

Harbor Point Reinsurance U.S., Inc.
2008 Insurance Regulatory Information System (IRIS) Results

Attached are the IRIS results for Harbor Point Reinsurance U.S., Inc. (Harbor Point Re) for 2008. You will note that all but one ratio is within in the specified values or ranges

As you know, Harbor Point Re was acquired as a shell in January 2007. There was very little activity until September 28, 2007 when we put \$500 million of capital into the Company. Activity on the underwriting side was also limited as our efforts were focused on January 1, 2008 renewals. However, we did write three casualty reinsurance deals at November 1, 2007 that represented approximately \$15 million in gross written premium and \$3 million of net written premium for 2007. In contrast, in 2008 when the Company was truly up and running, our gross written premium was \$324 million and our net written premium, after the quota-share to Harbor Point in Bermuda was \$65 million.

The limited activity in 2007 resulted in Ratio #3 being outside of the specified boundaries as follows:

Ratio 3 – Net Change in Premiums Written

<i>Normal Range/Value per NAIC</i>	+33% to -33%
<i>Harbor Point Re value</i>	+2,053%

I hope this information helps you to understand Harbor Point Re's financial picture a little better. If you have any questions concerning our IRIS ratios or any other aspect of Harbor Point Re's financial position, please contact me.

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2008 IRIS Ratios - P&C Companies

Company Name Harbor Point Reinsurance U.S., Inc.

NAIC Company Code 10829

Commenced Business Date: 09/17/1997

Ratio	Title	Unusual Result Equal to or Over	Unusual Result Equal to or Under	Result Percent	Unusual Result Indicator
#1	Gross Premiums Written to Policyholders' Surplus	900.0		63.0	
#2	Net Premiums Written to Policyholders' Surplus	300.0		13.0	
#3	Change in Net Premiums Written	33.0	(33.0)	2,053.0	*
#4	Surplus Aid to Policyholders' Surplus	15.0		0.0	
#5	Two-Year Overall Operating Ratio	100.0		(9.0)	
#6	Investment Yield	6.5	3.0	4.2	
#7	Gross Change in Policyholders' Surplus	50.0	(10.0)	1.0	
#8	Change in Adjusted Policyholders' Surplus	25.0	(10.0)	1.0	
#9	Adjusted Liabilities to Liquid Assets	105.0		16.0	
#10	Gross Agents' Balances (in collection) to Policyholders' Surplus	40.0		3.0	
#11	One-Year Reserve Development to Policyholders' Surplus	20.0		0.0	
#12	Two-Year Reserve Development to Policyholders' Surplus	20.0		0.0	
#13	Estimated Current Reserve Deficiency to Policyholders' Surplus	25.0		0.0	

* - Indicates and unusual value.

Ratio #1 Gross Premiums Written to Policyholders' Surplus

A.	Direct Premiums Written (Page 8, Line 35, Column 1)	(19,455)
B.	Reinsurance Assumed - Affiliates (Page 8, Line 35, Column 2)	0
C.	Reinsurance Assumed - NonAffiliates (Page 8, Line 35, Column 3)	324,019,167
D.	Policyholders' Surplus (Page 3, Line 35, Column 1)	514,401,459
E.	Ratio 1 Result	63.0 %
	Result = $100 * (A + B + C) / D$	
	* If D is zero or negative, result is 999.	
	* If D is positive and (A + B + C) is negative, result is zero.	

Ratio #2 Net Premiums Written to Policyholders' Surplus

A.	Net Premiums Written (Page 8, Line 35, Column 6)	64,803,833
B.	Policyholders' Surplus (Page 3, Line 35, Column 1)	514,401,459
C.	Ratio 2 Result	13.0 %
	Result = $100 * (A / B)$	
	* If B is zero or negative, result is 999.	
	* If B is positive and A is negative, result is zero.	

Ratio #3 Change in Net Premiums Written

A.	Net Premiums Written Current Year (Page 8, Line 35, Column 6)	64,803,833
B.	Net Premiums Written Prior Year (PY: Page 8, Line 34, Column 6)	3,010,000
C.	Ratio 3 Result	2,053 %
	Result = $100 * (A - B) / B$	
	* If A and B are both zero or negative, result is zero.	
	* If A is positive and B is zero or negative, result is 999.	

Ratio #4	Surplus Aid to Policyholders' Surplus	
A.	Reinsurance Ceded Commissions (Page 11, Line 2.3, Column 2)	64,754,439
B.	Reinsurance Ceded Contingent Commissions (Page 11, Line 2.6, Column 2)	
C.	Reinsurance Ceded - Affiliates (Page 8, Line 35, Column 4)	259,215,334
D.	Reinsurance Ceded - Non-Affiliates (Page 8, Line 35, Column 5)	(19,455)
E.	Unearned Premiums - Total Authorized and Unauthorized Other US Unaffiliated Insurers (Page 22, Lines (0599999 + 1499999), Column 13, *1000)	0
F.	Unearned Premiums - Total Authorized and Unauthorized Mandatory & Voluntary Pools (Page 22, Lines (0699999 + 0799999 + 1599999 + 1699999), Column 13, *1000)	0
G.	Unearned Premiums - Total Authorized and Unauthorized Other Non-US Insurers (Page 22, Lines (0899999 + 1799999), Column 13, *1000)	0
H.	Sum of E + F + G	0
I.	Surplus Aid = [(A + B) / (C + D)] * H	0
J.	Policyholder's Surplus (Page 3, Line 35, Column 1)	514,401,459
K.	Ratio 4 Result	0.0 %
	Result = 100 * (I / J)	
	* If either (C + D) or I is zero or negative, result is zero.	
	* If I is positive and J is zero or negative, result is 999.	

Ratio #5	Two-Year Overall Operating Ratio	
A.	Losses and LAE Incurred CY (Page 4, Lines 2 + 3, Column 1)	18,862,871
B.	Losses and LAE Incurred PY (PY: Page 4, Lines 2 + 3, Column 1)	23,205
C.	Dividends to Policyholders CY (Page 4, Line 17, Column 1)	
D.	Dividends to Policyholders PY (PY: Page 4, Line 173, Column 1)	
E.	Premiums Earned CY (Page 4, Line 1, Column 1)	24,574,840
F.	Premiums Earned PY (PY: Page 4, Line 1, Column 1)	41,806
G.	Other Underwriting Exp and Agg. Write-in for Underwriting CY (Page 4, Lines 4 + 5, Column 1)	18,478,011
H.	Other Underwriting Exp and Agg. Write-in for Underwriting PY (PY: Page 4, Lines 4 + 5, Column 1)	6,367,402
I.	Total Other Income CY (Page 4, Line 15, Column 1)	(54,483)
J.	Total Other Income PY (PY: Page 4, Line 15, Column 1)	0
K.	Net Premiums Written CY (Page 8, Line 35, Column 6)	64,803,833
L.	Net Premiums Written PY (PY: Page 8, Line 34, Column 6)	3,010,000
M.	Net Investment Income Earned CY (Page 4, Line 9, Column 1)	22,856,351
N.	Net Investment Income Earned PY (PY: Page 4, Line 9, Column 1)	7,331,281
O.	Loss Ratio = 100 * (A + B + C + D) / (E + F)	77.0
P.	Expense Ratio = 100 * (G + H - I - J) / (K + L)	37.0
Q.	Investment Income Ratio = 100 * (M + N) / (E + F)	123.0
R.	Ratio 5 Result	(9.0) %
	Result = O + P - Q	
	* If (A + B + C + D + G + H - I - J - M - N) is zero or negative, result is zero.	
	* If (E + F) or (K + L) is zero or negative, result is 999.	

Ratio #6	Investment Yield	
A.	Total Cash and Invested Assets CY (Page 2, Line 10, Column 3).....	583,955,462
B.	Total Cash and Invested Assets PY (PY: Page 2, Line 10, Column 3).....	509,088,225
C.	Investment Income Due and Accrued CY (Page 2, Line 12, Column 3).....	3,664,467
D.	Investment Income Due and Accrued PY (PY: Page 2, Line 12, Column 3).....	2,571,596
E.	Borrowed Money CY (Page 3, Line 8, Column 1).....	0
F.	Borrowed Money PY (PY: Page 3, Line 8, Column 1).....	0
G.	Net Investment Income Earned (Page 4, Line 9, Column 1).....	22,856,351
H.	Ratio 6 Result	4.2 %
	Result = $200 * G / (A + B + C + D - E - F - G)$	
	* Limit result to a minimum of zero.	

Ratio #7	Gross Change in Policyholders' Surplus	
A.	Policyholders' Surplus CY (Page 3, Line 35, Column 1).....	514,401,459
B.	Policyholders' Surplus PY (PY: Page 3, Line 35, Column 1).....	507,562,685
C.	Ratio 7 Result	1 %
	Result = $100 * (A - B) / B$	
	* If A is zero or negative, result is -99.	
	* If A is positive and B is zero or negative, result is 999.	

Ratio #8	Change in Adjusted Policyholders' Surplus	
A.	Policyholders' Surplus CY (Page 3, Line 35, Column 1).....	514,401,459
B.	Change in Surplus Notes (Page 4, Line 29, Column 1).....	0
C.	Capital Paid in or Transferred (Page 4, Line 32.1 + 32.2 + 32.3, Column 1).....	0
D.	Surplus Paid in or Transferred (Page 4, Line 33.1 + 33.2 + 33.3, Column 1).....	2,520,988
E.	Policyholders' Surplus PY (PY: Page 3, Line 35, Column 1).....	507,562,685
F.	Ratio 8 Result	1 %
	Result = $100 * (A - B - C - D - E) / ABS(E)$	
	* If A is zero or negative, result is -99.	
	* If A is positive and E is zero or negative, result is 999.	

Ratio #9	Adjusted Liabilities to Liquid Assets	
A.	Total Liabilities (Page 3, Line 26, Column 1).....	225,921,138
B.	Liabilities Equal to Deferred Agents' Balance (Page 2, Line 13.2, Column 3).....	130,974,603
C.	Adjusted Liabilities (09A - 09B)	94,946,535
D.	Bonds (Page 2, Line 1, Column 3).....	449,994,888
E.	Stocks, Preferred and Common (Page 2, Lines 2.1 + 2.2, Column 3).....	20,741,179
F.	Cash, Cash Equivalents and Short-Term Investments (Page 2, Line 5, Column 3).....	113,217,571
G.	Receivable for Securities (Page 2, Line 8, Column 3).....	1,824
H.	Investment Income Due and Accrued (Page 2, Line 12, Column 3).....	3,664,467
I.	Investments in Parent, Sub, and Affiliates (Page 17, Lines 40 + 41 + 42 + 43, Column 1).....	0
J.	Liquid Assets = D + E + F + G + H - I	587,619,929
K.	Ratio 9 Result	16.0 %
	Result = $100 * C/J$	
	* If J is zero or negative, result is 999.	

Ratio #10	Gross Agents' Balances (in collection) to Policyholders' Surplus	
A.	Gross Agents Balances in Course of Collection (Page 2, Line 13.1, Column 3).....	15,629,490
B.	Policyholders' Surplus (Page 3, Line 35, Column 1).....	514,401,459
C.	Ratio 10 Result	3.0 %
	Result = 100 * (A / B)	
	* If A is zero or negative, result is zero.	
	* If A is positive and B is zero or negative, result is 999.	

Ratio #11	One-Year Reserve Development to Policyholders' Surplus	
A.	One-Year Loss Reserve Development (Page 32, Part 2, Line 12, Column 11 * 1000).....	198
B.	Policyholders' Surplus PY (PY: Page 3, Line 35, Column 1).....	507,562,685
C.	Ratio 11 Result	0.0 %
	Result = 100 * (A / B)	
	* If A is positive and B is zero or negative, result is 999.	

Ratio #12	Two-Year Reserve Development to Policyholder's Surplus	
A.	Two-Year Loss Reserve Development (Page 32, Part 2, Line 12, Column 12 * 1000).....	0
B.	Policyholders' Surplus (2nd Prior Year) (2nd PY: Page 3, Line 35, Column 1).....	21,059,727
C.	Ratio 12 Result	0.0 %
	Result = 100 * (A / B)	
	* If A is positive and B is zero or negative, result is 999.	

Ratio #13	Estimated Current Reserve Deficiency to Policyholders' Surplus	
A.	Losses and LAE reserves (2nd Prior Year) (2nd PY: Page 3, Lines 1 + 3, Column 1).....	0
B.	Two-year Development of Losses and LAE Incurred (Page 32, Part 2, Line 12, Column 12 * 1000).....	0
C.	Premiums Earned (2nd Prior Year) (2nd PY: Page 4, Line 1, Column 1).....	35,484,354
D.	Ratio 2nd Prior Year = (A + B) / C.....	56.00
E.	Loss and LAE reserves (Prior Year) (PY: Page 3, Lines 1 + 3, Column 1).....	23,205
F.	One-year Development of Losses and LAE Incurred (Page 32, Part 2, Line 12, Column 11 * 1000).....	198
G.	Premiums Earned (Prior Year) (PY: Page 4, Line 1, Column 1).....	41,806
H.	Ratio Prior Year (E + F) / G	56.00
I.	Premiums Earned (Page 4, Line 1, Column 1).....	24,574,840
J.	Loss and LAE Reserves Required (Page 3, Lines 1 + 3, Column 1).....	17,728,535
K.	Deficiency = {[0.5 * (D + H)] * I} - J	0
	* If G is zero, negative, or less than (L / 10), K = zero	
L.	Policyholders' Surplus (Page 3, Line 35, Column 1).....	514,401,459
M.	Ratio 13 Result	0.0 %
	Result = 100 * K / L	
	* If K is positive and L is zero or negative, result is 999.	
	* If K and L are both zero or negative, result is zero.	