REPORT ON EXAMINATION

of the

NATIONAL TRUST INSURANCE COMPANY

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Dept. of Commerce & Insurance
Company Examinations

6300 University Parkway

Sarasota, Florida 34240

as of

December 31, 2007

DEPARTMENT OF COMMERCE AND INSURANCE

STATE OF TENNESSEE

NASHVILLE, TENNESSEE

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STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
INSURANCE DIVISION
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NASHVILLE, TENNESSEE 37243-1135

Sarasota, Florida
June 12, 2009

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Honorable Thomas R. Sullivan Secretary, Northeastern Zone, NAIC Connecticut Department of Insurance 153 Market Street, 7th Floor Hartford, CT 06103	Honorable Scott Richardson Secretary, Southeastern Zone, NAIC South Carolina Department of Insurance Capital Center 1201 Main Street, Suite 1000 Columbia, SC 29201
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Commissioners:

Pursuant to your instructions and in accordance with the Tennessee Insurance Laws, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a financial examination and a market conduct review was made of the conditions and affairs of the

NATIONAL TRUST INSURANCE COMPANY
SARASOTA, FLORIDA

as of December 31, 2007, hereinafter and generally referred to as the "Company" or NTI.

INTRODUCTION

This examination was arranged by the Department of Commerce and Insurance of the State of Tennessee (TDCI or Department) under rules promulgated by the NAIC. It was commenced on May 5, 2008, and was conducted by duly authorized representatives of the TDCI. Due to the Company being licensed in many states, this examination is classified as an Association examination and therefore was called through the NAIC's Examination Tracking System. Notice of intent to participate was not received from any other state; however the Florida Department of Insurance agreed to coordinate this exam with an exam they were performing on another FCCI Insurance Group company (FCCI Advantage Insurance Company). This examination was made simultaneously with one of the Company's affiliates, FCCI Advantage Insurance Company.

The previous examination was made as of December 31, 2002, by examiners of the State of Tennessee. Their report on examination contained a few criticisms requiring corrective action by the TDCI. The Company has corrected all of the problems stated in the last report. See Comments - Previous Examination section included under Scope of Examination on page 3.

SCOPE OF EXAMINATION

This examination covers the period January 1, 2003 through December 31, 2007 and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

During the course of examination, assets were verified and valued, and liabilities were determined or estimated as of December 31, 2007, in accordance with rules and procedures as prescribed by the statutes of Tennessee, the Company's state of domicile. The examination of the financial condition of the Company was conducted in accordance with guidelines and procedures contained in the *NAIC Financial Condition Examiners Handbook.*

An examination of all assets and liabilities contained in the financial statement of this report was made and individual items were verified with a degree of emphasis determined by the examiner-in-charge during the planning stage of the examination. Independent actuaries were utilized in the review of the Company's loss reserves. In addition, independent reinsurance specialists were utilized in the review of the Company's reinsurance agreements and overall reinsurance program.

A letter of representation, dated as of the date of this report and certifying that management has disclosed all significant matters and records, was obtained from management and has been included in the work papers of this examination.

Comments - Previous Examination

The previous examination report as of 12/31/02 made two (2) comments and three (3) recommendations, which the Company has corrected. Here is a description of the comments and recommendations with the Company's response:

Prior Comments:

1. The Company is a party to an intercompany service agreement for the providing of servicing claims, managing payroll and providing clerical and administrative assistance with FCCI Services, Inc. (FSI) an affiliate corporation. To more accurately reflect NAIC Accounting Practices, the Company should record any amount owed to FSI on the liability line captioned, "Payable to parent, subsidiaries and affiliates". This more accurately reflects SSAP No. 67 which states "A liability shall be recognized and identified as due to affiliates for expenditures incurred on behalf of the reporting entity by a parent, affiliates or subsidiaries".

   The intercompany service agreement calls for settlement on a monthly basis. Settlement has been occurring quarterly. The Company should either settle monthly or amend the agreement to indicate settlement on a quarterly basis.

Company's Response: The Company, as well as its parent and affiliate companies, settles inter-company balances on a monthly basis as part of the monthly closing process, which has made the reporting of any inter-company balances unnecessary.

2. In July of 1999, the Company entered into a lockbox arrangement with its parent, FCCI Insurance Company whereby premium remittances are deposited into a fiduciary account under the name of FCCI Insurance Company. The funds are electronically identified, using encoded remittance advises. The Company and FCCI have formalized the lockbox arrangement with a written agreement that specifies that amounts due should be settled on a monthly basis. Transfer has been taking place on a quarterly rather than a monthly basis. The Company should comply with the agreement's terms.

Company's Response: The Company, as well as its parent and affiliate companies, settles inter-company balances on a monthly basis as part of the monthly closing process.

Prior Recommendations:

1. The Quota Share Reinsurance Agreement between the Company and its parent, FCCI Insurance Company was modified by virtue of an endorsement effective January 1, 2002 and was not submitted for department approval as required under TCA 56-11-206(a)(2)(C). The Company should submit all agreements for approval prior to their use.

2. The Federal and State Income Tax Allocation Agreement between the Company, its parent, and affiliates was not submitted for department approval as required under TCA 56-11-206(a)(2)(D). The Company should submit all agreements for approval prior to their use.

3. The service agreement with Florida Employers Insurance Service Corporation, now known as FCCI Services, Inc. (FSI), an affiliated company, was not submitted for department approval as required under TCA 56-11-206(a)(2)(D). The Company should submit all agreements for approval prior to their use.

Company's Response to all three (3) Recommendations: All agreements have been submitted to the DCI for approval.

The Company is audited annually as part of the audit conducted for the holding company system, of which it is a member, by an independent accounting firm. The auditors' workpapers for the year ended 2007 were made available to the examiners during the planning phase of this examination. Workpapers of the auditors' substantive testing and their documentation of the Company's procedures and verification of internal controls were relied upon where sufficient for the purposes of this examination. Copies of these workpapers are included in the examination files where appropriate.

An examination was also made into the following matters:

- Company History
- Growth of Company
- Charter and Bylaws
- Management and Control
- Holding Company System
- Pecuniary Interest of Officers and Directors
- Corporate Records
- Fidelity Bond and Other Insurance
- Employee Benefits and Pension Plans
- Territory and Plan of Operation
- Market Conduct Activities
- Loss Experience
- Reinsurance
- Agreements with Parent, Subsidiaries and Affiliates
- Litigation and Contingent Liabilities
- Statutory Deposits
- Accounts and Records
- Subsequent Events
- Financial Statements

These will be discussed as follows:

COMPANY HISTORY

The Company, then known as National Trust Fire Insurance Company, was incorporated January 14, 1965, under the laws of the State of Tennessee and commenced business January 25, 1965, with capital paid up of $400,000 and paid in surplus of $350,000. The Company's authorized capital stock is $1,000,000 divided into 10,000 shares of $100 par value.

The Company's charter authorizes it to operate generally as a fire and marine insurance company with powers also to write casualty insurance including workers' compensation and to assume reinsurance.

On April 20, 1972, the stockholders, at a special meeting, approved a stock dividend of 1,000 shares. On November 7, 1979, at a special meeting, the board of directors approved a stock dividend of 3,500 shares from paid in and contributed surplus to capital paid up. Thus, there existed $850,000 in capital paid up and $0 in paid in and contributed surplus.

On April 23, 1980, National Trust Life Insurance Company (former parent of the Company) and Commonwealth Life Insurance Company, Louisville, Kentucky merged and Commonwealth became the surviving company. On the date of the merger, Commonwealth acquired all of the issued and outstanding stock of the Company; however, no new stock certificate was issued to Commonwealth. Certificates #1 dated January 13, 1965, #2 dated April 20, 1972 and #3 dated November 7, 1979, aggregating 8,500 shares, issued to National Trust Life Insurance Company, were held by Commonwealth as evidence of ownership.

Effective May 7, 1987, National Trust Fire Insurance Holdings, Inc. a Georgia Corporation acquired all the authorized capital stock of the Company comprised of one million dollars ($1,000,000) divided into ten thousand (10,000) shares with a par value of $100 each. Eighty-five hundred (8,500) shares were owned by National Trust Life Insurance Company at the acquisition date.

Subsequent to the acquisition date of May 7, 1987, the Company ceased to write any new business and did not issue any new policies through 1990, but maintained the Certificates of Authority to write business in four southeastern states.

In 1990, the Company was sold to Florida Employers Life Insurance Corporation (FELIC), which assumed all of the existing liabilities of the Company. The Company's name was changed to National Trust Insurance Company (NTI or the Company) effective July 6, 1990. FELIC was formed in 1988 as a stock life insurer and is a wholly owned subsidiary of FEICO Agency, Inc. (FEICO Agency). On January 12, 1990, FEICO Agency acquired all of the outstanding stock of the Company for a purchase price of $2,240,293. FEICO Agency borrowed $3,000,000 from Florida Construction, Commerce and Industry Self Insurers Fund (FCCI Self Insurers Fund) to complete the acquisition and provide additional capital for the Company through FELIC. The $3,000,000 obligation of FEICO Agency was paid in full during 1991.

On March 31, 1992, the Florida Employers Insurance Company (FEICO) sold all of its assets, including its indirect ownership of all of the Company's common stock to FCCI Investment Group, Inc., a wholly owned subsidiary of FCCI Self Insurers Fund pursuant to the terms of a definitive acquisition agreement executed in August, 1991. FCCI Investment Group, Inc. assumed all of the liabilities and obligations of FEICO including those of the Company and continued the underwriting operations and businesses of the Company.

Regulatory approval of the transaction by the Florida Department of Labor and Department of Insurance was contingent upon FCCI Self Insurers Fund's disposal of two subsidiaries, National Trust Insurance Company and FELIC, within eighteen months of acquisition. A twelve month extension was granted to October 1, 1994 to complete the divestiture or liquidation of these businesses. Both companies ceased writing new insurance policies effective October 1, 1993.

During 1991, the Company began writing direct commercial property and casualty insurance, primarily workers' compensation, in Georgia as part of the organization's long range plan to expand its products and services into other southeastern states.

Participation in the State of Georgia direct workers' compensation market required participation in the State of Georgia Assigned Risk Plan. This plan requires that workers' compensation insurers make contributions proportionally in relation to their total premiums in the state to provide insurance coverage for certain high-risk insureds.

In July of 1992, due to statutory changes in the State of Georgia, the Company increased their authorized number of shares of common stock to fifty thousand (50,000) shares with a par value of $100.00 per share and issued five thousand (5,000) shares to FELIC to increase the Company's paid-in capital to $1,500,000. After the transaction, FELIC owned all of the Company's issued and outstanding common stock totaling fifteen thousand (15,000) shares. These changes were amended to the Company's charter on July 24, 1992.

On November 16, 1994, the Florida Department of Insurance approved a consent order permitting FCCI Self Insurance Fund to reorganize from a self insurance fund to a mutual company. FCCI Self Insurance Fund was renamed FCCI Mutual Insurance Holding Company (FCCI). This consent order vacated the previous requirement for FCCI to divest of the two insurance subsidiaries, including National Trust Insurance Company.

In December, 1995, the Company was sold by its parent, FELIC, to an upstream holding company, FCCI Investment Group, Inc. for $3,790,293, an amount equal to FELIC's original cost of the common stock. FCCI Investment Group, Inc. then made an additional capital contribution of $8,000,000 in December, 1995. During 1996, FCCI Investment Group, Inc. changed its name to FCCI Insurance Group, Inc. (FIG).

In May of 1997, the Company capitalized $300,000 of contributed surplus in the form of a stock dividend of 3,000 shares of common stock to FIG (its parent). In April of 1998, the Company

capitalized $700,000 of contributed surplus in the form of a stock dividend of 7,000 shares of common stock to FIG.

The Company received one capital contribution from its upstream parent, FCCI Insurance Company (FCCI Insurance) during the examination period in the amount of $5 million. Investments totaling $5 million were transferred from FCCI Insurance to NTI on December 16, 2005 in order to meet desired surplus to writings ratios.

At December 31, 2007, the Company had authorized capital stock of 50,000 shares of common stock with a par value of $100.00 per share, of which 25,000 shares were issued and outstanding for a capital paid up of $2,500,000. All of the outstanding shares were owned by FCCI Insurance Group, Inc. (FIG) at the examination date. The Company is a wholly owned subsidiary of FIG, a holding company owned by FCCI Insurance Company (FCCI Insurance), a property and casualty insurer domiciled in Florida. FCCI Insurance is wholly owned by FCCI Group, Inc. (FGI), an intermediate holding company that is wholly owned by FCCI Mutual Insurance Holding Company (FCCI), also domiciled in the state of Florida.

The Company's capital structure appears in the 2007 Annual Statement as follows:

Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	14,290,293
Unassigned funds (surplus)	(1,799,714)
Total capital and surplus	$14,990,579

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination according to its annual statements as filed with the TDCI:

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Gross Premiums Written
2003	$30,948,048	$21,105,940	$9,842,108	$38,728,417
2004	29,442,044	21,400,085	8,041,959	46,715,003
2005	9,012,565	(5,396,628)	14,409,193	65,516,077
2006	9,192,890	(5,432,085)	14,624,975	93,151,943
2007	7,996,786	(6,993,793)	14,990,579	123,682,495

CHARTER AND BYLAWS

The original Charter of the Company was filed and recorded with the Tennessee Secretary of State on January 14, 1965, and recorded with the Shelby County Clerk on January 15, 1965. It was previously amended on November 16, 1989, August 7, 1990 and July 24, 1992. The Charter of the Company in effect at December 31, 2007, is the Company's Amended and Restated Charter that was adopted by the Board of Directors, since the last amendment on July 24, 1992. No Amendments or Restatements were made to the Company's Charter during the period of examination.

The amended Charter authorizes the corporation "to transact business pertaining to the providing of insurance and any business activities reasonably incidental to such insurance business as authorized under the provisions of the Tennessee Statues." It authorizes the Company to issue fifty thousand shares of common stock at a par value of $100.00 per share and requires that paid-in capital be no less than $1,500,000. The corporation's existence is perpetual.

The Bylaws of the Company in effect at December 31, 2007 were amended by the unanimous consent of the Board on January 25, 1996 in order to increase the number of directors to at least five (5) and not more than eleven (11) persons. No Amendments or Restatements were made to the Company's Bylaws during the period of examination.

The Bylaws provide for an annual shareholders' meeting at which a Board of Directors is elected. Officers are elected by the Board of Directors. The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board of Directors and its shareholders.

Dividends to Stockholders

The Company did not pay any shareholder dividends during the period of examination.

MANAGEMENT AND CONTROL

The Company's Bylaws state that the business and affairs of the corporation shall be managed by a Board of Directors who shall be elected at the annual meeting of the shareholders. Directors need not be shareholders. The Company's Bylaws state that the number of directors shall consist of not less than five (5) persons nor more than eleven (11) persons as set forth from time to time by resolution of the Board of Directors. A majority of directors constitutes a quorum.

Directors serve until the next annual meeting of the shareholders and thereafter, until a successor has been elected.

The following persons were duly elected by the shareholders on July 26, 2007, and were serving as members of the Board of Directors as of December 31, 2007:

Name	Principal Occupation
John Thomas Stafford	President & CEO, Suncoast National Bank
Gordon William Jacobs	President & CEO, FCCI Mutual Insurance Holding Co.
Charles Robert Baumann	CPA, Kerkering, Barberio & Co.
Robert Weld Benjamin	Attorney, Williams, Parker, Harrison, Dietz & Getzen
Timothy Joseph Clarke	Advertising Executive, Clarke Advertising & Public Relations
Robert Winthrop Flanders	Contractor, Quality Walls Enterprises
Marvin Steven Haber	Retired
Roy Allan Yahraus	Business Executive, Seacoast Supply

The Company's Bylaws require that the Board hold an annual meeting of the shareholders for the purpose of electing directors and for such other business shall be held at such place, either within or without Tennessee, and shall be held in July of each year.

The Bylaws allow any action required or permitted to be taken at a meeting of the Board, or of any committee thereof, to be taken without a meeting, if prior to such action a written consent thereto is signed by all Board or committee members and such written consent is filed with the minutes of proceedings. Such consent shall have the same force and effect as a vote at a meeting. Any or all of the stockholders, directors, or committee members may participate in meetings by means of conference telephone or similar communication equipment.

The Bylaws provide that the officers of the corporation shall consist of a President, a Secretary, and a Treasurer and such other officers or assistant officers, including Chairman of the Board, as may be designated and elected by the Board of Directors. The President shall be a director; however none of the other officers need be directors. One person may simultaneously hold more than two offices except the President may not simultaneously hold the office of Secretary.

The following persons were duly elected by the Board of Directors on July 26, 2007, and were serving as officers of the Company as of December 31, 2007:

Name:	Title:
John Thomas Stafford	Chairman of the Board
Gordon William Jacobs	President and CEO
Craig Allan Johnson	Executive VP, CFO & Treasurer
Debra Horner Douglas	Executive VP & Secretary
Joseph Anthony Keene	Executive VP
Rupert Lee Willis	Executive VP & CRO
Christopher Samir Shoucair	Vice President, Asst. Treasurer & Controller

The Board of Directors may designate, establish and charter such committees as it deems necessary or desirable. Such committees shall have and exercise only that authority of the Board delegated to it by the resolution creating such committee.

As of the examination date, the Company had the following committees:

Company Committee's as of December 31, 2007

Executive	Nominating
Investment	Budget
Regional Marketing & Underwriting	Audit
Internal Operations	Compensation
Claims & Reserving	Long Range Planning

HOLDING COMPANY SYSTEM

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-201, and as such, is subject to the "Insurance Holding Company System Act of 1986," set forth in Tenn. Code Ann. §§ 56-11-201, *et seq.*. The Company is a wholly owned subsidiary of FCCI Insurance Group, Inc. (FIG), a holding company owned by FCCI Insurance Company (FCCI Insurance), a property and casualty insurer domiciled in Florida. FCCI Insurance is wholly owned by FCCI Group, Inc. (FGI), an intermediate holding company that is wholly owned by FCCI Mutual Insurance Holding Company (FCCI), also domiciled in the state of Florida. FCCI is the ultimate parent of the Company. FCCI files a Holding Company Registration Statement annually as required by Tenn. Code Ann. § 56-11-205. An organizational chart is included at the end of this report.

PECUNIARY INTEREST OF OFFICERS AND DIRECTORS

During the period under examination, the Company had an established procedure for disclosure to its Board of Directors of any material interest or affiliation on the part of its officers, directors, and employees which conflicts with the person's official duties with the Company. Statements regarding such conflicts of interest were executed by the officers, directors, and employees on an annual basis. The statements were reviewed, the noted disclosures were deemed immaterial, and the Company was found to be in compliance with Tenn. Code Ann. § 56-3-103, prohibiting officers and directors of insurance companies from being pecuniarily interested in the investment or disposition of funds of a domestic insurance company.

CORPORATE RECORDS

The minutes of meetings of the Company's Shareholders, Board of Directors, and committees were reviewed for the period under examination. They appear to properly reflect the acts of these respective bodies.

FIDELITY BOND AND OTHER INSURANCE

The Company is listed as a named insured on a Financial Institution Bond carried by FCCI. Other insurance policies were reviewed and the Company is listed as a named insured on the following insurance coverages maintained by FCCI at December 31, 2007:

Professional Liability	Director and Officer Liability
Blanket Property, Boiler, & Machine	Automobile Liability
Commercial General Liability	Commercial Umbrella Liability
Workers' Compensation	Commercial Umbrella Excess Liability

The Company's fidelity coverage is in excess of the suggested minimum amount per the *NAIC Financial Condition Examiners Handbook.* The bonds and policies affording the aforementioned coverages were inspected and appear to be in-force as of the date of this examination. All of the above policies were issued by companies licensed to transact business in the State of Tennessee or by authorized surplus lines insurers. Similar coverages were in effect as of the date of this examination report.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company receives all management, administrative and general services from FCCI Services, Inc. in accordance with the Management Services Agreement that is described later in the report under the heading Agreements with Parent, Subsidiaries and Affiliates. As of December 31, 2007, the Company had no employees, therefore no employee benefit plans. However, FCCI Services, Inc. provides its employees with term life insurance, medical insurance, disability insurance and a 401(k) retirement plan.

TERRITORY AND PLAN OF OPERATION

Territory

The Company is a stock for-profit property and casualty insurance company licensed to transact business in 23 southeastern and midwestern states. As of December 31, 2007, and as of the date of this examination report, the Company was licensed to transact business in the States of Tennessee, Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nebraska, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, and Virginia.

Certificates of Authority granted by the licensed states were reviewed and found to be in force at year-end 2007. Premium tax records were reviewed for all states in which the Company writes business and no exceptions were noted.

Plan of Operation

The Company writes commercial property and casualty business, mostly workers compensation, commercial multiperil, and commercial auto liability.

The Company utilizes the underwriting and administration expertise that has been developed by its affiliate, FCCI Services, Inc. (FSI), to select and manage preferred commercial risks. The company has no employees. All product support and general and administrative services are provided by FSI. FSI provides claims and other insurance administrative services to several clients, with its primary client being FCCI.

The Company intends to be a regional commercial carrier in the Southeast and Midwest markets. The Company desires to write Commercial Insurance through Independent Agents who are licensed in the various states. National Trust selects agents by their professional reputations, lines of business they write, other high quality companies they represent, financial solvency, geographic locations as related to their other agencies who are appointed, quality of management and their ability to commit to reasonable production expectations. The Company appoints agents after a careful investigation of each agent, and the agency to determine if they write quality business in a professional manner for accounts that subscribe to the Company's Loss Control and Underwriting philosophy.

The Company promotes package policy underwriting of commercial lines risk. They have broad eligible underwriting guidelines for businesses in the contracting, agriculture, service, manufacturing, retail and wholesale sectors. The Company has the resource capability to handle a variety of premium sizes. Their target market is the $25,000-$200,000 account size.

MARKET CONDUCT ACTIVITIES

In accordance with the policy of the TDCI, a market conduct review was made of the Company as of December 31, 2007, in conjunction with this examination. The following items were addressed:

Underwriting and Rating:

The Company principally issues workers' compensation, commercial auto, and commercial general liability insurance. The Company also markets other types of property and casualty insurance coverages which include: fire, allied lines, farm owners, inland marine, earthquake, product liability, fidelity, and boiler and machinery coverage.

The Company utilizes the underwriting manual of its parent company, FCCI. The underwriting manual, which is maintained on FCCI's intranet, is well organized, easy to understand, and lists requirements in unambiguous language. The manual lists in clear form unacceptable applicant criteria in all areas, including insurance areas where the Company does not wish to offer or provide coverage. Company's underwriting authority and approval levels are delineated in the manual in

precise form eliminating any question as to proper underwriting approval. Underwriting approval levels beyond those authorized for regional officers are submitted to a senior underwriting committee that consists of the Chief Regional Officer and the Senior Regional Vice Presidents for approval.

FCCI also has a functioning Underwriting Advisory Council (UAC) that provides a forum for members to exchange and debate ideas and issues focused on the company's underwriting process and profitability. The council, which meets on a bi-monthly to monthly basis, is chaired by FCCI's Director of Home Office Underwriting and includes underwriting vice presidents from all FCCI regions as council members. The examiners reviewed minutes from council meetings conducted during the period of examination, where it was found that meetings were well attended and productive, addressing Company underwriting policy, issues, and new forms.

Policy Forms and Filings:

The examiners reviewed a sample of the policy forms that were used by the Company during the period of examination. All forms reviewed were noted without exception as having been filed with the TDCI prior to their use. The filings are consistent in form and include appropriate documentation.

Advertising:

The Company's advertising program utilizes limited media and consists mainly of printed and published materials, and descriptive literature and sales aids, such that may encourage and create public interest in products offered by the Company. All national advertising is in the name of the Company's parent, FCCI, and does not refer to the Company specifically.

General product materials and information about other company services are available on the Company's internet website. The Company's website, through its "ExpressServe" section, provides a means for electronic submissions of insurance applications, filing of claims, and obtaining copies of all policy forms.

All advertisement and promotional materials are reviewed and approved by FCCI's Vice President for Marketing and Product Management prior to use. Advertising material provided by the Company was reviewed and no deceptive or misleading statements in the Company's advertising were noted.

Policyholder Complaints:

The Company maintains a complaint register as required by theUnfair Trade Practices Acts of various states. The Company's complaint register lists the date the complaint was received, who the complaint was received from, the nature of the complaint, who responded to the complaint, the disposition of the complaint, and the state of origin. The register and the accompanying files are maintained for a minimum of five (5) years.

Company complaint files were reviewed to confirm that the company is processing complaints in accordance with its Centralized Complaint Log Procedure. The Company files adequately documented each complaint and demonstrate that the Company is handling complaints promptly and appropriately. The complaints received by the Company essentially fall into two categories; claim denial because the injury or damage is not covered by the policy; or third party's perception that the Company is slow in settling claims, which after examination was determined to be unfounded.

Claims Review:

A sample of Company claims open and unpaid, and claims closed as of the examination period were examined for adequacy of the Company's claim process to include: adequacy of case reserves; avoidance of unfair claims settlement practices in accordance with Tenn. Code Ann. § 56-8-104(8); and prompt and fair settlement of claims once the Company has accepted liability.

The sample selected included general liability, workers compensation, and P&C auto claims. The Company maintains paperless claim files which provide for quick access to all file documents by Company adjusters and supervisors. Files are maintained in a standard format with all files associated with a particular accident or claim grouped together for easy review.

In all files reviewed, the Company was diligent in seeking fair and just settlement when liability was accepted. Where Company liability is questionable, the Company immediately provided notice to the claimant and took investigative action as required to determine liability. In cases involving subrogation, the Company was active in assuming subrogation rights from the policyholder and pursuing subrogation from third parties. Company case reserves on open cases as of December 31, 2007 were compared to actual settlement amounts on the same cases in 2008 and were found to be adequate estimates of final settlement cost.

The Company does maintain an updated set of written claim procedures, claim training manual, and anti-fraud procedures.

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's annual statements filed with the TDCI, the ratios of losses and loss adjustment expenses ("LAE") incurred to earned premiums for the period subject to this examination were as follows:

Year	Losses & LAE Incurred	Earned Premiums	Loss Ratio
2003	$4,149,175	$4,631,445	89.6%
2004	5,844,684	5,974,463	97.8%
2005	(10,347,562)	(10,347,577)	100.0%
2006	0	0	00.0%
2007	0	0	00.0%
Total All Years	($353,703)	$258,331	N / A

REINSURANCE AGREEMENTS

The Company routinely assumes and cedes reinsurance with other insurance companies. The Company's significant reinsurance agreements are summarized below.

Ceded Reinsurance with Affiliates

FCCI Insurance Company (FCCI Insurance)

Effective January 1, 2005, the company ceded all liabilities incurred under the company's policies and unpaid as of January 1, 2005 for occurrences on or before December 31, 2004, and all subsequent developments in connection therewith to FCCI Insurance. Business covered includes direct and assumed voluntary business and all assumed involuntary business.

Also, effective January 1, 2005, the Company cedes policies in–force, and new and renewal policies for losses occurring thereafter on Property and Casualty business (including workers' compensation and employers liability) through a 100% quota share agreement with a 30% ceding commission. This agreement does not cover losses occurring before January 1, 2005. Business covered includes direct and assumed voluntary business and all assumed involuntary business.

The Company notified the TDCI of the intent to enter into these transactions as required by Tenn. Code Ann. § 56-11-206(a)(2) on January 26, 2005, by filing Form D, pursuant to Tenn. Comp. R. & Regs. 0780-01-67-.16. Although retroactively effective on January 1, 2005, the Company did not enter these agreements until after they were approved by the TDCI on August 10, 2005.

Assumed Reinsurance with Non-Affiliates

Various State Underwriting Pools

As a direct writer of insurance, the Company is required by certain states to participate in underwriting pools. These pools require that all insurers share proportionally in providing insurance coverage for certain high-risk insureds. As of December 31, 2007, the Company participated in the underwriting pools of 13 states. The Company reports the results of this business as direct and

assumed premiums, losses, underwriting expense, and liability for losses and loss adjustment expenses based on quarterly reporting from the pools' administrators. The Company's proportionate share of each state's underwriting pool varies by policy year and is based on the Company's calendar year net assessable premium.

Other Considerations:

All of the Company's significant reinsurance agreements were found to contain such language as recommended by the NAIC and as required for reinsurance credit pursuant to Tenn. Code Ann. § 56-2-207(a)(2). All agreements also appear to effectuate proper transfer of risk in accordance with SSAP No. 62 and NAIC guidelines.

AGREEMENTS WITH PARENT, SUBSIDIARIES AND AFFILIATES

The Company had three (3) agreements with affiliated companies in effect as of December 31, 2007. The following are summaries of the agreements in effect as of this examination of the Company:

Management Services Agreement with FCCI and FCCI Services, Inc.:

Effective January 1, 2007, the Company entered into a Management Services Agreement with FCCI and FCCI Services, Inc. The Company and other affiliates are named parties to the Agreement as being affiliates of FCCI. This Agreement replaced the prior similar agreement that the Company has been a party to since February 1, 1990.

According to the terms and provisions of the Agreement, FCCI Services, Inc. agrees to provide FCCI and its affiliates with certain administrative services for its internal operations and processing of its insurance business. Such services include managerial and administrative support, equipment, office space, and marketing and product support and such other services as may be required.

The Company has no employees of its own. Services necessary to its business are provided by FCCI Services, Inc. pursuant to the Agreement. The compensation paid by the Company to FCCI Services, Inc. shall be a reimbursement of cost incurred under the agreement and are determined by a cost allocation method administered by the Chief Financial Officer of FCCI Services, Inc. and in a manner consistent with guidance provided by the NAIC and generally accepted accounting principles. Transactions under the Agreement for Services were reviewed for compliance with the Agreement and charges appear to be commensurate with services rendered. The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-206(a)(1).

The Company notified the TDCI of the intent to enter into these transactions as required by Tenn. Code Ann. § 56-11-206(a)(2) on December 20, 2006, by filing Form D, pursuant to Tenn. Comp. R. & Regs. 0780-01-67-.16. Although retroactively effective on January 1, 2007, the Company did not enter these agreements until after they were approved by the TDCI on March 6, 2007.

Amended and Restated Federal and State Income Tax Allocation Agreement with FCCI and Affiliates:

Effective as of the first day of the tax year ending with December 31, 2006 (January 1, 2006), the Company entered into a Consolidated Tax Allocation Agreement with their ultimate parent, FCCI, and other affiliated companies. This Agreement is an amended and restated agreement that replaces the prior similar agreement that the Company has been a party to for a number of years.

The Agreement states the Company has elected through the provisions of the Internal Revenue Code to be included in its ultimate parent's (FCCI) consolidated tax return.

The Agreement states the Consolidated Group elects to file their federal income tax return pursuant to elections under certain stated Sections of the Internal Revenue Code of 1986. The consolidated tax liability is allocated to each member of the consolidated group based upon the percentage of each member's tax computed on a separate return basis to the total tax as computed for all members. In lieu of actual payments, adjustments to intercompany payables and receivables will be made if such exist on the Company's books. Transactions under the Tax Allocation Agreement were reviewed for compliance with the Contract with no exceptions.

The Company notified the TDCI of the intent to enter into these transactions as required by Tenn. Code Ann. § 56-11-206(a)(2) on December 20, 2006, by filing Form D, pursuant to Tenn. Comp. R. & Regs. 0780-01-67-.16. Although retroactively effective on January 1, 2007, the Company did not enter these agreements until after they were approved by the TDCI on March 17, 2007.

Reinsurance Treaty Trust Account Agreement with FCCI Insurance and Northern Trust Company:

Effective July 1, 2005, the Company entered into a Reinsurance Treaty Trust Account Agreement with an upstream parent, FCCI Insurance and a custodian Bank, Northern Trust Company. This Agreement replaced a prior similar agreement which had a different custodian bank, The Bank of New York. The prior agreement with FCCI Insurance and The Bank of New York first became effective on December 18, 2001.

Due to the Company ceding all of its business to FCCI Insurance, they have very large amounts of reinsurance recoverable from them at all times. Also, as stated above, FCCI Insurance is an upstream parent of the Company.

Prior to these agreements becoming effective in 2001, the Company and the TDCI had very lengthy discussions about the Company securing reinsurance recoverable amounts from FCCI Insurance and whether the receivables would be considered non-admitted assets because they were from an upstream parent. Tenn. Code Ann. § 56-1-405 gives the commissioner discretion to non-admit amounts receivable from an insurer's upstream parent unless the commissioner feels these receivables are secured by competent collateral.

The TDCI gave the Company several choices on how to eliminate the issue. One such choice was for the Company to cede its business to one of its affiliates, who is a licensed reinsurer in the State, however is not an upstream parent. The Company however chose to keep ceding its business to FCCI Insurance and would secure 100% of its reinsurance recoverable balances with a Trust Account supplied by FCCI Insurance in the Company's name and to be held at a Custodian Bank. The initial Reinsurance Treaty Trust Account Agreement with the Bank of New York, and subsequent agreement with the Northern Trust Company were both entered into for this purpose. This type of agreement was acceptable to the TDCI, provided that the Company maintained 100% collateral for the receivable balance at all times.

The amount on deposit in the Trust Account held as collateral has remained fairly constant since its inception, and from 2001 until 2004, the amount of the Trust Account exceeded the amount of the Company's reinsurance recoverable balance from FCCI Insurance. In 2005, the Company began a period of increased premium writings and increased its ceding percentage to FCCI Insurance from 90% to 100%. This caused the Company's reinsurance recoverable balance from FCCI Insurance to increase rapidly, while the amount held as collateral in the Reinsurance Treaty Trust Account never increased; and as a result, part of the Company's recoverable balance was left uncollateralized. As of December 31, 2007, collateral on deposit had a market value of $127 million, while the amount of the Company's reinsurance recoverable balance with FCCI Insurance was $234 million, leaving the uncollateralized portion of the reinsurance recoverable at $107 million, which is a material difference.

Normally, the TDCI would have required that the Company take actions to secure 100% of their reinsurance recoverable balance from FCCI Insurance with competent collateral and to maintain compliance with Tenn. Code Ann. § 56-1-405 at all times. However, subsequent to our "as of" examination date, the TDCI received a letter from the Company on September 30, 2008, stating their intention to redomesticate from Tennessee to the State of Indiana, and allowing the letter to serve as a formal request for non-objection.

The TDCI made an inquiry into how an Indiana domiciled insurance company would be treated in this situation and was notified by the Indiana Insurance Department that Indiana Insurance Laws and Regulations would not require the Company to maintain a Trust Account to collateralize its reinsurance recoverable balance with FCCI Insurance. Because requiring an increase of the Trust Deposit amount would involve a substantial amount of Company funds, and the Company's upcoming redomestication to the State of Indiana, the TDCI opted not to require 100% collateralization of the reinsurance receivables from FCCI Insurance, or require an increase in the amount of the Trust Account Deposit, based on guidance from the Indiana Insurance Department. Therefore, the TDCI will not require any action from the Company concerning this issue.

Further, notice of the Reinsurance Treaty Trust Account Agreements was never submitted to the TDCI as required by Tenn. Code Ann. § 56-11-206(a)(2)(A), in the form of a Form D filing, so a formal approval or disapproval of these agreements was never issued by the TDCI. Correspondence indicates that the TDCI was aware of these agreements and engaged in discussions with the

Company regarding the arrangements. It is recommended that the Company file the current Reinsurance Treaty Trust Account Agreement with the TDCI in the form of a Form D filing as required by Tenn. Code Ann. § 56-11-206(a)(2)(A), and to maintain compliance with this statute at all times in the future.

LITIGATION AND CONTINGENT LIABILITIES

During the period of examination and as of December 31, 2007, the Company is a party to various pending legal proceedings arising in the ordinary course of business, including some asserting significant damages arising from claims under insurance policies, disputes with agents, and other matters. Based in part upon the opinion of its counsel as to the ultimate disposition of such lawsuits and claims, Company management believes that the liability, if any, resulting from the disposition of such proceedings will not be material to the Company's financial condition or results of operations.

STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the named jurisdictions or custodians as of December 31, 2007.

The following are deposits with states where special deposits are for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value
Florida – Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	$221,593	$230,942	$225,000
Georgia – Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	123,107	128,301	125,000
Tennessee - Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	2,166,683	2,258,102	2,200,000
	Sub-Total	$2,511,383	$2,617,345	$2,550,000

The following are deposits with jurisdictions where special deposits are **not** for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value
Arizona - Department of Insurance	US Treasury Notes 3.375%, Due 11-15-2008 CUSIP# 912828BQ2	$120,137	$119,990	$120,000
Arkansas – Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	118,183	123,169	120,000
Louisana - Department of Insurance	Certificate of Deposit Acct# 0880059012480	21,776	21,776	20,000
North Carolina - Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	668,207	695,217	650,000
South Carolina - Department of Insurance	US Treasury Notes 4.25%, Due 8-15-2015 CUSIP# 912828EE6	147,728	153,962	150,000
Virginia - Department of Insurance	US Treasury Notes 4.750%, Due 5-15-2014 CUSIP# 912828CJ7	327,905	345,592	325,000
U.S. Department of Labor	US Treasury Notes 4.250%, Due 11-15-2013 CUSIP# 912828BR0	811,144	829,440	800,000
	Sub-Total	$2,215,080	$2,289,146	$2,185,000
	Grand-Total	$4,726,463	$4,906,491	$4,735,000

Deposits with said jurisdictions or custodians were verified by direct correspondence with the custodians of such deposits. The statutory deposits with Arizona, Arkansas, Virginia and the U. S. Department of Labor have been non-admitted by the Company in its financial statements pursuant to Tenn. Code Ann. § 56-1-405.

ACCOUNTS AND RECORDS

Tenn. Comp R. & Regs., ch. 0780-1-65.07(3) states that no partner or other person responsible for rendering a report by a certified public accounting firm may act in that capacity for more than seven (7) consecutive years. In 2001, the Company switched accounting firms from PricewaterhouseCoopers LLP to KPMG LLP. Since the Company began using KPMG LLP in 2001, they have already switched partners for the engagement in 2006. Therefore, the Company is in compliance with this regulation.

During the course of the examination, accounts were verified by various tests and procedures deemed necessary to establish values for assets and liabilities appearing in the Company's financial statements. Test checks, for selected periods, were made of premium receipts, investment income, interest due and accrued, claim payments, and other disbursements. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed and a sample was tested for correctness. These test checks and reviews revealed no material discrepancies.

SUBSEQUENT EVENTS

Subsequent Paid-In Capital Contribution to the Company:

Subsequent to our examination "as of" date, the Company received an additional paid-in capital contribution from its parent, FCCI. On July 25, 2008, FCCI transferred $15 million to the Company as a paid-in capital contribution. The purpose of this additional capital contribution was to help the Company improve their direct written premium to capital ratios that are analyzed by State Insurance Departments. This transaction was reported by the Company in their September 30, 2008 Quarterly Statement.

Notice of Redomestication Request by Company Received by TDCI:

On September 30, 2008, subsequent to our examination "as of" date, the TDCI received a letter from the Company stating their intention to redomesticate from Tennessee to the State of Indiana. They stated to please allow the letter to serve as a formal request for non-objection.

The letter also states the Company's decision to redomesticate was based on the Indiana domicile of an affiliate, Monroe Guaranty Insurance Company, which has been a licensed carrier in the State of Indiana since 1974. Being domiciled in the same state would benefit both companies by streamlining the regulatory and governance processes, and allowing for a reduction in associated filings, costs and expenses.

Financial Statement

There follows a statement of assets, liabilities and a statement of income as of December 31, 2007, together with a reconciliation of capital and surplus for the period under review, as established by this examination.

Assets

	Assets	Non-Admitted Assets As a Result of the Exam	Net-Admitted Assets
Bonds	$10,976,840		$10,976,840
Cash and Short-Term Investments	(3,584,268)		(3,584,268)
Investment Income Due and Accrued	149,067		149,067
Reinsurance:			
Funds held by or deposited with reinsured companies	42,433		42,433
Net deferred tax asset	165,022		165,022
Aggregate write-ins for other than invested assets	247,692		247,692
Totals	$7,996,786	$0	$7,996,786

Liabilities, Surplus and Other Funds

Reinsurance payable on paid losses and LAE		$1,131,575
Commissions payable, contingent commissions and other similar charges		3,178,969
Other expenses		(63,519)
Taxes, licenses and fees		5,627,354
Current federal and foreign income taxes		171,744
Advance premiums		526,672
Ceded reinsurance premiums payable		(19,274,929)
Amounts withheld or retained by company for account of others		1,498,300
Remittances and items not allocated		66,219
Aggregate write-ins for liabilities		143,822
Total Liabilities		($6,993,793)
Common capital stock	$2,500,000	
Gross paid in and contributed surplus	14,290,293	
Unassigned funds (surplus)	(1,799,714)	
Total Surplus as Regards Policyholders		14,990,579
Totals		$7,996,786

Statement of Income

UNDERWRITING INCOME:		
Premiums earned		$ -0-
Losses incurred	$ -0-	
Loss expenses incurred	-0-	
Other underwriting expenses incurred	333,135	
Total underwriting deductions		333,135
Net Underwriting Gain or (Loss)		($333,135)
INVESTMENT INCOME:		
Net investment income earned	$497,374	
Net realized capital gains or (losses)	-0-	
Net Investment Gain or (Loss)		497,374
OTHER INCOME:		
Net gain (loss) from agents' or premium balances charged off	($27,085)	
Finance and service charges not included in premiums	322,828	
Aggregate write-ins for miscellaneous income	53,955	
Total Other Income		349,698
Net income before dividends to policyholders and before federal and foreign income taxes		$513,937
Dividends to policyholders		0
Net income, after dividends to policyholders but before federal and foreign income taxes		$513,937
Federal and foreign income taxes incurred		181,214
Net Income		$332,723

Capital and Surplus Account

	2003	2004	2005	2006	2007
Total Surplus as Regards Policyholders December 31, previous year	$8,525,300	$9,842,108	$8,041,959	$14,409,193	$14,624,975
Net income or (loss)	($171,445)	($1,961,926)	$854,639	$160,858	$332,723
Change in net deferred income tax	603,214	463,463	(927,332)	121,617	20,396
Change in non-admitted assets and related items	885,039	(301,686)	1,439,927	(66,693)	12,485
Surplus adjustment: Paid in	-0-	-0-	5,000,000	-0-	-0-
Net change in total capital and surplus for the year	$1,316,808	($1,800,149)	$6,367,234	$215,782	$365,604
Total Surplus as Regards Policyholders December 31, current year	$9,842,108	$8,041,959	$14,409,193	$14,624,975	$14,990,579

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT AND COMMENTS RESULTING FROM EXAMINATION

Total Surplus as Regards Policyholders:	$14,990,579

Total capital and surplus as established by this examination is the same as what was reported by the Company in its December 31, 2007, Annual Statement. There were no changes made to any asset or liability items as a result of our examination as performed as of December 31, 2007.

Tenn. Code Ann. §§ 56-2-114 and 115 require an insurer of this Company's type to maintain a minimum capital and surplus of two million dollars ($2,000,000). Therefore, the Company as of December 31, 2007, for this examination does maintain capital and surplus in excess of the amounts required per Tennessee Statutes.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments:

A. Commissions Payable

In our review of the Company's commissions payable liability, we noted a problem with the Company's accounting for the liability that required us to make an examination comment.

In our review of the item, we noted that the Company was offsetting its commissions payable liability with amounts due from agents. Some of the amounts due from agents were over ninety (90) days past due. SSAP # 6 states that uncollected receivables from agents that are over ninety (90) days past due shall be non-admitted. The amount that would be non-admitted was considered immaterial for our examination and no change will be made. However, in the future the Company should report amounts due from agents as an asset and non-admit any amounts that are over ninety (90) days past due as required by SSAP # 6.

B. Agreements with Parent, Subsidiaries and Affiliates – Page 16

Effective July 1, 2005, the Company entered into a Reinsurance Treaty Trust Account Agreement with an upstream parent, FCCI Insurance and a custodian Bank, Northern Trust Company. This Agreement replaced a prior similar agreement which had a different custodian bank, The Bank of New York. The prior agreement with FCCI Insurance and The Bank of New York first became effective on December 18, 2001.

Prior to these agreements becoming effective in 2001, the Company and the TDCI had very lengthy discussions about the Company securing reinsurance recoverable amounts from FCCI Insurance and whether the receivables would be considered non-admitted assets because they were from an upstream parent. Tenn. Code Ann. § 56-1-405 gives the commissioner discretion to non-admit amounts receivable from an insurer's upstream parent unless the commissioner feels these receivables are secured by competent collateral. TDCI allowed the reinsurance recoverables to be admitted as assets, provided that the Company maintained 100% collateral for the receivable balance at all times, with the deposit in the Trust Account.

As of December 31, 2007, the uncollateralized portion of the reinsurance recoverables was $107 million. The Company also informed the TDCI on September 30, 2008 of its intent to redomesticate to the State of Indiana. TDCI would have required the Company to increase the deposit amount in the Trust Account to regain collateralization of the entire reinsurance recoverable balance; whereas the Indiana Insurance Department indicated that Indiana Laws and Regulations would not require an Indiana-domiciled insurance company to maintain a Trust Account to collateralize the reinsurance receivables.

Because requiring an increase of the Trust Deposit amount would involve a substantial amount of Company funds, and with the Company's upcoming redomestication to the State of Indiana, the TDCI opted not to require 100% collateralization of the reinsurance receivables from FCCI Insurance; or require an increase in the amount of the Trust Account Deposit, based on guidance received from the Indiana Insurance Department. Therefore, the TDCI will not require any action from the Company concerning this issue.

Recommendations:

A. Agreements with Parent, Subsidiaries and Affiliates – Page 16

During this examination it was determined that the current Reinsurance Treaty Trust Account Agreement and the prior one were never submitted to the TDCI as required by Tenn. Code Ann. § 56-11-206(a)(2)(A), in the form of a Form D filing, so a formal approval or disapproval of these agreements was never issued by the TDCI. Correspondence indicates that the TDCI was aware of these agreements and engaged in discussions with the Company regarding the arrangements. It is recommended that the Company file the current Reinsurance Treaty Trust Account Agreement with the TDCI in the form of a Form D filing as required by Tenn. Code Ann. § 56-11-206(a)(2)(A), and to remain in compliance with this statute by making the required filings at all times in the future.

CONCLUSION

The customary insurance examination practices and procedures, as promulgated by the NAIC have been followed in connection with the verification and valuation of assets and the determination of liabilities of National Trust Insurance Company located in Sarasota, Florida.

In such manner, it was found that as of December 31, 2007, the Company had admitted assets of $7,996,786 and liabilities, exclusive of surplus, of ($6,993,793). Thus, there existed for the additional protection of the policyholders, the amount of $14,990,579 in the form of common capital stock, gross paid in and contributed surplus and unassigned funds.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Glenn Tobleman, FCAS, MAAA, Valerie Hanley, and Kathy Hembey of the contracting actuarial firm, Lewis & Ellis, Inc., Richardson, Texas, and Norman Chandler, CPA, CPCU, ARe, AIAF, ARC, ACP, of the contracting reinsurance specialist firm, TaylorChandler, LLC, Montgomery, Alabama, participated in the work of this examination.

Respectfully submitted,

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

Gregory Bronson, CIE
Insurance Examiner, III
State of Tennessee
Southeastern Zone, NAIC

EXAMINATION AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of National Trust Insurance Company located in Sarasota, Florida dated June 12, 2009, and made as of December 31, 2007, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

County DAVIDSON

State TN

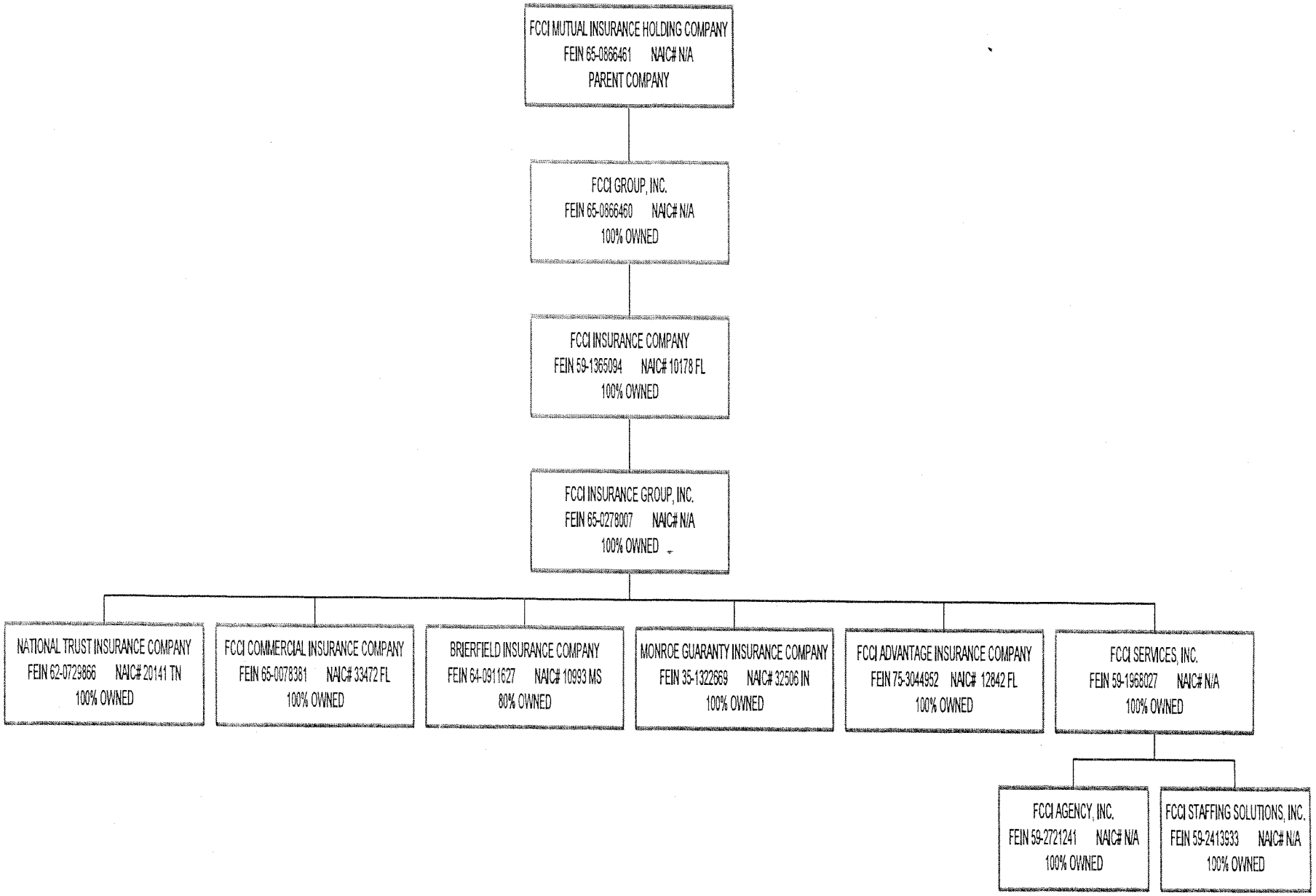
Subscribed and sworn to before me this 12TH day of June, 2009

Kristina D. Rust
(NOTARY)

My Commission Expires

3/10/12

KRISTINA D. RUST
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.


FCCI MUTUAL INSURANCE HOLDING COMPANY
FEIN 65-0866461 NAIC# N/A
PARENT COMPANY
FCCI GROUP, INC.
FEIN 65-0866460 NAIC# N/A
100% OWNED
FCCI INSURANCE COMPANY
FEIN 59-1365094 NAIC# 10178 FL
100% OWNED
FCCI INSURANCE GROUP, INC.
FEIN 65-0278007 NAIC# N/A
100% OWNED
NATIONAL TRUST INSURANCE COMPANY
FEIN 62-0729866 NAIC# 20141 TN
100% OWNED
FCCI COMMERCIAL INSURANCE COMPANY
FEIN 65-0078381 NAIC# 33472 FL
100% OWNED
BRIERFIELD INSURANCE COMPANY
FEIN 64-0911627 NAIC# 10993 MS
80% OWNED
MONROE GUARANTY INSURANCE COMPANY
FEIN 35-1322669 NAIC# 32506 IN
100% OWNED
FCCI ADVANTAGE INSURANCE COMPANY
FEIN 75-3044952 NAIC# 12842 FL
100% OWNED
FCCI SERVICES, INC.
FEIN 59-1968027 NAIC# N/A
100% OWNED
FCCI AGENCY, INC.
FEIN 59-2721241 NAIC# N/A
100% OWNED
FCCI STAFFING SOLUTIONS, INC.
FEIN 59-2413933 NAIC# N/A
100% OWNED