10/16/2006	Undefined		724,170	750,000	4,333
.06423A-AM-3	BANK ONE CORP		10/16/2006	Undefined		1,012,160	1,000,000	13,000
.073902-CC-0	BEAR STEARNS CO INC		11/20/2006	Undefined		1,157,676	1,200,000	13,608
.097014-AJ-3	BOEING CO		11/20/2006	Undefined		496,900	500,000	5,872
.14040E-HJ-4	CAPITAL ONE BANK		05/17/2006	Undefined		485,285	500,000	10,094
.349631-AF-8	FORTUNE BRANDS INC		01/27/2006	Undefined		511,150	500,000	10,417
.37033L-FU-5	GENERAL MILLS INC		10/05/2006	Undefined		587,581	575,000	0
.441812-FY-5	HOUSEHOLD FINANCE CORP		11/20/2006	Undefined		509,065	500,000	13,956
.24422E-PV-5	JOHN DEERE CAPITAL CORP		11/20/2006	Undefined		494,330	500,000	5,563
.524901-AH-8	LEGG MASON INC		11/20/2006	Undefined		766,755	750,000	19,969
.524908-JA-9	LEHMAN BROTHERS HOLDINGS		10/16/2006	Undefined		969,460	1,000,000	7,000
.577778-BP-7	MAY DEPARTMENT STORES		01/27/2006	Undefined		522,195	500,000	11,631
.59018Y-RN-3	MERRILL LYNCH & CO		11/20/2006	Undefined		968,300	1,000,000	11,198
.600388-AA-0	MILLER BREWING CO 144A		10/16/2006	Undefined		489,575	500,000	3,778
.74005P-AM-6	PRAXAIR INC		11/20/2006	Undefined		723,023	750,000	9,109
.7425A0-AY-6	PRINCIPAL LIFE GLOBAL 144A		11/21/2006	Undefined		978,850	1,000,000	2,719
.767201-AB-2	RIO TINTO FIN USA		10/16/2006	Undefined		951,410	1,000,000	1,385
.78442F-BC-1	SLM CORP		10/16/2006	Undefined		976,390	1,000,000	7,022
.892332-AL-1	TOYOTA MOTOR CREDIT CORP		10/16/2006	Undefined		720,900	750,000	4,672
.949746-JB-8	WELLS FARGO & COMPANY		10/16/2006	Undefined		978,430	1,000,000	7,111
.895953-AB-3	YUM! BRANDS INC - TRICON		01/27/2006	Undefined		526,915	500,000	8,075
4599999 - Total	- Bonds - Industrial, Misc.					15,550,520	15,775,000	170,510
6099997 - Total	- Bonds - Part 3					41,623,303	42,400,000	405,150
6099998 - Total	- Bonds - Part 5					3,048,308	2,950,000	21,302
6099999 - Total	- Bonds					44,671,611	45,350,000	426,452
6599998 - Total	- Preferred Stocks - Part 5					0	XXX	0
6599999 - Total	- Preferred Stocks					0	XXX	0
7299998 - Total	- Common Stocks - Part 5					0	XXX	0
7299999 - Total	- Common Stocks					0	XXX	0
7399999 - Total	- Preferred and Common Stocks					0	XXX	0
7499999 Totals						44,671,611	XXX	426,452

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ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date
362059-Y8-4	GNMA POOL #030435		11/15/2006	VARIABLE		555	524	566	539	.0	(8)	.0	(8)	.0	532	.0	23	23	39	04/15/2009
362064-L8-8	GNMA POOL #034551		11/15/2006	VARIABLE		6,219	5,845	6,309	6,044	.0	(89)	.0	(89)	.0	5,955	.0	264	264	450	05/15/2009
362135-4V-4	GNMA POOL #097136		11/15/2006	VARIABLE		39,609	36,829	40,512	38,898	.0	(551)	.0	(551)	.0	38,347	.0	1,262	1,262	3,442	04/15/2013
36214H-6D-4	GNMA POOL #106496		11/15/2006	VARIABLE		38,515	35,727	38,562	37,283	.0	(285)	.0	(285)	.0	36,998	.0	1,517	1,517	2,996	12/15/2013
36215N-TV-6	GNMA POOL #140164		12/15/2006	PRINCIPAL RECEIPT		1,238	1,236	1,351	1,333	.0	(95)	.0	(95)	.0	1,238	.0	.0	.0	68	03/15/2016
36215N-3T-9	GNMA POOL #140410		12/15/2006	PRINCIPAL RECEIPT		647	647	689	689	.0	(43)	.0	(43)	.0	647	.0	.0	.0	36	03/15/2016
36215N-3U-6	GNMA POOL #140411		12/15/2006	PRINCIPAL RECEIPT		1,080	1,080	1,178	1,159	.0	(80)	.0	(80)	.0	1,080	.0	.0	.0	60	04/15/2016
36215U-VT-2	GNMA POOL #145626		12/15/2006	PRINCIPAL RECEIPT		3,522	3,522	3,844	3,776	.0	(254)	.0	(254)	.0	3,522	.0	.0	.0	194	02/15/2016
36215W-BR-4	GNMA POOL #146848		12/15/2006	PRINCIPAL RECEIPT		7,496	7,496	8,180	7,961	.0	(464)	.0	(464)	.0	7,496	.0	.0	.0	428	02/15/2016
362151-AU-6	GNMA POOL #150419		12/15/2006	PRINCIPAL RECEIPT		590	590	644	634	.0	(44)	.0	(44)	.0	590	.0	.0	.0	32	02/15/2016
362153-ED-6	GNMA POOL #152332		12/15/2006	PRINCIPAL RECEIPT		5,419	5,419	5,914	5,728	.0	(309)	.0	(309)	.0	5,419	.0	.0	.0	298	03/15/2016
362159-P2-5	GNMA POOL #158041		12/15/2006	PRINCIPAL RECEIPT		1,107	1,107	1,208	1,176	.0	(69)	.0	(69)	.0	1,107	.0	.0	.0	61	04/15/2016
36216H-YB-6	GNMA POOL #165506		11/15/2006	VARIABLE		8,485	7,969	8,006	7,992	.0	(5)	.0	(5)	.0	7,987	.0	498	498	589	08/15/2016
36216S-J7-8	GNMA POOL #173186		11/15/2006	VARIABLE		13,614	12,860	12,921	12,887	.0	(9)	.0	(9)	.0	12,878	.0	736	736	949	08/15/2016
362162-SW-0	GNMA POOL #181533		11/15/2006	VARIABLE		6,496	6,258	6,754	6,639	.0	(220)	.0	(220)	.0	6,419	.0	77	77	448	10/15/2019
362164-X6-7	GNMA POOL #183501		12/15/2006	PRINCIPAL RECEIPT		1,232	1,232	1,344	1,312	.0	(80)	.0	(80)	.0	1,232	.0	.0	.0	67	10/15/2016
36202C-BS-1	GNMA POOL #1849		11/20/2006	VARIABLE		887	857	894	892	.0	(16)	.0	(16)	.0	877	.0	11	11	50	08/20/2024
36217C-SU-1	GNMA POOL #189631		12/15/2006	PRINCIPAL RECEIPT		12,794	12,794	13,962	13,614	.0	(820)	.0	(820)	.0	12,794	.0	.0	.0	1,143	08/15/2017
36202C-G5-6	GNMA POOL #2020		11/20/2006	VARIABLE		158,687	152,110	158,622	158,376	.0	(2,001)	.0	(2,001)	.0	156,376	.0	2,312	2,312	10,032	06/20/2025
36218F-KA-5	GNMA POOL #220889		11/15/2006	VARIABLE		1,727	1,727	1,723	1,709	.0	(9)	.0	(9)	.0	1,699	.0	28	28	137	05/15/2018
36202C-RF-2	GNMA POOL #2286		11/20/2006	VARIABLE		7,582	7,234	7,543	7,532	.0	(72)	.0	(72)	.0	7,461	.0	121	121	513	09/20/2026
36202C-SP-9	GNMA POOL #2326		11/20/2006	VARIABLE		67,653	64,655	67,423	67,328	.0	(722)	.0	(722)	.0	66,606	.0	1,047	1,047	4,851	11/20/2026
36218V-S9-5	GNMA POOL #233744		12/15/2006	PRINCIPAL RECEIPT		950	950	925	933	.0	48	.0	48	.0	950	.0	.0	.0	52	09/15/2017
36218W-MD-0	GNMA POOL #234456		12/15/2006	PRINCIPAL RECEIPT		3,392	3,392	3,701	3,642	.0	(250)	.0	(250)	.0	3,392	.0	.0	.0	187	11/15/2018
36202C-TA-1	GNMA POOL #2345		11/20/2006	VARIABLE		57,635	54,787	57,133	57,048	.0	(404)	.0	(404)	.0	56,645	.0	991	991	4,198	12/20/2026
36202C-UX-9	GNMA POOL #2398		11/20/2006	VARIABLE		6,420	6,246	6,513	6,502	.0	(144)	.0	(144)	.0	6,358	.0	62	62	314	03/20/2027
36202C-VH-3	GNMA POOL #2416		11/20/2006	VARIABLE		2,372	2,270	2,367	2,363	.0	(27)	.0	(27)	.0	2,336	.0	36	36	152	04/20/2027
36202C-WF-6	GNMA POOL #2446		11/20/2006	VARIABLE		18,849	17,969	18,739	18,715	.0	(173)	.0	(173)	.0	18,542	.0	307	307	1,321	06/20/2027
36219E-BK-5	GNMA POOL #246742		11/15/2006	VARIABLE		14,727	13,922	15,027	14,818	.0	(310)	.0	(310)	.0	14,508	.0	219	219	910	04/15/2018
36219M-50-1	GNMA POOL #253855		11/15/2006	VARIABLE		8,188	7,579	8,180	8,026	.0	(51)	.0	(51)	.0	7,975	.0	213	213	644	06/15/2018
36202C-ZC-0	GNMA POOL #2539		11/20/2006	VARIABLE		6,193	5,907	6,100	6,128	.0	(53)	.0	(53)	.0	6,075	.0	117	117	436	01/20/2028
36219S-Z5-1	GNMA POOL #258264		12/15/2006	PRINCIPAL RECEIPT		1,228	1,228	1,341	1,307	.0	(78)	.0	(78)	.0	1,228	.0	.0	.0	66	12/15/2018
36219T-N6-0	GNMA POOL #258813		04/15/2006	PRINCIPAL RECEIPT		4,539	4,539	4,376	4,424	.0	115	.0	115	.0	4,539	.0	.0	.0	151	09/15/2018
36219U-4W-1	GNMA POOL #260137		12/15/2006	PRINCIPAL RECEIPT		496	496	478	482	.0	14	.0	14	.0	496	.0	.0	.0	27	08/15/2018
36220H-QY-9	GNMA POOL #278671		09/15/2006	PRINCIPAL RECEIPT		50,040	50,040	54,011	53,365	.0	(3,325)	.0	(3,325)	.0	50,040	.0	.0	.0	3,235	08/15/2019
36220L-2N-0	GNMA POOL #281681		11/15/2006	VARIABLE		42,777	39,530	42,668	41,975	.0	(213)	.0	(213)	.0	41,762	.0	1,015	1,015	3,394	11/15/2019
36220M-AP-4	GNMA POOL #281814		11/15/2006	VARIABLE		77,882	72,129	77,854	77,502	.0	(489)	.0	(489)	.0	77,012	.0	870	870	6,110	12/15/2019
36203A-P2-6	GNMA POOL #343441		11/15/2006	VARIABLE		11,001	10,249	10,594	10,535	.0	(17)	.0	(17)	.0	10,518	.0	483	483	836	07/15/2024
36205J-HZ-1	GNMA POOL #391848		11/15/2006	VARIABLE		3,919	3,650	3,773	3,751	.0	(6)	.0	(6)	.0	3,745	.0	174	174	298	03/15/2025
36210A-2E-6	GNMA POOL #486873		11/15/2006	VARIABLE		76,554	75,034	70,187	70,402	.0	1,239	.0	1,239	.0	71,641	.0	4,913	4,913	4,071	01/15/2029
36201C-RG-1	GNMA POOL #579287		11/15/2006	VARIABLE		199,029	197,001	205,682	205,819	.0	(2,648)	.0	(2,648)	.0	203,171	.0	(4,142)	(4,142)	9,671	02/15/2032
36201N-AD-2	GNMA POOL #587804		12/15/2006	PRINCIPAL RECEIPT		5,620	5,620	5,793	5,802	.0	(182)	.0	(182)	.0	5,620	.0	.0	.0	122	06/15/2018
36201N-LV-0	GNMA POOL #588140		11/15/2006	VARIABLE		188,175	188,653	191,395	191,247	.0	(519)	.0	(519)	.0	190,727	.0	(2,553)	(2,553)	9,308	12/15/2032
36201S-LU-1	GNMA POOL #591739		11/15/2006	VARIABLE		160,435	160,780	163,117	162,928	.0	(710)	.0	(710)	.0	162,218	.0	(1,783)	(1,783)	7,443	12/15/2032
36201S-WF-2	GNMA POOL #592046		11/15/2006	VARIABLE		648,211	665,765	686,258	685,578	.0	(3,606)	.0	(3,606)	.0	681,973	.0	(33,762)	(33,762)	26,856	05/15/2018
36201S-XJ-3	GNMA POOL #592081		11/15/2006	VARIABLE		522,355	536,751	553,273	554,256	.0	(2,294)	.0	(2,294)	.0	551,963	.0	(29,607)	(29,607)	21,370	06/15/2018
36201S-YW-3	GNMA POOL #592125		11/15/2006	VARIABLE		118,634	117,032	122,189	122,273	.0	(644)	.0	(644)	.0	121,629	.0	(2,995)	(2,995)	6,204	11/15/2032
36201U-YX-6	GNMA POOL #593926		11/15/2006	VARIABLE		112,334	111,562	116,478	116,559	.0	(2,593)	.0	(2,593)	.0	113,966	.0	(1,632)	(1,632)	4,334	04/15/2033
36200A-6U-8	GNMA POOL #595883		12/15/2006	PRINCIPAL RECEIPT		65,514	65,514	67,531	67,348	.0	(1,834)	.0	(1,834)	.0	65,514	.0	.0	.0	960	05/15/2018
36200A-6Z-7	GNMA POOL #595888		12/15/2006	PRINCIPAL RECEIPT		8,885	8,885	9,158	9,161	.0	(276)	.0	(276)	.0	8,885	.0	.0	.0	218	06/15/2018
36200D-KM-4	GNMA POOL #598000		11/15/2006	VARIABLE		27,406	27,185	28,383	28,374	.0	(569)	.0	(569)	.0	27,805	.0	(399)	(399)	1,292	12/15/2032
36200K-ZE-0	GNMA POOL #603841		11/15/2006	VARIABLE		264,952	265,702	269,563	269,296	.0	(426)	.0	(426)	.0	268,870	.0	(3,918)	(3,918)	13,605	12/15/2032
36200W-GB-3	GNMA POOL #604194		11/15/2006	VARIABLE		105,335	108,220	111,551	111,315	.0	(562)	.0	(562)	.0	110,754	.0	(5,419)	(5,419)	4,284	04/15/2018
36225A-DX-5	GNMA POOL #780118		11/15/2006	VARIABLE		71,755	66,872	71,803	71,459	.0	(1,064)	.0	(1,064)	.0	70,395	.0	1,360	1,360	5,502	08/15/2021
36225A-FR-6	GNMA POOL #780176		12/15/2006	PRINCIPAL RECEIPT		94,150	94,150	102,006	101,322	.0	(7,171)	.0	(7,171)	.0	94,150	.0	.0	.0	4,608	03/15/2021
36225A-L7-3	GNMA POOL #780350		11/15/2006	VARIABLE		169,906	167,955	165,121	166,221	.0	971	.0	971	.0	167,192	.0	2,714	2,714	7,945	05/15/2009
36221G-SV-4	GNMA POOL #905932		12/15/2006	PRINCIPAL RECEIPT		6,382	6,382	6,977	6,737	.0	(355)	.0	(355)	.0	6,382	.0	.0	.0	360	02/15/2016
36374B-BC-6	GNR 2003-49-A		08/04/2006	UNDEFINED		413,933	437,782	435,593	436,076	.0	167	.0	167	.0	436,243	.0	(22,310)	(22,310)	6,540	10/16/2017
36374J-BV-3	GNR 2004-103-A		06/26/2006	UNDEFINED		372,041	382,363	382,363	382,363	.0	.0	.0								

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SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date
31359M-EY-5	FANNIE MAE		10/17/2006	Undefined		1,304,588	1,250,000	1,333,351	1,331,237		(16,265)		(16,265)		1,314,972		(10,385)	(10,385)	90,404	09/15/2009
3133MN-VV-0	FEDERAL HOME LOAN BANK		05/24/2006	Undefined		1,945,773	1,900,000	2,066,495	2,049,315		(8,180)		(8,180)		2,041,135		(95,362)	(95,362)	57,660	05/15/2012
3133X8-EL-2	FEDERAL HOME LOAN BANK		11/21/2006	Undefined		2,429,248	2,500,000	2,517,605	2,513,363		(3,112)		(3,112)		2,510,251		(81,004)	(81,004)	118,229	08/18/2009
31344A-GK-4	FHLMC		07/15/2006	MATURITY		1,500,000	1,500,000	1,571,825	1,519,102		(19,102)		(19,102)		1,500,000					07/15/2006
31286X-VA-1	FHLMC 15 YR GOLD #E93309		11/15/2006	VARIABLE		405,426	404,230	418,126	416,968		(1,530)		(1,530)		415,438		(10,012)	(10,012)	20,492	12/01/2017
31283K-WS-3	FHLMC 15 YR GOLD G1-1557		11/15/2006	VARIABLE		502,554	496,338	521,155	521,343		(5,694)		(5,694)		515,649		(13,095)	(13,095)	25,578	03/01/2019
3128NG-AT-2	FHLMC ARM #1H1218		11/15/2006	VARIABLE		782,322	795,593	801,933	801,783		(591)		(591)		801,193		(18,870)	(18,870)	38,427	11/01/2034
31394J-6L-6	FHR 2681 PC		11/08/2006	Undefined		990,000	1,000,000	1,027,031	1,023,038		(3,281)		(3,281)		1,019,757		(29,757)	(29,757)	47,500	01/15/2019
31395G-SU-7	FHR 2872 YB		11/15/2006	VARIABLE		597,000	600,000	621,094	618,830		(1,091)		(1,091)		617,739		(20,739)	(20,739)	28,500	06/15/2023
31395M-DY-2	FHR 2934 NB		11/08/2006	Undefined		986,875	1,000,000	1,020,195	1,019,509		(1,685)		(1,685)		1,017,824		(30,949)	(30,949)	47,500	01/15/2028
31394R-PZ-6	FHSF 2004-C		11/08/2006	Undefined		955,000	1,000,000	998,887	998,804		(32)		(32)		998,772		(43,772)	(43,772)	31,540	12/15/2011
31359M-LH-4	FNMA		10/15/2006	MATURITY		1,000,000	1,000,000	989,336	997,919		2,081		2,081		1,000,000				43,750	10/15/2006
31371K-TT-7	FNMA 15 YR #254686		11/25/2006	VARIABLE		655,650	653,944	681,736	677,027		(5,566)		(5,566)		671,461		(15,812)	(15,812)	31,680	04/01/2018
31376D-W7-3	FNMA 15 YR #352670		11/25/2006	VARIABLE		129,274	126,881	128,283	127,666		(214)		(214)		127,452		1,822	1,822	7,391	02/01/2013
31376J-VR-7	FNMA 15 YR #357124		11/25/2006	VARIABLE		243,239	242,481	251,024	250,956		(2,240)		(2,240)		248,716		(5,477)	(5,477)	11,371	05/01/2016
31378F-ZD-6	FNMA 15 YR #397772		11/25/2006	VARIABLE		22,480	22,123	22,367	22,251		(51)		(51)		22,200		280	280	1,145	09/01/2012
31378M-GL-8	FNMA 15 YR #402603		11/25/2006	VARIABLE		24,401	23,946	24,211	24,063		(39)		(39)		24,025		376	376	1,396	11/01/2012
31378N-GZ-5	FNMA 15 YR #403516		11/25/2006	VARIABLE		30,438	29,939	30,270	30,169		(72)		(72)		30,097		341	341	1,642	01/01/2013
31378T-K4-6	FNMA 15 YR #408115		11/25/2006	VARIABLE		17,516	17,181	17,371	17,321		(27)		(27)		17,294		222	222	1,014	12/01/2012
31379B-HC-0	FNMA 15 YR #414327		11/25/2006	VARIABLE		25,285	25,285	25,132	25,044		(55)		(55)		24,988		296	296	1,409	02/01/2013
31379K-H2-2	FNMA 15 YR #421549		11/25/2006	VARIABLE		181,015	177,972	179,940	178,880		(352)		(352)		178,527		2,488	2,488	9,785	06/01/2013
31379K-H3-0	FNMA 15 YR #421550		11/25/2006	VARIABLE		56,045	55,048	55,656	55,425		(107)		(107)		55,318		727	727	3,154	06/01/2013
31379X-JT-3	FNMA 15 YR #432374		11/25/2006	VARIABLE		24,925	24,479	24,750	24,643		(47)		(47)		24,596		329	329	1,389	06/01/2013
31379Y-FR-9	FNMA 15 YR #433176		11/25/2006	VARIABLE		190,658	187,048	188,977	188,055		(283)		(283)		187,772		2,886	2,886	11,022	07/01/2013
31380L-TC-2	FNMA 15 YR #443447		11/25/2006	VARIABLE		124,624	123,085	124,446	123,919		(427)		(427)		123,492		1,132	1,132	6,513	09/01/2028
31380Q-GA-9	FNMA 15 YR #446693		11/25/2006	VARIABLE		14,143	13,954	14,108	14,062		(47)		(47)		14,014		129	129	688	10/01/2013
31380Q-H3-4	FNMA 15 YR #446750		11/25/2006	VARIABLE		61,530	60,617	61,287	61,102		(182)		(182)		60,920		610	610	2,845	10/01/2013
31382G-NY-9	FNMA 15 YR #482007		11/25/2006	VARIABLE		39,840	39,375	39,810	39,700		(163)		(163)		39,537		303	303	1,909	04/01/2014
31382J-T7-6	FNMA 15 YR #483974		11/25/2006	VARIABLE		241,587	237,303	239,750	238,791		(423)		(423)		238,368		3,219	3,219	13,731	02/01/2014
31382L-BY-1	FNMA 15 YR #485255		11/25/2006	VARIABLE		215,192	211,131	213,308	212,179		(306)		(306)		211,874		3,318	3,318	12,414	02/01/2014
31382L-X2-7	FNMA 15 YR #485897		11/25/2006	VARIABLE		62,744	62,392	62,392	62,195		(148)		(148)		62,047		697	697	3,372	03/01/2014
31382M-CY-8	FNMA 15 YR #486187		11/25/2006	VARIABLE		83,500	82,424	83,335	83,115		(311)		(311)		82,804		695	695	3,872	03/01/2014
31382Q-U0-6	FNMA 15 YR #489391		11/25/2006	VARIABLE		38,862	38,271	38,694	38,600		(17)		(17)		38,491		372	372	1,870	03/01/2014
31382T-HK-8	FNMA 15 YR #491734		11/25/2006	VARIABLE		30,032	29,549	29,876	29,768		(72)		(72)		29,696		336	336	1,594	03/01/2014
31400K-CU-8	FNMA 15 YR #689583		11/25/2006	VARIABLE		580,370	586,550	601,581	599,729		(2,811)		(2,811)		596,918		(16,548)	(16,548)	25,550	02/01/2018
31401C-4K-6	FNMA 15 YR #704726		11/25/2006	VARIABLE		322,064	330,617	337,126	336,594		(1,101)		(1,101)		335,493		(13,430)	(13,430)	13,059	06/01/2018
31401J-C2-2	FNMA 15 YR #709389		11/25/2006	VARIABLE		564,831	563,452	587,927	585,895		(5,716)		(5,716)		580,180		(15,349)	(15,349)	25,625	07/01/2018
31402B-C3-6	FNMA 15 YR #723790		11/25/2006	VARIABLE		1,419,553	1,457,985	1,486,689	1,484,346		(4,447)		(4,447)		1,479,899		(60,346)	(60,346)	58,777	06/01/2018
31404G-YM-7	FNMA 15 YR #768516		11/25/2006	VARIABLE		66,623	66,512	68,829	68,787		(398)		(398)		68,389		(1,766)	(1,766)	3,179	03/01/2019
31371L-PL-7	FNMA 15YR #255227		11/25/2006	VARIABLE		1,054,972	1,084,058	1,076,605	1,076,702		1,125		1,125		1,077,827		(22,855)	(22,855)	43,630	05/01/2019
31382N-S0-6	FNMA 30 YR #487527		11/25/2006	VARIABLE		445,601	442,885	436,934	437,264		158		158		437,422		8,179	8,179	25,025	02/01/2029
31383S-CV-0	FNMA 30 YR #511384		11/25/2006	VARIABLE		33,522	32,848	32,139	32,155		197		197		32,352		1,169	1,169	1,978	09/01/2029
31383T-SN-9	FNMA 30 YR #512725		11/25/2006	VARIABLE		7,868	7,710	7,544	7,548		47		47		7,595		273	273	445	09/01/2029
31400B-SW-2	FNMA 30 YR #683161		11/25/2006	VARIABLE		667,777	663,501	690,508	690,800		(5,871)		(5,871)		684,929		(17,153)	(17,153)	34,498	02/01/2033
31404M-ML-9	FNMA 30 YR #772663		11/25/2006	VARIABLE		241,379	243,698	251,123	251,122		(844)		(844)		250,278		(8,899)	(8,899)	12,128	03/01/2034
31404M-MW-5	FNMA 30 YR #772673		11/25/2006	VARIABLE		54,911	55,453	57,143	57,143		(150)		(150)		56,993		(2,082)	(2,082)	2,755	03/01/2034
31391A-3V-9	FNMA ARM #661512		11/25/2006	VARIABLE		781,805	779,517	805,339	815,381		(7,239)		(7,239)		808,142		(26,337)	(26,337)	34,374	09/01/2032
31403V-LM-9	FNMA ARM #759132		11/25/2006	VARIABLE		275,554	276,849	281,650	281,623		(1,245)		(1,245)		280,379		(4,825)	(4,825)	11,046	01/01/2034
31365E-BN-2	FNMA POOL #125245		11/25/2006	VARIABLE		33,686	33,932	33,704	33,589		(136)		(136)		33,453		233	233	1,967	10/01/2023
31390K-WT-1	FNMA POOL #648758		11/25/2006	VARIABLE		81,169	80,927	82,002	81,811		(221)		(221)		81,590		(421)	(421)	3,648	08/01/2017
31404A-3G-7	FNMA POOL #763199		11/15/2006	VARIABLE		726,580	737,876	739,490	739,998		(95)		(95)		739,904		(13,324)	(13,324)	24,963	10/01/2033
31393B-K7-9	FNMA 2003-35 NB		11/25/2006	VARIABLE		992,635	1,000,000	1,023,125	1,01											

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	Foreign Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year (Amortization)/Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	
06423A-AM-5	BANK ONE CORP		02/01/2006	MATURITY	500,000	500,000	551,400	501,469	.0	(1,469)	.0	(1,469)	.0	500,000	.0	.0	.0	16,250	02/01/2006	
066050-CB-9	BANKAMERICA CORP SUB NOTE		04/15/2006	MATURITY	1,000,000	1,000,000	885,530	995,464	.0	4,536	.0	4,536	.0	1,000,000	.0	.0	.0	36,000	04/15/2006	
06609W-AM-6	BBHE 1998-2 A6		11/25/2006	VARIOUS	342,761	341,132	361,720	361,391	.0	(1,186)	.0	(1,186)	.0	360,205	.0	(17,444)	(17,444)	21,358	12/25/2008	
080555-AG-0	BELO CORPORATION		02/21/2006	Undef ined	225,716	215,000	245,203	236,649	.0	(1,002)	.0	(1,002)	.0	235,648	.0	(9,932)	(9,932)	5,399	11/01/2008	
05948X-RZ-9	BOAMS 2003-L 2A2		11/25/2006	VARIOUS	516,991	524,940	527,500	525,349	.0	(193)	.0	(193)	.0	525,156	.0	(8,165)	(8,165)	19,989	01/25/2034	
06424E-AC-8	BOAST 03-1		06/20/2006	PRINCIPAL RECEIPT	387,688		387,672	388,275	.0	(587)	.0	(587)	.0	387,688	.0	.0	.0	1,903	09/20/2007	
07383F-W8-7	BSCMS 2004-PWR8 A1		03/13/2006	VARIOUS	185,492	189,330	189,800	189,382	.0	(61)	.0	(61)	.0	189,321	.0	(3,830)	(3,830)	1,869	11/11/2041	
07387B-AD-5	BSCMS 2005-PWR9 A1		11/20/2006	VARIOUS	718,354	728,342	730,162	730,105	.0	(344)	.0	(344)	.0	729,761	.0	(11,407)	(11,407)	29,222	09/15/2042	
12489W-MW-1	CBASS 2005-CB5 AF2		11/10/2006	Undef ined	490,313	500,000	499,994	499,842	.0	(378)	.0	(378)	.0	499,464	.0	(9,152)	(9,152)	23,083	08/25/2035	
152312-AP-9	CENTEX CORP		10/16/2006	Undef ined	310,310	325,000	321,792	322,061	.0	437	.0	437	.0	322,498	.0	(12,188)	(12,188)	14,295	11/01/2010	
173067-EA-3	CGCMT 2004-C2 A1		03/17/2006	VARIOUS	165,333	169,323	169,742	169,493	.0	(51)	.0	(51)	.0	169,442	.0	(4,109)	(4,109)	1,729	10/15/2041	
172967-CU-3	CITIGROUP INC		11/27/2006	Undef ined	974,150	1,000,000	997,990	998,306	.0	346	.0	346	.0	998,652	.0	(24,502)	(24,502)	52,479	02/22/2010	
161581-CU-5	CMAOT 2003-A A4		11/15/2006	VARIOUS	942,160	950,000	951,188	950,450	.0	(459)	.0	(459)	.0	949,992	.0	(7,831)	(7,831)	14,287	12/15/2009	
12613X-BY-6	CNH 2003-B A4B		11/15/2006	VARIOUS	1,086,879	1,100,000	1,076,625	1,077,812	.0	10,395	.0	10,395	.0	1,088,208	.0	(1,329)	(1,329)	34,407	02/15/2011	
1718507-BJ-4	CONOCOPHILLIPS		11/27/2006	Undef ined	1,029,290	1,000,000	1,078,290	1,068,476	.0	(18,193)	.0	(18,193)	.0	1,050,283	.0	(20,993)	(20,993)	74,375	03/31/2009	
22237L-PW-8	COUNTRYWIDE HOME LOAN		11/27/2006	Undef ined	729,308	750,000	753,255	752,511	.0	(580)	.0	(580)	.0	751,931	.0	(22,624)	(22,624)	37,383	09/15/2009	
225458-DJ-4	CSFB 2005-C1 A2		11/07/2006	Undef ined	1,078,172	1,100,000	1,105,500	1,104,268	.0	(1,265)	.0	(1,265)	.0	1,103,004	.0	(24,832)	(24,832)	47,742	02/15/2038	
207678-AC-7	CTRRB 2001-1 A3		12/31/2006	VARIOUS	804,458	743,018	804,458	783,990	.0	(29,658)	.0	(29,658)	.0	754,332	.0	(11,314)	(11,314)	34,332	03/30/2009	
239753-CY-0	DAYTON HUDSON		07/15/2006	MATURITY	500,000	500,000	547,285	506,419	.0	(6,419)	.0	(6,419)	.0	500,000	.0	.0	.0	37,500	07/15/2006	
260543-AY-9	DOW CHEM NT 99		11/27/2006	STEIN ROE FARNHAM	1,032,403	950,000	967,646	956,705	.0	(1,419)	.0	(1,419)	.0	955,285	.0	77,118	77,118	91,378	10/15/2009	
26439R-AP-1	DUKE CAPITAL CORP		04/04/2006	Undef ined	499,610	500,000	503,335	500,658	.0	(445)	.0	(445)	.0	500,213	.0	(603)	(603)	8,305	05/18/2006	
35177P-AJ-6	FRANCE TELECOM		03/01/2006	MATURITY	500,000	500,000	554,415	504,503	.0	(4,503)	.0	(4,503)	.0	500,000	.0	.0	.0	18,000	03/01/2006	
396789-FN-4	GCCFC 2004 G6IA A2		11/10/2006	VARIOUS	687,689	689,068	692,496	691,054	.0	(1,668)	.0	(1,668)	.0	689,386	.0	(1,697)	(1,697)	17,231	10/08/2008	
368710-AE-9	GENENTECH INC USA		10/16/2006	Undef ined	563,493	580,000	579,954	579,957	.0	7	.0	7	.0	579,964	.0	(16,471)	(16,471)	31,971	07/15/2010	
37033L-FT-8	GENERAL MILLS INC		10/15/2006	MATURITY	650,000	650,000	658,346	657,255	.0	(7,255)	.0	(7,255)	.0	650,000	.0	.0	.0	41,919	10/15/2006	
370425-RT-9	GMAC		01/15/2006	MATURITY	275,000	275,000	295,466	274,783	625	(408)	.0	217	.0	275,000	.0	.0	.0	9,281	01/15/2006	
413627-AE-0	HARRAHS OPERATING INC		06/09/2006	Undef ined	523,070	500,000	541,585	536,662	.0	(4,962)	.0	(4,962)	.0	531,700	.0	(8,630)	(8,630)	33,750	01/15/2009	
449182-AV-6	HART 2003-A A4		11/15/2006	VARIOUS	1,086,951	1,100,000	1,076,625	1,078,047	.0	11,593	.0	11,593	.0	1,089,641	.0	(2,690)	(2,690)	29,947	10/15/2010	
41283A-BE-8	HDMOT 2003-4 A2		11/15/2006	VARIOUS	539,058	550,000	535,584	536,733	.0	4,469	.0	4,469	.0	541,202	.0	(2,144)	(2,144)	12,583	04/15/2011	
42805R-AB-5	HERTZ 2004-1A A2		11/06/2006	Undef ined	989,844	1,000,000	999,742	999,830	.0	84	.0	84	.0	999,915	.0	(10,071)	(10,071)	20,759	05/25/2008	
404230-AF-4	HIH PROPERTIES MTN		05/15/2006	DONALDSON, LUFKN & JENRETT	54,717	54,000	48,668	51,944	.0	266	.0	266	.0	52,209	.0	2,508	2,508	1,772	08/01/2008	
450956-06-5	INTL BANK RECON & DEV		03/28/2006	MATURITY	1,000,000	1,000,000	1,031,758	1,002,189	.0	(2,189)	.0	(2,189)	.0	1,000,000	.0	.0	.0	25,000	03/28/2006	
45031U-AF-8	ISTAR FINANCIAL INC		10/03/2006	Undef ined	296,697	300,000	298,362	298,555	.0	338	.0	338	.0	298,894	.0	(2,197)	(2,197)	17,916	01/15/2009	
244243-BN-0	JDOT 2005-A A4		11/10/2006	Undef ined	210,767	215,000	211,204	211,311	.0	838	.0	838	.0	212,149	.0	(1,382)	(1,382)	8,199	05/15/2012	
480074-AL-7	JONES APPAREL GROUP		06/15/2006	MATURITY	500,000	500,000	532,320	510,015	.0	(10,015)	.0	(10,015)	.0	500,000	.0	.0	.0	19,688	06/15/2006	
46625Y-TX-1	JPMCC 2005-LDP4 A1		11/15/2006	VARIOUS	215,359	216,931	217,623	217,595	.0	(274)	.0	(274)	.0	217,320	.0	(1,961)	(1,961)	8,577	10/15/2042	
49326E-DT-7	KEYCORP		11/27/2006	Undef ined	495,000	500,000	501,700	501,402	.0	(354)	.0	(354)	.0	501,048	.0	(5,958)	(5,958)	24,088	05/21/2009	
50075M-AA-2	KRAFT FOODS		11/01/2006	MATURITY	1,000,000	1,000,000	978,650	995,692	.0	4,308	.0	4,308	.0	1,000,000	.0	.0	.0	46,250	11/01/2006	
57978X-AA-3	MCCORMICK & CO		02/01/2006	MATURITY	750,000	750,000	748,508	749,971	.0	29	.0	29	.0	750,000	.0	.0	.0	24,000	02/01/2006	
585055-AG-1	MEDTRONIC INC		11/27/2006	Undef ined	585,960	600,000	599,638	599,657	.0	60	.0	60	.0	599,718	.0	(13,758)	(13,758)	31,719	09/15/2010	
617446-GL-7	MORGAN STANLEY DEAN WITTER		04/15/2006	MATURITY	500,000	500,000	546,645	504,559	.0	(4,559)	.0	(4,559)	.0	500,000	.0	.0	.0	15,250	04/15/2006	
63936W-AC-0	NAVOT 2003-A A3		04/15/2006	PRINCIPAL RECEIPT	147,275	147,275	147,261	147,229	.0	46	.0	46	.0	147,275	.0	.0	.0	514	02/15/2007	
654740-AA-7	NISSAN MOTOR ACCEPTANCE 144A		10/16/2006	Undef ined	531,570	550,000	549,104	549,236	.0	134	.0	134	.0	549,369	.0	(17,800)	(17,800)	28,335	03/08/2010	
62944T-AC-9	NVR INC		01/31/2006	Undef ined	301,041	310,000	310,406	310,369	.0	(6)	.0	(6)	.0	310,363	.0	(9,322)	(9,322)	2,067	06/15/2010	
68338S-EK-0	ONYX 2004-B A4		11/15/2006	VARIOUS	566,734	575,000	568,711	569,116	.0	1,306	.0	1,306	.0	570,422	.0	(3,687)	(3,687)	20,131	02/15/2011	
68338S-ET-1	ONYX 2005-A A4		11/06/2006	Undef ined	295,688	300,000	294,633	294,739	.0	2,032	.0	2,032	.0	296,770	.0	(1,083)	(1,083)	10,557	09/15/2011	
706451-AP-6	PEMEX PROJ FDG MASTER TR 144A		10/16/2006	Undef ined	512,610	500,000	500,500	500,381	.0	(62)	.0	(62)	.0	500,319	.0	12,291	12,291	26,804	06/15/2010	
69350E-AH-3	PPL 1999-1 A8		11/13/2006	Undef ined	513,820	500,000	532,383	529,497	.0	(10,158)	.0	(10,158)	.0	519,338	.0	(5,518)	(5,518)	31,877	06/25/2009	
74254P-JR-4	PRINCIPAL LIFE INC		10/16/2006	Undef ined	129,548	130,000	129,936	129,938	.0	9	.0	9	.0	129,947	.0	(399)	(399)	6,366	11/15/2010	
745867-AR-2	PULTE HOMES INC		10/16/2006	Undef ined	304,423	310,000	311,299	311,150	.0	(241)	.0	(241)	.0	310,910	.0	(6,487)	(6,487)	19,059	07/15/2009	
75913L-AC-5	REGIONS BANK		12/15/2006	MATURITY	660,000	660,000	660,198	660,060	.0	(60)	.0	(60)	.0	660,000	.0	.0	.0	19,140	12/15/2006	
775310-AB-4	ROGERS WIRELESS		07/06/2006	RBC DOMIN	355,063	325,000	328,250	327,098	.0	(160)	.0	(160)	.0	326,938	.0	.0	.0	28,125	05/01/2011	
89578S-AH-6	TAROT 2004-A A4		12/12/2006	VARIOUS	715,317	730,000	707,786	709,109	.0	10,097	.0	10,097	.0	719,206	.0	(3,889)	(3,889)	16,681	09/13/2010	
87927V-AK-4	TELECOM ITALIA CAPITAL		09/14/2006	Undef ined	492,290	500,000	492,290	493,569	.0	1,039	.0	1,039	.0	494,608	.0	(21,818)	(21,818)	23,556	01/15/2010	
913017-BG-3	UNITED TECHNOLOGIES CORP		10/16/2006	Undef ined	728,768	750,000	746,738	747,134	.0	484	.0	484	.0	747,618	.0	(18,850)	(18,850)	31,719	05/01/2010	
903278-CA-5	USAOT 2005-2 A4		11/06/2006	Undef ined	646,800	660,000	649,172	649,488	.0	2,431	.0	2,431	.0	651,919	.0	(5,119)	(5,119)	24,770	02/15/2011	
929043-AB-3	VORNADO REALTY LP		10/16/2006	Undef ined	485,550	500,000	494,770	495,176</												

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Date Acquired	5 Name of Vendor	6 Disposal Date	7 Name of Purchaser	8 Par Value (Bonds) or Number of Shares (Stocks)	9 Actual Cost	10 Consideration	11 Book/ Adjusted Carrying Value at Disposal Date	Change in Book/Adjusted Carrying Value					17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Interest and Dividends Received During Year	21 Paid for Accrued Interest and Dividends
											12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization)/ Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Change In B./A. C.V. (12 + 13 - 14)	16 Total Foreign Exchange Change in B./A. C.V.					
31331V-RC-2	FEDERAL FARM CREDIT BANK		03/07/2006	Undefined	10/17/2006	Undefined	1,200,000	1,196,304	1,196,040	1,197,429	0	1,125	0	1,125	0	0	(1,389)	(1,389)	39,488	3,738
3199999	Bonds - Special Revenue						1,200,000	1,196,304	1,196,040	1,197,429	0	1,125	0	1,125	0	0	(1,389)	(1,389)	39,488	3,738
26439R-AF-3	DUKE CAPITAL CORP.		04/04/2006	Undefined	10/16/2006	Undefined	500,000	531,117	527,020	526,742	0	(4,375)	0	(4,375)	0	0	278	278	20,625	625
449182-BS-2	HART 2006-A A4		03/07/2006	Undefined	11/17/2006	VARIOUS	125,000	124,985	125,098	125,075	0	90	0	90	0	0	23	23	4,274	0
74047P-AK-0	BREMCOR REFINING GROUP		02/01/2006	Undefined	05/17/2006	Undefined	475,000	503,847	490,851	502,359	0	(1,488)	0	(1,488)	0	0	(11,508)	(11,508)	9,886	445
92344G-AL-0	VERIZON GLOBAL FUNDING		04/04/2006	Undefined	10/16/2006	Undefined	650,000	692,055	693,732	687,775	0	(4,280)	0	(4,280)	0	0	5,957	5,957	41,627	16,494
4599999	Bonds - Industrial and Miscellaneous						1,750,000	1,852,004	1,836,700	1,841,950	0	(10,054)	0	(10,054)	0	0	(5,250)	(5,250)	76,412	17,564
6099998	Subtotal Bonds						2,950,000	3,048,308	3,032,740	3,039,379	0	(8,929)	0	(8,929)	0	0	(6,639)	(6,639)	115,899	21,302
7399999	Subtotal-Stocks						0	0	0	0	0	0	0	0	0	0	0	0	0	0
7499999	Totals						3,048,308	3,048,308	3,032,740	3,039,379	0	(8,929)	0	(8,929)	0	0	(6,639)	(6,639)	115,899	21,302

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 Foreign	4 NAIC Company Code or Alien Insurer Identification Number	5 NAIC Valuation Method (See SVO Purposes and Procedures Manual)	6 Do Insurer's Admitted Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	7 Total Amount of Such Intangible Assets	8 Book / Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
								9 Number of Shares	10 % of Outstanding
NONE									
1999999 Totals								XXX	XXX

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$
2. Total amount of intangible assets nonadmitted: \$

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-Tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-Tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Stock in Lower-Tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total				XXX	XXX

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE E PART 3 - SPECIAL DEPOSITS

States, Etc.	1 Type of Deposits	2 Purpose of Deposits	Deposits with the State of Domicile For The Benefit of All Policyholders		All Other Special Deposits		
			3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value	
1. Alabama	AL						
2. Alaska	AK						
3. Arizona	AZ						
4. Arkansas	AR						
5. California	CA						
6. Colorado	CO						
7. Connecticut	CT						
8. Delaware	DE						
9. District of Columbia	DC						
10. Florida	FL						
11. Georgia	GA						
12. Hawaii	HI						
13. Idaho	ID						
14. Illinois	IL						
15. Indiana	IN						
16. Iowa	IA						
17. Kansas	KS						
18. Kentucky	KY						
19. Louisiana	LA						
20. Maine	ME						
21. Maryland	MD						
22. Massachusetts	MA						
23. Michigan	MI						
24. Minnesota	MN						
25. Mississippi	MS						
26. Missouri	MO						
27. Montana	MT						
28. Nebraska	NE						
29. Nevada	NV						
30. New Hampshire	NH						
31. New Jersey	NJ						
32. New Mexico	NM						
33. New York	NY						
34. North Carolina	NC						
35. North Dakota	ND						
36. Ohio	OH						
37. Oklahoma	OK						
38. Oregon	OR						
39. Pennsylvania	PA						
40. Rhode Island	RI						
41. South Carolina	SC						
42. South Dakota	SD						
43. Tennessee	TN						
44. Texas	TX						
45. Utah	UT						
46. Vermont	VT						
47. Virginia	VA	B	Quota Share Reinsurance Agreement	51,585,427	51,346,422		
48. Washington	WA						
49. West Virginia	WV						
50. Wisconsin	WI						
51. Wyoming	WY						
52. American Samoa	AS						
53. Guam	GU						
54. Puerto Rico	PR						
55. US Virgin Islands	VI						
56. Northern Mariana Islands	MP						
57. Canada	CN						
58. Aggregate Other Alien	XXX	XXX		0	0	0	0
59. Total	XXX	XXX		51,585,427	51,346,422	0	0
DETAILS OF WRITE-INS							
5801.							
5802.							
5803.							
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX		0	0	0	0
5899. Totals (Lines 5801 through 5803 + 5898)(Line 58 above)	XXX	XXX		0	0	0	0