



AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

As of October 8, 2008

Company Information

One Premier Drive
St. Louis, MO 63026

Top Officer: **Gale D. Preston**
Top Officer's Title: **President**
Secretary: **David T. Weir**

Telephone: **636-343-9889**
Fax: **636-305-4270**
Web: www.vanliner.com

A.M.Best Number: **02794**
NAIC Number: **21172**
FEIN Number: **860114294**

History: Vanliner Insurance Company began business in 1954.

Licensing: The company is licensed in the District of Columbia and all states.

Best's Ratings

Financial Strength Ratings
Rating: A- (Excellent)
Affiliation Code: N/A
Financial Size Category: VIII (\$100 Million to \$250 Million)
Outlook: Stable
Action: Affirmed
Effective Date: 5/5/2008

Issuer Credit Rating
Long-Term: a-
Outlook: Stable
Action: Affirmed
Effective Date: 5/5/2008

Previous FSR Rating Event
A- (Excellent) 4/9/2007

Security Ratings
No data available

Rating Rationale

Rating Rationale: The rating reflects the company's solid risk-adjusted capitalization, good operating performance, and specialized business strategy operating as a provider of moving and storage and transportation industry insurance products to a defined market-place. Somewhat offsetting these factors were adverse loss reserve development and declines in risk-adjusted capitalization experienced by the company early in the five-year period, modestly elevated net underwriting leverage and increasing underwriting expenses. Nevertheless, the rating outlook remains reflective of the company's solid capital position and more favorable recent loss reserve development resulting from management's aggressive actions to address the issue.

The positive rating factors are derived from the company's specialty expertise and focused strategy for its core business, moving and storage insurance products. Vanliner also benefits from management's dedication to firm underwriting standards, and a rigorous loss prevention program. The company's strategic affiliation with United Van Lines and Mayflower Transit provides an in-depth knowledge of the moving and storage industry. Vanliner continues to expand its non-affiliated moving and storage business, as well as the newer specialty transportation business, through a tightly controlled network of independent agents that specialize in this business segment, which has allowed the company additional opportunity for revenue diversification and long-term growth. Vanliner's low-cost marketing strategy, specialty product knowledge, and its strategic affiliation enhances its overall competitive market position in terms of price flexibility, risk selection, penetration, and retention.

The positive rating factors have been offset in part by the significant amount of adverse loss reserve development reported on the commercial automobile and workers' compensation books of business during the early part of the five-year period, which hampered the company's operating performance. The company has reported favorable overall development in each of the past three years, and in 2007, reported favorable development of prior years loss reserves for all lines with the exception of other liability. The company's efforts to expand into other trucking businesses may, in time, result in further diversification of its revenue stream, but have put additional upward pressure on the company's traditionally low underwriting expenses. Surplus growth in 2007 was hampered by underwriting losses and an unrealized capital loss generated mainly by the company's preferred equity investments, although strong investment income resulted in growth in surplus.



AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

As of October 8, 2008

Business Review

Vanliner Insurance Company is a commercial lines insurer specializing in the moving and storage industry, providing tailored coverages including commercial auto liability, auto physical damage, workers' compensation, employers liability, cargo, commercial umbrella, and movers and warehousemen's liability. Through its affiliation with United Van Lines and Mayflower Transit, the company markets extensively to agents and their independent owner, operators associated with these two affiliates. By virtue of its affiliations, Vanliner ranks among the largest casualty insurers in the moving and storage industry. At year-end 2007, direct written premiums from non-affiliates exceeded premium from affiliates for the first time. The majority of the affiliated business segment is marketed through TransProtection Service Company, an affiliated agency. This affiliated agency has also established strategic alliances with various insurance carriers to obtain and provide a wide range of coverages to supplement those offered through Vanliner. Business not affiliated with United Van Lines and Mayflower Transit is marketed through independent agencies. Beginning in late 2006, Vanliner has expanded its customer base to include select specialty transportation companies outside of the moving and storage industry. This business segment has grown steadily since its inception.

Vanliner is dedicated to providing personalized customer service, long-term relationships, and stability in pricing. The company also maintains an aggressive loss prevention department and claims management team, which provides customized loss control services to both its moving and storage customers and the newer specialized transportation providers. Among these services are on-site safety evaluations, loss/success rate analysis, and hazardous conditions/work practices identification. Rates for commercial auto are based on ISO loss costs and loss cost multipliers, with retrospectively rated plans available only for larger accounts. Workers' compensation rates are based on NCCI loss costs and loss cost multipliers, and retrospectively rated plans are available for larger accounts.



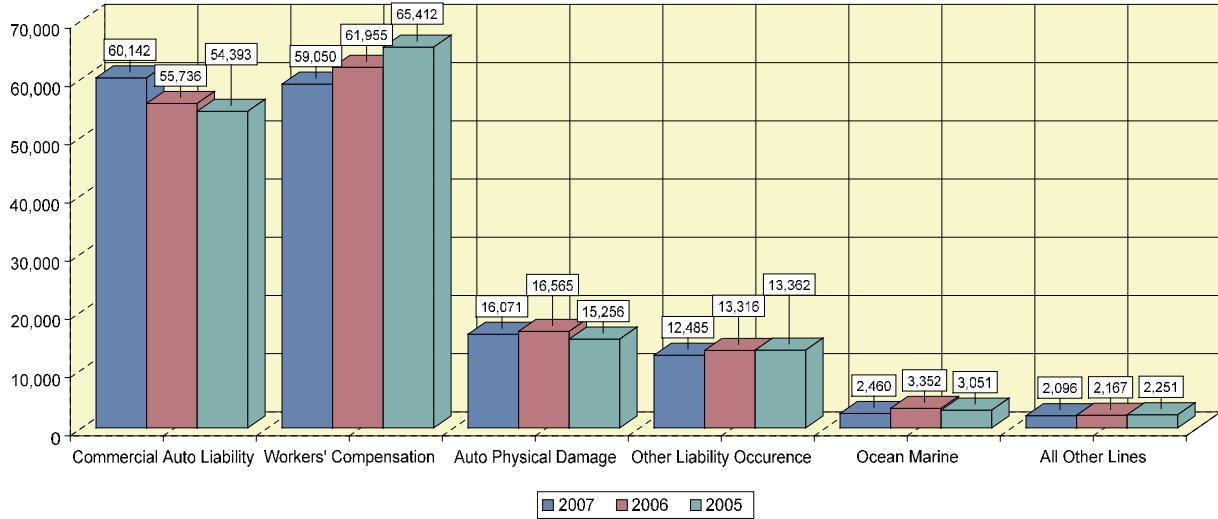
AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

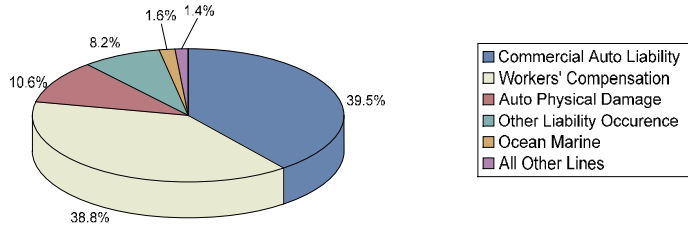
As of October 8, 2008

Top Lines and States of Business (\$000)

3-Year Net Premiums Trend Analysis

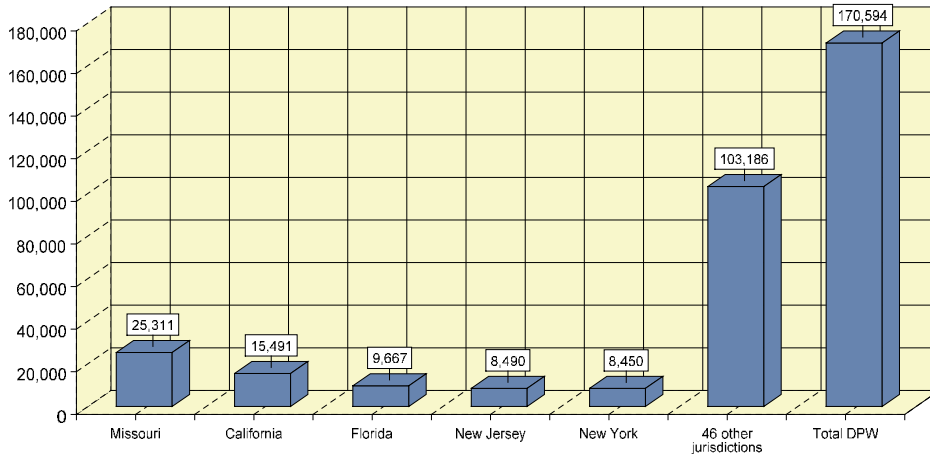


Top Lines of Business (Net Premiums Written)



	2007	2006	2005
Commercial Auto Liability	60,142	55,736	54,393
Workers' Compensation	59,050	61,955	65,412
Auto Physical Damage	16,071	16,565	15,256
Other Liability Occurrence	12,485	13,316	13,362
Ocean Marine	2,460	3,352	3,051
All Other Lines	2,096	2,167	2,251
Total	152,304	153,091	153,725

Top States of Business (Direct Premiums Written)



	2007
Missouri	25,311
California	15,491
Florida	9,667
New Jersey	8,490
New York	8,450
46 other jurisdictions	103,186
Total DPW	170,594



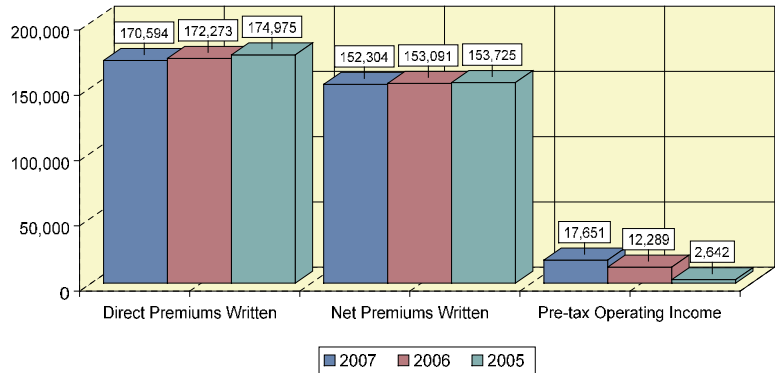
AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

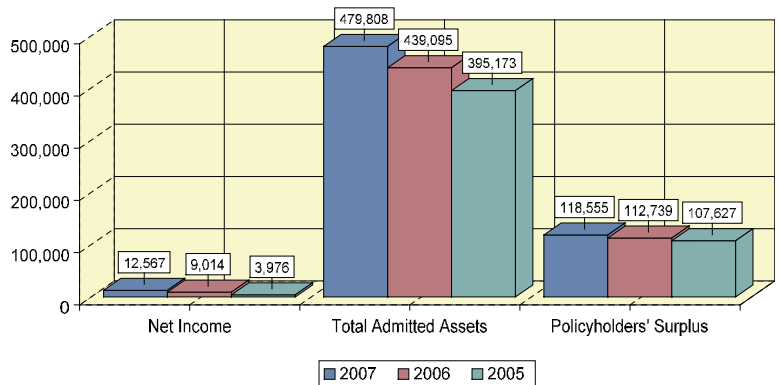
As of October 8, 2008

Key Financial Indicators (\$000)

	Direct Premiums Written	Net Premiums Written	Pre-tax Operating Income
2007	170,594	152,304	17,651
2006	172,273	153,091	12,289
2005	174,975	153,725	2,642



	Net Income	Total Admitted Assets	Policyholders' Surplus
2007	12,567	479,808	118,555
2006	9,014	439,095	112,739
2005	3,976	395,173	107,627



Profitability

	Comb. Ratio	Inv. Yield (%)	Pre-tax ROR (%)
2007	101.4	5.8	12.0
2006	103.8	5.6	8.0
2005	106.9	5.2	1.8

Leverage

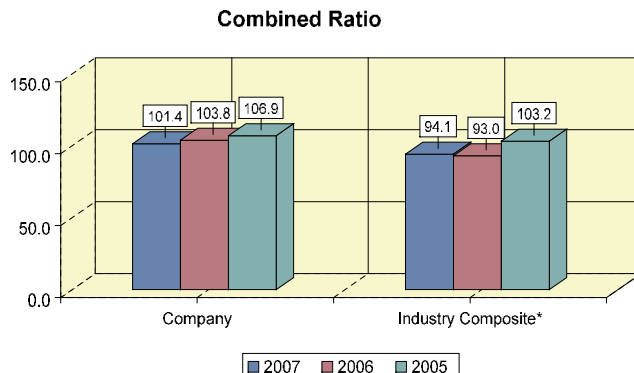
	NA Inv. Leverage	NPW to PHS Net Leverage
2007	10.2	1.3
2006	7.2	1.4
2005	3.2	1.4

Liquidity

	Overall Liq. (%)	Oper. Cash Flow (%)
2007	132.9	136.2
2006	134.5	139.2
2005	137.4	130.3

Combined Ratio

	Company	Industry Composite*
2007	101.4	94.1
2006	103.8	93.0
2005	106.9	103.2



*Industry Composite for this company is Commercial Casualty Composite



AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

As of October 8, 2008

Underwriting Experience (\$000)

	Net Underwriting Income	Loss Ratios			Expense Ratios				Comb. Ratio
		Pure Loss	LAE	Loss & LAE	Net Comm.	Other Exp.	Total Exp.	Div. Pol.	
2007	-3,093	63.0	19.2	82.1	7.8	11.5	19.3	0.0	101.4
2006	-5,600	67.6	18.4	86.1	7.8	10.0	17.7	0.0	103.8
2005	-11,707	72.6	16.3	88.9	6.7	11.3	18.0	0.0	106.9

	2007	2006	Change Amount	Change %
Direct Premiums Written	170,594	172,273	-1,679	-1%
Net Premiums Written	152,304	153,091	-787	-0.5%
Pretax Operating Income	17,651	12,289	5,363	43.6%
Net Income	12,567	9,014	3,553	39.4%
Total Admitted Assets	479,808	439,095	40,713	9.3%
Policyholders' Surplus	118,555	112,739	5,816	5.2%

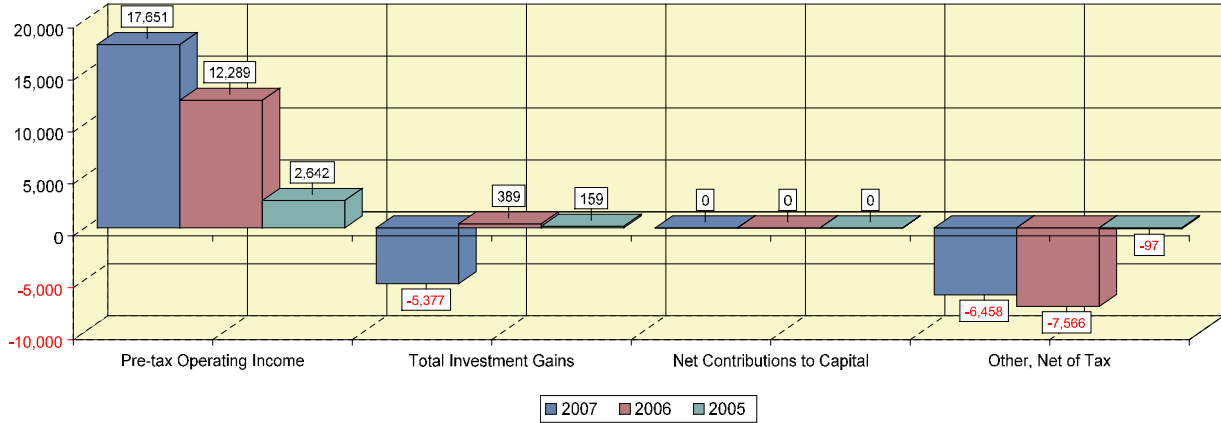


AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

As of October 8, 2008

Capital Generation Analysis (\$000)



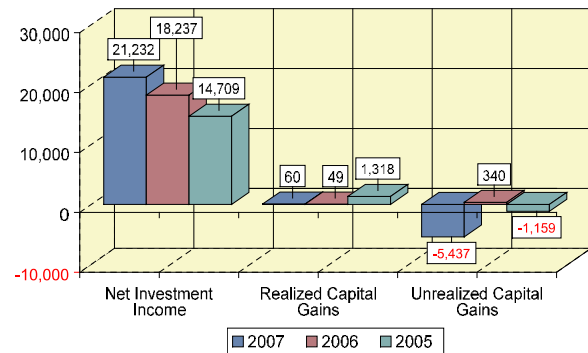
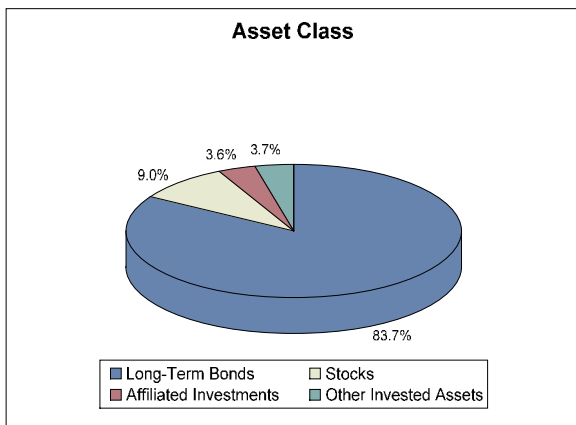
	Pre-tax Operating Income	Total Investment Gains	Net Contributions to Capital	Other, Net of Tax
2007	17,651	-5,377	0	-6,458
2006	12,289	389	0	-7,566
2005	2,642	159	0	-97
3-Year Total	32,582	-4,829	0	-14,121

Investment Portfolio Analysis (\$000)

Asset Class	2007
Long-Term Bonds	329,858
Stocks	35,616
Affiliated Investments	14,153
Other Invested Assets	14,683
Total	394,310

Investment Income Analysis (\$000)

	Net Investment Income	Realized Capital Gains	Unrealized Capital Gains
2007	21,232	60	-5,437
2006	18,237	49	340
2005	14,709	1,318	-1,159





AMB Credit Report - Business Professional

02794 Vanliner Insurance Company

As of October 8, 2008

Balance Sheet (\$000)

ADMITTED ASSETS		2007
Bonds		329,858
Preferred stock		23,738
Common stock		11,878
Cash & short-term invest		9,614
Real estate, offices		14,153
Total invested assets		389,241
Premium balances		73,340
Accrued interest		5,069
All other assets		12,159
Total Assets		479,808
LIABILITIES & SURPLUS		2007
Loss & LAE reserves		275,110
Unearned premiums		69,343
Conditional reserve funds		157
All other liabilities		16,644
Total Liabilities		361,253
Capital & assigned surplus		7,000
Unassigned surplus		111,555
Total policyholders' surplus		118,555
Total Liabilities & Surplus		479,808

Summary of Operations

STATEMENT OF INCOME		2007
Premiums earned		147,022
Losses incurred		92,554
LAE incurred		28,168
Undrw expenses incurred		29,393
Net underwriting income		-3,093
Net investment income		21,232
Other income/expense		-487
Pre-tax oper income		17,651
Realized capital gains		60
Income taxes incurred		5,144
Net Income		12,567

Note: The most recent data contained in this AMB Credit Report is "Quality Checked" indicating that this financial data was recorded after having cleared A.M. Best Quality Checks.

Copyright ©2008 A.M. Best Company, Inc. All rights reserved. No part of this report may be reproduced, distributed, or stored in a database or retrieval system, or transmitted in any form or by any means without the prior written permission of the A.M. Best Company. While this report was obtained from sources believed to be reliable, its accuracy is not guaranteed.