



STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF FINANCIAL EXAMINATION

**CALIFORNIA CASUALTY GENERAL INSURANCE COMPANY OF OREGON
PORTLAND, OREGON**

NAIC COMPANY CODE 35955

AS OF

DECEMBER 31, 2006

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SALUTATION

April 21, 2008

Alfred W. Gross, Commissioner
Chairman, NAIC Financial Condition (E) Committee
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
PO Box 1157
Richmond, Virginia 23218

Morris J. Chavez, Superintendent
Secretary, NAIC Western Zone IV
PO Drawer 1269
Santa Fe, New Mexico 87504-1269

Honorable Cory Streisinger, Director
Department of Consumer Business and Services
State of Oregon
350 Winter Street NE, Room 440
Salem, Oregon 97301-3883

Dear Commissioner, Superintendent, and Director:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

CALIFORNIA CASUALTY GENERAL INSURANCE COMPANY OF OREGON
10260 SW Greenburg Road, Suite 440
Portland, Oregon

NAIC Company Code 35955

hereinafter referred to as the "Company." The following report is respectfully submitted.

SCOPE OF EXAMINATION

We examined the Company's financial statements as of December 31, 2006. This examination covers the three-year period from the qualifying examination as of December 31, 2003. Material transactions or events subsequent to the examination cut-off date were reviewed and noted during the examination.

We followed the provisions of ORS 731.300 and the procedures and guidelines prescribed by the NAIC. This examination determined the Company's financial condition, ability to fulfill its obligations, nature of operations and compliance with the Insurance Code. Accounting methods, records and supporting evidence were examined or tested. Assets, liabilities, income and expense related items were also examined or tested. Corrective actions taken by the Company in response to comments and/or recommendations in the December 31, 2003, qualifying report were also reviewed.

The California Department of Insurance (CA DOI) coordinated the examination of all the insurers in the California Casualty Group (CCG). The risk focused approach was used, concentrating on material items in the annual statements. Investments of the Company were examined by the State of Oregon as investments were not subject to the Intercompany Pooling Arrangement. (See Pooling Agreement). For the remaining examination cycles, we reviewed the examination work performed by the CA DOI examiners.

In addition to the above, work papers were reviewed that were prepared by Pricewaterhouse-Coopers LLP, the Company's independent auditors, in its audit of the Company's accounts for the year ended December 31, 2006. A portion of the auditors' work papers has been incorporated into our work papers and has been utilized in determining the scope and areas of emphasis in conducting the examination.

COMPANY HISTORY

California Casualty General Insurance Company commenced business in March 1978, as a California stock insurance company formed in 1977. The Company redomesticated to Oregon on February 7, 2005. The Company is authorized to write business in 17 states, including Oregon. The Company participates in a pooling arrangement with its parent and affiliates. (See Reinsurance).

CAPITALIZATION

The Company meets the minimum requirements of ORS 731.554(1) by maintaining capital and surplus of \$29,882,668, as reflected in the 2006 filed annual statement.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws vest the Company's management and control in a Board of Directors consisting of five members. One third of the Board shall be Oregon residents. The directors serving the Company at December 31, 2006, were as follows:

<u>Name</u>	<u>Affiliation</u>
R. Kirk Lindsey Modesto, California	President, Brite Transport System, Inc. Modesto, California
George Goodrich Coale Parker* Portola Valley, California	Professor of Finance, Stanford University, Graduate School of Business
Lynne Francine Siegel Portland, Oregon	Self Employed – Strategies for Philanthropy
Ralph Mathew Tomatore, Jr. Cool, California	Retired, California Association of Highway Patrolmen
Thomas Healy Tongue Portland, Oregon	Attorney

*Chairman of the Board
Elected March 8, 2006

At least one third of the members of the Board of Directors are Oregon residents as required by the provisions of ORS 732.305.

Officers

Operating management of the Company as of December 31, 2006, was under the direction of the following principal officers:

<u>Name</u>	<u>Office</u>
Kai Grant Edwin Anderson	President
James Michael Sevey	Secretary
Michael Allen Ray	Chief Financial Officer
George Goodrich Coale Parker	Chairman of the Board

Parent and Affiliated Companies

The Company is a member of the California Casualty Group (Group) of which California Casualty Management Company (CCMC), is the attorney-in-fact for the California Casualty Indemnity Exchange (CCIE). The lead insurer in the group is CCIE, a California domiciled company authorized to write business in Oregon since 1962.

INTERCOMPANY AGREEMENTS

The Company is managed by CCMC under a management agreement effective January 1, 1994. Under the agreement, CCMC has the power to conduct, control, and supervise the complete insurance activities of the Company. As compensation for the services performed, CCMC is paid a monthly fee of up to 125% of expenses incurred on behalf of the Company. In addition, the Company pays CCMC an annual incentive fee not to exceed 10% of the Group's calendar year pretax income. This agreement was approved by the California Department of Insurance.

Effective January 1, 1999, the Company entered into an amended tax allocation agreement with the other insurers in the Group. Under this agreement, the consolidated federal income tax liability of the Group is allocated to each company in proportion to each company's share of taxable income, computed on a separate company basis. California Casualty Indemnity Exchange is responsible for filing and making all tax payments on behalf of the Group. This agreement amends and supercedes the previous tax allocation agreement that was effective January 1, 1992.

Effective July 1, 1999, the Company entered into an investment advisory agreement with Pillar Point Capital Management, Inc. (PPCM), a wholly owned subsidiary of CCMC. Under this agreement, PPCM supervises and directs the Company's investments and makes all investment decisions subject to approved investment guidelines. PPCM's fee is based on a percentage of assets under management. This agreement replaced a previous one with PPCM that had an effective date of July 1, 1993. On June 24, 2002, the agreement was extended through June 30, 2005. PPCM ceased being a registered investment advisor on September 30, 2004. Its fixed income management function was rolled up into CCMC under the control of the aforementioned management agreement.

CONFLICT OF INTEREST

The Company requires officers and directors to read the corporate conflict of interest policy and then disclose any conflict of interest on a signed conflict of interest statement.

From a review of the conflict of interest statements, it appeared the affected personnel performed due diligence in disclosing all and any potential conflicts of interest. No conflicts were noted.

CORPORATE RECORDS

The corporate records, including the Articles of Incorporation, Bylaws and minutes of the Board of Directors meetings and committee meetings, were reviewed for the period under examination.

Board Minutes

All of the Board meetings during the examination period were conducted with a quorum of directors present. The Board minutes were recorded in sufficient detail to have an understanding of the actions taken by the Board. See also the Accounts and Records section of this report.

Articles of Incorporation

The Articles of Incorporation conformed to Oregon Statutes. No changes were made to the Articles of Incorporation during the period under examination.

Bylaws

The Bylaws for the Company were amended on December 6, 2006, to reflect changes to the positions to be considered officers. Officer positions were amended to include a chief financial officer, assistant chief financial officer, and treasurer. The Plan may also have, at the discretion of the Board of Directors, a vice chairman of the Board, one or more vice presidents, and such other officers as may be appointed in accordance with the provisions of Section 5.3 of the Bylaws.

FIDELITY BONDS AND OTHER INSURANCE

The Group has adequate insurance coverages in all exposed areas of risk. The examination of these coverages involved determining the methods by which the Group assesses risk, adequacy of limits and retentions, and solvency of the insurers providing the coverages.

The Group has a Financial Institution Bond in the amount of \$6,000,000. This amount exceeds the minimum coverage recommended by the NAIC. No exceptions were noted in the examination of the Plan's coverages.

Other insurance coverages in force were found to be adequate, and are as follows:

Workers' compensation	Professional liability
Commercial general policy	General liability
Umbrella	Property including crime

PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

The Company does not have any employees. All retirement plans, deferred compensation, post retirement benefits and compensated absences and other post retirement benefit plans are maintained by California Casualty Management Company as part of the management agreement.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact insurance in the states of Arizona, California, Idaho, Illinois, Iowa, Kansas, Kentucky, Missouri, Nebraska, Nevada, New Mexico, Ohio, Oregon, Utah, Washington, Wisconsin, and Wyoming. The Company is authorized in these states to transact the business of property and casualty insurance, including workers' compensation.

On October 1, 1997, the Group discontinued writing new commercial workers' compensation policies. Under the pooling agreement, effective January 1, 1998, all of the workers' compensation and miscellaneous commercial business in run-off was retroceded to CCCIC.

In May 2000, the California Casualty Group received an endorsement as the recommended insurer for members for the National Education Association (NEA). The endorsement is for a ten-year period. In connection with the anticipated premium growth related to this endorsement, the Company's manager, CCMC, entered into a strategic relationship with

Fireman's Fund Insurance Company (FFIC) to share in the business generated through the NEA endorsement. One of the components of this relationship is a quota share reinsurance agreement between insurers in the Group and FFIC, where FFIC assumes 30% of the personal lines business written by the group, including but not limited to fire, allied lines, earthquake, homeowner's, mobile homeowner's, inland marine, personal watercraft, and personal automobile policies. (See "Reinsurance" for further commentary.) On November 5, 2003, the California Department of Insurance consented to a redomestication of the Company to the State of Oregon and a name change of the Company to "California Casualty General Insurance Company of Oregon."

GROWTH OF THE COMPANY

Growth of the Company since redomestication is reflected in the following schedule. Amounts were derived from the Company's annual statements, except in those years where the Oregon Insurance Division published a report of examination.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income (Loss)</u>
2003*	\$70,357,200	\$44,540,453	\$25,816,747	\$(5,781,855)
2004	67,415,861	43,898,325	23,517,536	(2,284,866)
2005	78,673,107	49,551,250	29,121,857	2,854,845
2006*	78,334,891	48,452,223	29,882,668	2,170,254

*Per examination

The Company continues to grow as a result of the endorsement of the National Education Association in the year 2000.

LOSS EXPERIENCE

The following exhibit reflects the underwriting results of the Company since 2003. The amounts were compiled from the Company's filed annual statements, except in those years where the Oregon Insurance Division published a report of examination.

<u>Year</u>	(1) <u>Premium Earned</u>	(2) <u>Loss Incurred and LAE Incurred</u>	(3) <u>Other Underwriting Expenses Incurred</u>	(2) + (3)/(1) <u>Ratio</u>
2003*	\$38,910,095	\$34,705,306	\$12,379,038	121.08%
2004	43,010,846	34,620,680	12,941,881	110.58%
2005	39,521,112	28,731,029	10,467,648	99.18%
2006*	29,353,970	21,107,870	8,795,323	101.87%

*Per examination

Earned premiums decreased in 2006, as changes were made to the pooling agreement. The Company's percentage decreased from 16% to 12%.

STATUTORY DEPOSITS

As of December 31, 2006, the Company maintained \$1,500,000 security deposit with the State of Oregon, Department of Consumer and Business Services, Insurance Division, pursuant to the provisions of ORS 750.045. The deposit was verified from the records of the Insurance Division.

REINSURANCE

A revised pooling arrangement was approved by the California Department of Insurance and Oregon Insurance Division, effective January 1, 2006. This arrangement provides that all companies cede 100% of their direct business to California Casualty Insurance Exchange. Per the arrangement, personal lines insurance business is retroceded to, and assumed by, California Casualty Insurance Company (CCIC), California Casualty Fire Insurance Company (CCFIC), and the Company according to their respective pooling percentages of 8%, 10% and 12%. The exchange retains 70% of the pooled personal lines business. All workers' compensation and miscellaneous commercial lines direct and assumed business is in run-off and is retroceded 100% to California Casualty Compensation Insurance Company (CCCIC).

Assumed Reinsurance

The Company has no reinsurance assumed.

Ceded Reinsurance

Effective January 1, 2000, CCIE, CCIC, CCFIC and the Exchange (the Group) entered into a 15-year quota share reinsurance agreement with Fireman's Fund Insurance Company (FFIC) on the Group's personal lines of business. Under the terms of this agreement, for the first five years of the treaty, the Group cedes 20% of personal lines premium written and losses, and earn a ceding commission equal to 20% of underwriting expenses. For the subsequent ten years of the treaty, the companies cede 30% of written premiums and losses and earn a ceding commission equal to 30% of underwriting expense. Under the terms of the agreement, the Group also received an additional ceding commission through 2003. The additional commission was 7.5% in 2000, 5% in 2001, 2.5% in 2002 and \$37,500 per month in 2003. The companies are recognizing the additional ceding commission over the first ten years of the contract per SSAP No. 62, paragraph 51, because that is the term of the endorsement by the NEA. (See "Territory and Plan of Operation.")

The Company through the pooling agreement has the following additional reinsurance agreements in effect at December 31, 2006:

<u>Type of Contract</u>	<u>Line of Business</u>	<u>Reinsurer's Name</u>	<u>Exchange's Retention</u>	<u>Reinsurer's Limits</u>
Catastrophe Excess of Loss				
1 st Layer excess of loss	Property	Various admitted and nonadmitted reinsurers	\$15 million plus 35% of \$10 million excess of \$15 million per occurrence	65% of \$10 million per occurrence excess of \$15 million, \$20 million annual aggregate
2 nd Layer excess of loss	Property	Various admitted and nonadmitted reinsurers	\$25 million plus 30% of \$20 million excess of \$25 million per occurrence	70% of \$20 million per occurrence excess of \$25 million, \$40 million annual aggregate
3 rd Layer excess of loss	Property	Various admitted and nonadmitted reinsurers	\$45 million plus 20% of \$35 million excess of \$45 million per occurrence	80% of \$35 million per occurrence excess of \$45 million, \$70 million annual aggregate

As previously noted, the Group discontinued writing workers' compensation business in 1997, except for domestic workers' compensation coverage under homeowner's policies. Under the pooling agreement, all workers' compensation and miscellaneous commercial business in force are retroceded to CCCIC. Effective January 1, 2001, CCCIC entered into an adverse loss development cover with XL Re, Ltd., of Hamilton, Bermuda, covering workers' compensation claims with dates of injury prior to January 1, 1999. Excess of loss treaties through American Re-Insurance Company were in effect from 1917 through 1998 with various retentions and limits based on the date of loss. These treaties inure to the benefit of the adverse loss development cover between CCCIC and XL Re, Ltd.

Insolvency Clause

All of the Company's reinsurance agreements contained insolvency clauses which specified payment to a statutory successor without diminution in accordance with the provisions of ORS 731.508.

Intermediary Clause

The Company obtains its reinsurance agreements through a reinsurance broker. It was noted the Company has a proper intermediary clause that includes a provision whereby the reinsurer will assume all credit risks of the intermediary related to payments to the intermediary in accordance with the 2007 NAIC Examiners Handbook, Page 6-41 and ORS 731.302.

Risk Retention

The Company did not retain risk on any one subject in excess of 10% of its surplus to policyholders as required by the provisions of ORS 731.504.

ACCOUNTS AND RECORDS

In general, the Company's records and source documentation supported the amounts presented in the Company's December 31, 2006, annual statement and were maintained in a manner by which the financial condition was readily verifiable as required by the provisions of ORS 733.170. However, the following comments or recommendations have been made as a result of this examination.

Board of Director Minutes

The Board of Directors meet on a quarterly basis to discuss the Company's operations. A review of the minutes noted there was no approval of investment purchases or sales. No recommendation will be made as subsequent to the examination and prior to the end of field work, the Company has taken the necessary action to include the approval of investments in the minutes.

Custodial Agreement

The Company's Custody Agreement with the Bank of New York Trust Company has certain weaknesses because it does not include the following safeguards:

- (1) In the event that the custodian gains entry in a clearing corporation through an agent, there shall be a written agreement between the custodian and the agent that the agent shall be subjected to the same liability for loss of securities as the custodian. If the agent is governed by laws that differ from laws regulating the custodian, the Director may accept a standard of liability applicable to the agent that is different from the standard liability;
- (2) The custodian must agree to provide written notification to the Director, within three business days of receipt by the custodian of the insurer's written notice of termination or withdrawal, if the custodial agreement has been terminated or if 100 percent of the account assets in any one custody account have been withdrawn;
- 3) Article 5.2, states that if the Company is indebted to the custodian for any reason, the custodian shall have a continuing lien and security interest in and to all securities and cash now or hereafter held in the account and any other property at any time held by it for the benefit of the Company.

No recommendation will be made as subsequent to the examination and prior to the end of field work, the Company and Bank of New York have agreed to amend the agreement and become compliant with the safeguards contained in Oregon Administrative Rule 836-027-0200.

Tax Allocation Agreement

The Company has had a written Tax Allocation Agreement in place since 1992. This agreement was never formally approved by the Oregon Division or by the California Department of Insurance. The agreement was then restated in 2004 (to be effective as of January 1, 1999) to conform the agreement to revisions made in 1998 to the parties' intercompany pooling agreement. In 2005 a non substantive, technical amendment was made changing the Company's name to California Casualty General Insurance Company of Oregon. No recommendation will be made as subsequent to the examination and prior to the end of field work, the Company filed a Form D with the Oregon Insurance Division. The filing was dated March 27, 2008.

CALIFORNIA CASUALTY GENERAL INSURANCE COMPANY OF OREGON
BALANCE SHEET
As of December 31, 2006

<u>ASSETS</u>	<u>Per Company</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>
Bonds (Note 1)	\$40,215,985	\$ 0	\$40,215,985
Cash & short-term investments (Note 1)	1,262,747		1,262,747
Interest due & accrued	437,368		437,368
Uncollected premiums and agents balances in course of collection	19,223,172		19,223,172
Deferred premiums, agent balances and installments booked but deferred and not yet due	13,971,380		13,971,380
Reinsurance recoverable	1,134,847		1,134,847
Net deferred tax asset	1,349,075		1,349,075
Guaranty funds receivable or on deposit	1,315		1,315
Receivable from parent, sub., affiliate	739,002		739,002
Agg. write-ins for other than invested assets	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$78,334,891</u>	<u>\$ 0</u>	<u>\$78,334,891</u>
 <u>LIABILITIES</u>			
Losses (Note 2)	\$10,767,535	\$ 0	\$10,767,535
Reinsurance payable on paid losses	263,296		263,296
Loss adjustment expenses (Note 2)	2,916,664		2,916,664
Commissions payable, contingent commissions and other similar charges	314,971		314,971
Other expenses	88,217		88,217
Taxes, licenses and fees	77,086		77,086
Unearned premiums	14,601,357		14,601,357
Advance premiums	38,088		38,088
Ceded reinsurance premiums payable	18,686,200		18,686,200
Amounts withheld or retained by company for account of others	418,729		418,729
Payable to parent, subsidiaries and affiliates	241,395		241,395
Aggregate write-ins for liabilities	<u>38,683</u>	<u>0</u>	<u>38,683</u>
Total Liabilities	<u>48,452,223</u>	<u>0</u>	<u>48,452,223</u>
 <u>SURPLUS AND OTHER FUNDS</u>			
Common capital stock	2,602,000		2,602,000
Gross paid in and contributed surplus	12,200,000		12,200,000
Unassigned funds (surplus)	<u>15,080,668</u>	<u>0</u>	<u>15,080,668</u>
Surplus as regards policyholders	<u>29,882,668</u>	<u>0</u>	<u>29,882,668</u>
Total Liabilities and Surplus	<u>\$78,334,891</u>	<u>\$ 0</u>	<u>\$78,334,891</u>

CALIFORNIA CASUALTY GENERAL INSURANCE COMPANY OF OREGON
STATEMENT OF INCOME
For the Year Ended December 31, 2006

UNDERWRITING INCOME

Premiums earned	\$29,353,970
Deductions	
Losses incurred	15,891,724
Loss expenses incurred	5,216,146
Other underwriting expenses incurred	<u>8,795,323</u>
Total underwriting deductions	<u>29,903,193</u>
Net underwriting gain (loss)	<u>(549,223)</u>

INVESTMENT INCOME

Net investment income earned	2,068,100
Net realized capital gains (losses)	<u>13,852</u>
Net investment gain (loss)	<u>2,081,952</u>

OTHER INCOME

Net gain (loss) from agents' or premium balances charged off	(95,226)
Finance and service charges not included in premiums	<u>233,490</u>
Total other income	<u>138,265</u>
Net income before dividends to policy holder and before federal and foreign income taxes	1,670,994
Dividends to policyholders	0
Net income, after dividends to policyholders but before federal and foreign income taxes	1,670,994
Federal and foreign income taxes incurred	<u>(499,260)</u>
Net income (loss)	<u>\$ 2,170,254</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2005	<u>\$29,121,867</u>
Net income (loss)	2,170,254
Change in net deferred income tax	(1,607,471)
Change in nonadmitted assets	<u>198,028</u>
Change in surplus as regards policyholders for the year	<u>760,811</u>
Surplus as regards policyholder, December 31, 2006	<u>\$29,882,668</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested Assets

Bonds account for 97% of the Invested Assets of the Company. The bond portfolio is comprised of all investment grade bonds. The majority of maturities are between 5 to 10 years. Cash and Cash equivalents constitute the remaining 3% of invested assets. These assets are short term investment grade bonds.

Note 2 - Losses, and Loss Adjustment Expenses

The Company is subject to a pooling agreement whereby the Company cedes 100% of their direct written business and assumes 12% of the personal lines insurance on a retroceded basis. Additionally, this examination is a coordinated examination between the States of California and Oregon. Consequently, a Casualty Actuary from the California Department of Insurance (CDI) reviewed the Statement of Actuarial Opinion and actuarial report by the CCIE actuary and concurred with the conclusion that the loss and loss adjustment expense reserves are reasonable.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

No recommendations are being made as subsequent to the examination and prior to the end of field work, the Company has taken corrective action on all weaknesses noted above. (See Accounts and Records)

CONCLUSION

During the period from the qualifying examination as of December 31, 2003, through December 31, 2006, the Company's capital and surplus increased from \$25,816,747 as of December 31, 2003, to \$29,882,668, as shown in this report of examination.

The comparative assets and liabilities are shown below:

	<u>2006</u>	<u>December 31,</u> <u>2003</u>	<u>Change</u>
Assets	\$78,334,891	\$70,357,200	\$7,977,691
Liabilities	<u>48,452,223</u>	<u>44,540,453</u>	<u>3,911,770</u>
Surplus	<u>\$29,882,668</u>	<u>\$25,816,747</u>	<u>\$4,065,921</u>

SUBSEQUENT EVENTS

1. In May 2007, the California Casualty Group completed its cost-cutting measures by reducing staffing requirements. The reason for cost-cutting was to hold expense ratio's closer to industry average. Approximately 120 positions company wide were eliminated, several positions were from management staff. The finance department incurred a decrease of 12 positions.

2. On September 26, 2007, CCMC's (ultimate parent) membership interest in Pillar Point Equity Management (PPEM) was purchased by PPEM for \$351,671. The consideration consisted of a cash payment of \$51,671 and a note receivable. The note is subject to an interest rate equal to the (3) month London interbank offered rate (LIBOR) plus (40) basis points, adjusted quarterly. Payments are due in ten (10) quarterly installments of principal equal to \$30,000 plus accrued interest on February 1, May 1, August 1, and November 1 of each year commencing on February 1, 2008, and a final payment on the maturity date of April 30, 2010.

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Company during the examination process are gratefully acknowledged.

In addition to the undersigned, Mike P. Phillips, CFE, CPA, AES, Supervising Insurance Examiner participated in the examination. Examiners for the state of California, also participated in this coordinated examination.

Respectfully submitted,

Timothy R. Hurley, CFE
Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)
) ss
County of Marion)

Timothy R. Hurley, CFE, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of California Casualty General Insurance Company of Oregon.

2. The state of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of California Casualty General Insurance Company of Oregon was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

Timothy R. Hurley, CFE
Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn before me this _____ day of _____, 2008

NOTARY PUBLIC for the State of Oregon

My commission expires _____