SENATE TAXATION
EXHIBIT NO. 7
DATE 3-21-07
BILL NO. SB-556

ILLUSTRATION OF THREE HYPOTHETICAL COMPANIES

Insurance Company A	Insurance Company B	Insurance Company C
Net Premiums = $8 Million Surplus = $45 Million Surplus 100% from Accumulated Earnings	Net Premiums = $8 Million Surplus = $45 Million Surplus 100% from Accumulated Earnings	Net Premiums = $8 Million Surplus = $45 Million Surplus consists of $35 Million of Earnings and $10 Million of Surplus Notes
Authorized Control Level is $10 Million (all investments are in gov bonds and underwriting results are primary driver of ACL charge) $45 Million / $10 Million = 450% Premium Tax = $220,000	Authorized Control Level (ACL) is $15 Million (investments include bonds as well as common stock) $45 Million / $15 Million = 300% Premium Tax = $0	Authorized Control Level (ACL) is $10 Million (all investments are in gov bonds and underwriting results are primary driver of ACL charge) $45 Million / $10 Million = 450% $35 Million / $10 Million = 350% Premium Tax = $220,000 Premium Tax = $0