

FINANCIAL STABILITY The financial condition of an insurance organization is an important factor in public confidence. In this regard we believe the fundamental factors listed below are significant. The following is a **COMPARATIVE ANALYSIS** of these basic factors, comparing

ETHIO-AMERICAN INSURANCE COMPANY, INC.

with the *Aggregate Average of 15 Leading Property and Casualty Companies. Using these aggregates as a yardstick a number of comparisons can be made. Some of the most significant ones are shown below. Basic significant factors of the company featured herein are derived from the annual statement as of December 31, 2006.

(*The 15 Leading Property and Casualty Companies are selected by Premiums Earned as of December 31, 2006.)

ASSETS to LIABILITIES Assets for each \$100 of Liabilities. A wide margin of Assets over Liabilities can be a significant safety factor. This indicates financial soundness and a Company's ability to meet all obligations as they become due.

Allstate Insurance Company, IL	\$167.00
American Family Mutual Ins. Co., WI	161.47
American Home Assurance Co., NY	127.98
Continental Casualty Company, IL	126.24
Farmers Insurance Exchange, CA	135.90

Federal Insurance Company, IN.....	166.00
Government Employees Ins. Co., MD	162.24
Liberty Mutual Insurance Co., MA	149.84
National Union Fire Ins. Co. of Pittsburgh, PA	149.04
Nationwide Mutual Insurance Co., OH	161.51

Progressive Casualty Insurance Co., OH	139.86
State Farm Fire & Casualty Co., IL.....	157.86
State Farm Mutual Automobile Ins. Co., IL	243.96
United Services Automobile Association, TX.....	325.91
Zurich American Insurance Co., NY	123.70

AVERAGE 15 LEADING PROPERTY & CASUALTY CO'S..... \$164.37

**ETHIO-AMERICAN
INSURANCE COMPANY, INC** **\$269.45**

INVESTED ASSETS in CASH, BONDS and STOCKS to LIABILITIES Assets in Cash, Bonds, Stocks and Short Term Investments for each \$100 of Liabilities. A substantial amount of Assets readily convertible to cash can be an indication of the ability with which an insurer may meet unforeseen emergencies that may arise.

AVERAGE 15 LEADING PROPERTY & CASUALTY CO'S.\$132.10

**ETHIO-AMERICAN
INSURANCE COMPANY, INC** **\$261.18**

SURPLUS to LOSS RESERVES (Surplus per \$100 of Loss Reserves, including Loss Adjustment Expenses Reserve). A high ratio of Surplus (including Capital, if any) per \$100 of Loss Reserves may show further proof of strength and stability.

AVERAGE 15 LEADING PROPERTY & CASUALTY CO'S.\$119.15

**ETHIO-AMERICAN
INSURANCE COMPANY, INC** **\$192.00**

FINANCIAL STATEMENT SUMMARY AS OF DECEMBER 31, 2006

Assets	Liabilities	Gross Surplus
\$5,305,701.00	\$1,969,106.00	\$3,336,595.00
Net Premiums Written	**Losses Incurred	***Loss Reserves
\$2,975,144.00	\$1,891,701.00	\$1,738,000
	Premiums Earned	
	\$2,957,773.00	

**Includes Loss Expenses Incurred

***Includes Loss Adjustment Expenses Reserve

Conclusion

Based on the financial results achieved in the year ended 2006, the analysis made of the above organization is favorable in comparison with the aggregate averages of 15 of the LEADING COMPANIES.