

Temple Insurance Company

Board of Directors

Robert W. Chisholm, Corporate Director

Mary Forrest, President
Munich Life Management Corporation Ltd.

H. Paul Gobeil, Vice Chairman of the Board
Métro Inc.

Kenneth B. Irvin, President and Chief Executive Officer
Temple Insurance Company

John N. Lombardo, Corporate Director

D. Murray Paton, Corporate Director

Alex G. Wettemann, Head of Divisional Unit, Canada
Münchener Rückversicherungs-Gesellschaft AG

Officers

Robert W. Chisholm
Chairman

Alex G. Wettemann
Vice Chairman

Kenneth B. Irvin
President and Chief Executive Officer

Linda J. Wahrer
Executive Vice President

Peter L. Walker
Executive Vice President and Chief Information Officer

Roderick Hampson,
Senior Vice President and Chief Operating Officer

R. Peter McCutcheon
Senior Vice President, Underwriting

Claudette Cantin
Vice President, Casualty and Chief Actuary

Gary Gray
Vice President, Finance and Chief Financial Officer

Daniel Muzzin
Vice President, Marketing

Jordan S. Solway
Vice President, Claims and General Counsel and Secretary

Condensed Balance Sheet as of 31 December 2010 (Dollars in thousands)

A.M. Best rating A+ (G)

Assets

Cash	\$	142
Balances due from agents, brokers, insurers and reinsurers		34,691
Accrued investment income		3,962
Deferred acquisition costs		25,393
Investments		486,852
Other		257
Unearned premiums recoverable from reinsurers		39,432
Unpaid claims and adjustment expenses recoverable from reinsurers		270,238
Future income tax		4,619
		<u>\$ 865,586</u>

Liabilities and Shareholder's Equity

Balances due to insurers and reinsurers	\$	13,777
Provision for unpaid claims		584,456
Unearned premiums		106,091
Unearned acquisition income		9,080
Income taxes		3,244
Other		3,165
		<u>719,813</u>
Capital stock		57,055
Contributed surplus		27,910
Accumulated other comprehensive income		8,205
Earned surplus*		52,603
		<u>\$ 865,586</u>

*Includes Statutory reserves of \$293

Auditors' Report to the Shareholder

The accompanying condensed balance sheet is derived from the complete financial statements of Temple Insurance Company as at 31 December 2010 and for the year then ended on which we expressed an opinion without reservation in our report dated 9 February 2011. The fair summarization of the complete balance sheet is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the condensed balance sheet.

In our opinion, the accompanying condensed balance sheet fairly summarizes, in all material respects, the related complete balance sheet in accordance with the criteria described in the Guideline referred to above.

This condensed balance sheet does not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that this balance sheet may not be appropriate for their purposes. For more information on the Company's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

KPMG LLP, Chartered Accountants, Toronto, Canada
9 February 2011

Temple Insurance Company

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