

**BANKERS INSURANCE GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS (GAAP BASIS)**  
**SEPTEMBER 30, 2011**

<u>ASSETS</u>	<u>09/30/11</u>	<u>12/31/10</u>
CASH AND CASH EQUIVALENTS	\$ 41,883,752	\$ 43,468,966
CASH HELD IN TRUST	26,705,579	26,430,813
INVESTMENTS	176,267,572	134,758,867
ACCRUED INVESTMENT INCOME	1,434,686	1,108,520
PREMIUMS AND ACCTS RECEIVABLE	19,179,687	18,608,706
PREPAID REINSURANCE PREMIUMS	18,394,215	15,892,881
REINSURANCE RECEIVABLE	177,648,007	181,544,790
ACCOUNTS RECEIVABLE - AFFIL.	22,555,579	20,484,499
INCOME TAXES RECEIVABLE-DEF	5,710,860	5,503,359
EQUITY IN UNDERWRITING ASSOCIATIONS	32,404	21,893
DEFERRED ACQUISITION COSTS	20,461,038	19,006,092
PROPERTY/EQUIPMENT NET DEPREC.	2,383,343	2,861,102
OTHER NON-CURRENT ASSETS	719,907	458,662
<b>TOTAL ASSETS</b>	<b>\$ 513,376,629</b>	<b>\$ 470,149,149</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>LIABILITIES</b>		
UNEARNED PREMIUMS	\$ 78,073,557	\$ 74,841,010
RESERVE FOR LOSSES AND ALAE	69,913,891	65,525,799
POLICY BENEFITS	220,532,401	184,330,771
AMOUNTS HELD/DUE TO REINSURER	21,359,227	21,377,398
ACCOUNTS PAYABLE - AFFIL.	92,515	93,220
ACCRUED EXPENSES/OTHER LIAB.	10,541,769	10,348,119
ACCOUNTS PAYABLE	2,510,703	639,322
SURETY AGENTS' RESERVE/COLL	26,705,579	26,430,813
INCOME TAXES PAYABLE - CURRENT	(1,478,898)	2,404,714
NOTES PAYABLE	5,000,000	5,000,000
<b>TOTAL LIABILITIES</b>	<b>433,250,742</b>	<b>390,991,166</b>
<b>STOCKHOLDER'S EQUITY</b>		
COMMON STOCK	\$ 20,087	\$ 20,087
ADDITIONAL PAID IN CAPITAL	39,846,596	39,846,596
UNREALIZED APPRECIATION	(2,267,220)	(1,973,061)
RETAINED EARNINGS	42,526,424	41,264,361
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>80,125,887</b>	<b>79,157,983</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 513,376,629</b>	<b>\$ 470,149,149</b>

<u>REVENUES</u>	<u>Current YTD</u>	<u>Prior YTD</u>
WRITTEN	\$ 237,948,518	\$ 230,539,403
ASSUMED	5,998,147	5,233,600
LESS CEDED	(83,520,978)	(72,016,833)
NET WRITTEN	160,425,687	163,756,170
(INCREASE) / DECREASE IN U/E PREMIUM	(728,061)	(8,994,669)
PREMIUMS EARNED	159,697,626	154,761,502
INVESTMENT INCOME	4,955,441	11,539,014
SERVICE FEES & OTHER INCOME	5,742,311	6,673,953
<b>TOTAL REVENUES</b>	<b>\$ 170,395,379</b>	<b>\$ 172,974,469</b>
<b><u>EXPENSES</u></b>		
NET LOSS & LOSS ADJUSTMENT EXP	\$ 32,476,322	\$ 27,497,793
NET COMMISSION EXPENSE	100,323,842	96,896,289
GENERAL & ADMINISTRATIVE	34,166,358	35,511,408
<b>TOTAL EXPENSES</b>	<b>166,966,522</b>	<b>159,905,490</b>
<b>INCOME (LOSS) BEFORE TAX</b>	<b>\$ 3,428,857</b>	<b>\$ 13,068,978</b>
INCOME TAX EXPENSE (BENEFIT)	813,920	4,134,675
EQUITY IN AFFILIATES	(1,041,424)	(1,535,440)
<b>NET INCOME/(LOSS)</b>	<b>\$ 1,573,514</b>	<b>\$ 7,398,864</b>