

FACTS SHEET

May 4, 2005

Contact Information

For media relations, contact Carl DeBarbrie at (415)656-5066 or carl.debarbrie@calinsco.com.

The company markets coverage through two product offerings. For SolutionOne[®] marketing information, contact the company's general agent, Applied Risk Services, at (877)234-4450. Brokers can fax new business submissions to (877)234-4452. EquityComp[®] is distributed through select agents. For information contact Gary Deck at (415)656-5000.

Overview

The California Insurance Company (CIC) is a wholly owned subsidiary of Applied Underwriters, Inc. (AUI), a pioneer in the field of financial services and workers' compensation. AUI is the leader in the field of integrated workers' compensation solutions. Underwriting activities principally include workers' compensation with supporting lines of employment practices liability insurance (EPLI), non-occupational income coverage, and accidental death and dismemberment coverage (AD&D). The company also provides warranty coverages wrapped around the risk management and administrative services it provides, as well as profit sharing plans within a streamlined captive structure.

AUI maintains two reinsurance treaties with participants including Ace Tempest (A/A+), AIG (A++, AAA), Aspen (A/A), AXIS (A/A), Chaucer (London Syndicate A/A), Faraday (London Syndicate A/A), Folksamerica Re (A/A-), Harrington (London Syndicate A/A), IOA Re (A/A), London Atrium (London Syndicate A/A), National Indemnity Company (A+/AAA), Odyssey Re (A/A-), Renaissance Re (A+/AA-), Swiss Re (A+/AA), Wellington (London Syndicate A/A).

Current Rating

A.M. Best has rated California Insurance Company A- (Excellent). The outlook of the company is stable. A.M. Best stated the following rating rationale: "The rating reflects CIC's adequate capitalization and the strong historical underwriting performance of business produced by AUI, a leading provider of bundled workers' compensation insurance and payroll processing services to small and medium-sized businesses. The rating also contemplates management's strategic business plans and projections for near-term earnings and capital accumulation, which are dependent upon the successful execution of the plan and profitable growth. The outlook considers management's projections for 2005, current market conditions and management's intent to prudently manage its capital in accordance with levels previously discussed with A.M. Best."

Key Financial Indicators

Dollars in Thousands

Year	Policyholders' Surplus	Net Income	Total Admitted Assets	Net Premiums Written	Direct Premiums Written
2004	7,941	208	14,017	0	7,250
2005(1 st Quarter)	64,370*	4,423	69,524*	9,144	3,800

*As adjusted for additional \$10,000 capital effective May 1, 2005

History

AUI acquired CIC from Coregis Group, Inc. (General Electric), in March 2003. AUI provided \$50 million in capital to its wholly owned subsidiary California Insurance Company early in the first quarter, 2005 and an additional \$10 million in capital in May, 2005. CIC received approval from the California Department of Insurance to begin writing business effective April 1, 2005. In the early 1990s, AUI's founders, Sidney Ferenc and Steven Menzies, saw an opportunity in the insurance industry to create a company based on sound underwriting principles – and to leverage technology to do so. Their hands-on experience applying technology to business propositions took their name to heart; they would apply technology to truly improve the underwriting process. As a result, they would generate better customers.