

FINANCIAL STATEMENTS

Princeton Insurance

PARTNERSHIP. PREVENTION. PROTECTION.

Princeton Insurance: Perseverance means... stability... leadership... preparedness

Financial Results for the Year Ending December 31, 2007

Statutory Statements of Admitted Assets, Liabilities and Surplus

Building financial strength to ensure the protection of our policyholders for the long term remains a central goal for Princeton Insurance. In 2007, total assets continued to increase and stockholder's surplus strengthened to \$269.8 million.

Statutory Statements of Admitted Assets, Liabilities and Surplus		
	12/31/2007	12/31/2006
Assets		
Invested Assets	\$950,822,038	\$923,803,467
Other Assets	62,053,334	83,875,833
Total Assets	<u>\$1,012,875,372</u>	<u>\$1,007,679,300</u>
Liabilities & Stockholder's Surplus		
Loss & LAE reserves	\$514,110,175	\$570,556,821
Other Liabilities	228,932,591	214,860,585
Total Liabilities	<u>743,042,766</u>	<u>785,417,406</u>
Stockholder's Surplus	269,832,606	222,261,894
Total Liabilities & Surplus	<u>\$1,012,875,372</u>	<u>\$1,007,679,300</u>

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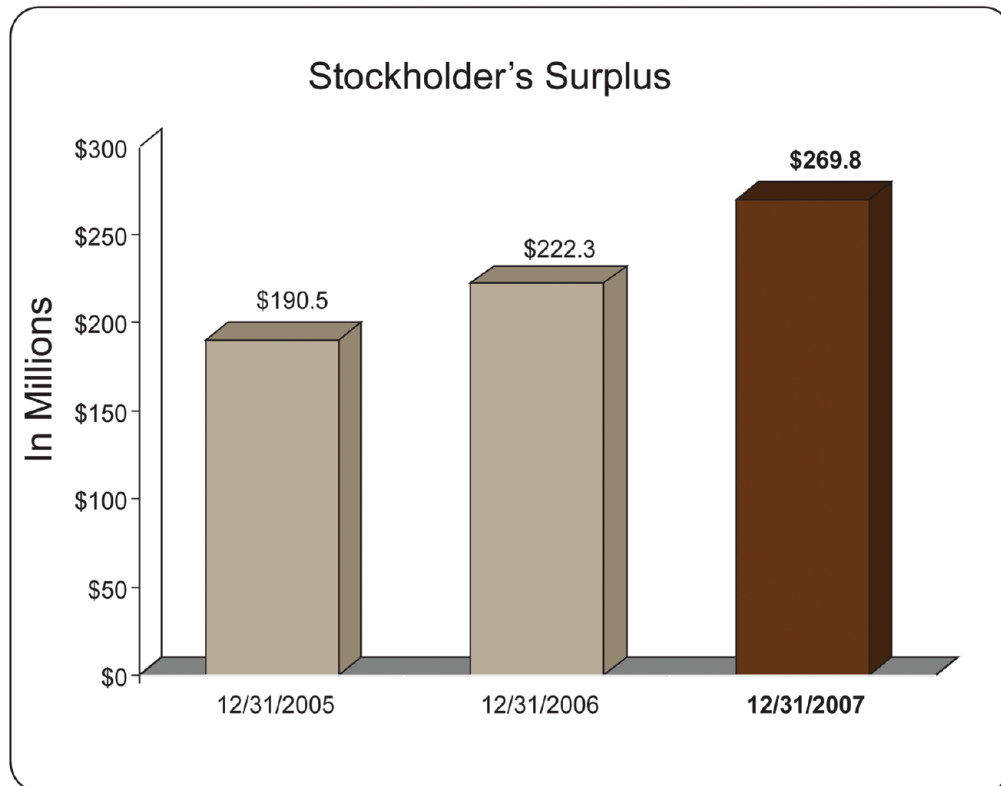
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Stockholder's Surplus

A vital component of an insurer's financial strength is surplus. The cost of any insurance policy is based on an estimate of what will happen in the future, and surplus is there to respond when those estimates prove to be different than anticipated. As of year-end 2007, Princeton Insurance continued to build its safety net for the long-term protection of policyholders.



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Statutory Statements of Operations

Princeton Insurance continues to exhibit financial stability with over \$56.5 million in net income as of year-end 2007. Net income benefits stockholder's surplus, which plays an important role in overall financial health. This marks the 5th consecutive annual increase in surplus since year-end 2002, a result achieved through disciplined, conservative financial management.

Statutory Statements of Operations		
	12/31/2007	12/31/2006
Gross premiums written	\$217,305,041	\$233,885,784
Net premiums written	188,408,552	173,566,181
Net premiums earned	192,277,519	170,291,248
Net loss and LAE incurred	118,817,280	148,034,932
Net underwriting expenses	<u>32,062,551</u>	<u>29,959,392</u>
Net underwriting gain (loss)	<u>41,397,688</u>	<u>(7,703,076)</u>
Net investment income earned	38,269,415	33,990,643
Net realized capital gains	7,587,823	2,351,368
Other income (expense)	<u>(17,817,811)</u>	<u>(6,547,971)</u>
Net income before federal taxes	69,437,115	22,090,964
Federal taxes incurred	<u>12,862,153</u>	<u>3,826,909</u>
Net income	<u>\$56,574,962</u>	<u>\$18,264,055</u>

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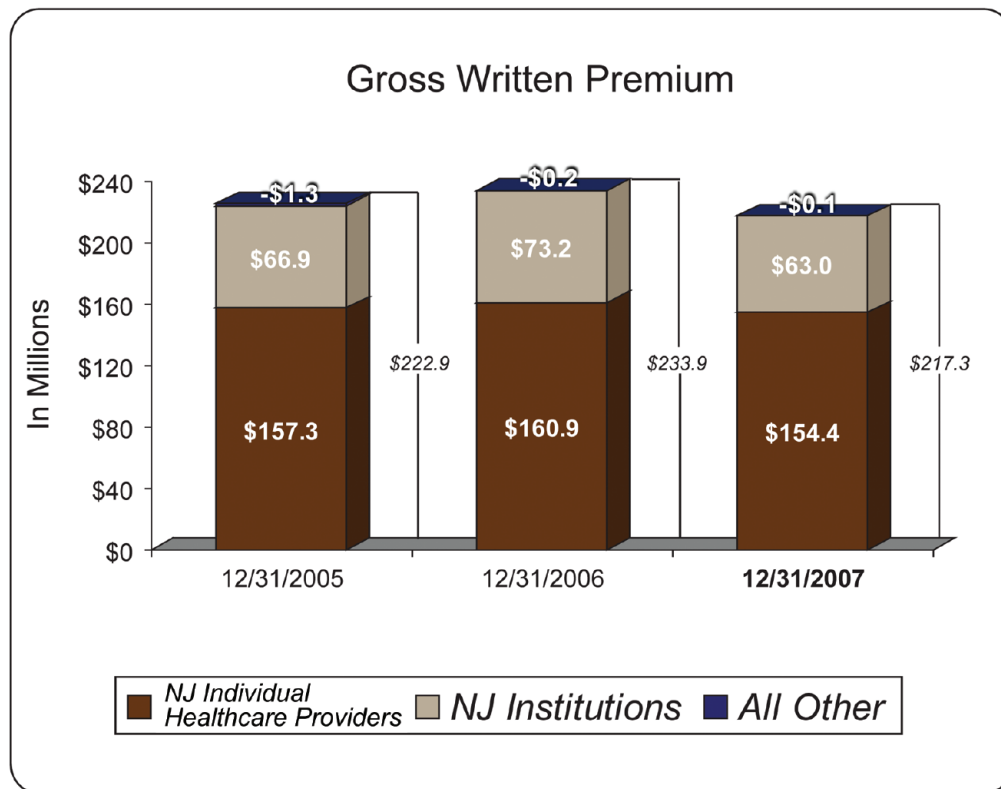
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Gross Written Premium

Concentrating all our efforts and capital to support the New Jersey healthcare community has played a substantial role in stabilizing gross written premium and building surplus.



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Statutory Combined Ratio

The statutory combined ratio is a comparison of losses and expenses to premiums. Ours currently stands at 78.8%, which is an indication of healthy underwriting performance for a medical professional liability insurer.

