



AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

As of May 27, 2009

Company Information

3075 Sanders Road
Suite G2H
Northbrook, IL 60062-7127

Telephone: **904-992-1776**
Fax: **904-992-3070**
Web: www.allstate.com

Top Officer: **Steven E. Shebik**
Top Officer's Title: **Chairman & CEO**
Secretary: **Gary S. Stere**

A.M.Best Number: **00201**
NAIC Number: **29980**
FEIN Number: **592773658**

History: First Colonial Insurance Company began business in 1987.

Licensing: The company is licensed in the District of Columbia, AL, AK, AZ, AR, CO, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV and WI.

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: 04/03/2009

Issuer Credit Rating
Long-Term: a
Outlook: Stable
Action: Affirmed
Effective Date: 04/03/2009

Previous FSR Rating Event
A (Excellent) 2008

Security Ratings
No data available

Rating Rationale

Rating Rationale: The rating and outlook reflect the company's solid risk-adjusted capitalization and the ultimate ownership and financial support provided by The Allstate Corporation. Partially offsetting these positive rating factors are the company's unfavorable five-year operating performance and fluctuating premium volume.

As a subsidiary of Allstate, First Colonial benefits from Allstate Insurance Group's expansive market presence and brand name recognition. The company's capital position reflects its conservative investment risk profile and historical record of financial support from its ultimate parent. This was demonstrated by capital contributions of \$77 million over the previous five-year period, which supported significant premium growth in earlier years and mitigated operating losses as the company implemented a countrywide growth strategy.

These positive rating attributes are partially offset by the company's unfavorable five-year operating performance and fluctuating premium volume. This was particularly evident in 2008 as the company produced substantial operating losses, driven by an increase in unearned premium reserves and a sharp decline in premium volume primarily due to the economic decline in automobile sales nationwide.

Business Review

First Colonial Insurance Company, a subsidiary of American Heritage Life Insurance Company and a member of the Emerging Businesses Unit of Allstate Protection Group, writes primarily credit-related property and casualty insurance coverages. These product offerings include guaranteed automobile protection (GAP), vehicle service contracts, credit property / installment sales floater, vendor's single interest, collateral protection and involuntary unemployment. All insurance products are marketed primarily by independent agent distributors to financial institutions, retail companies and automobile dealerships.

Policy growth in recent years has been driven by automobile-related products such as GAP and vehicle service contracts. During 2002, a strategic decision was made to exit the consumer finance channel and focus on the automobile segment as the core business. This exit was completed in 2004.



AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

As of May 27, 2009

Business Review

The company exited higher risk credit property business in 2006, significantly reducing its credit property catastrophe exposure. First Colonial is licensed in forty-six states and the District of Columbia and is actively writing one or more products in these states having expanded beyond its historical business concentration in the Southern-Atlantic region of the country. Reinsurance agreements approved by the Florida and Illinois insurance regulators allow First Colonial to use Northbrook Indemnity Company to write GAP, vehicle service contract and credit property products in the remaining states where First Colonial does not currently have a license, or regulatory approval has not yet been obtained to sell these products. The company recently purchased a block of non-insurance business from General Electric. The distribution channels for these products are similar to First Colonial's existing channel. The Auto Roadside CLP, Signature Legal Care, Home Protection and Wellness products provide First Colonial with greater diversification of its product base. These products are short-term (mostly monthly premiums), allowing for immediate pricing changes as deemed necessary.

The company's immediate parent, American Heritage Life Insurance Company, primarily serves as the Allstate Workplace Division. In 1999, American Heritage Life Investment Corporation, then the ultimate parent of First Colonial Insurance Company, was merged in as a wholly owned subsidiary of The Allstate Corporation, which provided it with additional opportunities to expand its product offerings countrywide. The Allstate Workplace Division markets primarily voluntary individual life and health payroll deduction insurance products to employees of businesses of different sizes and types.



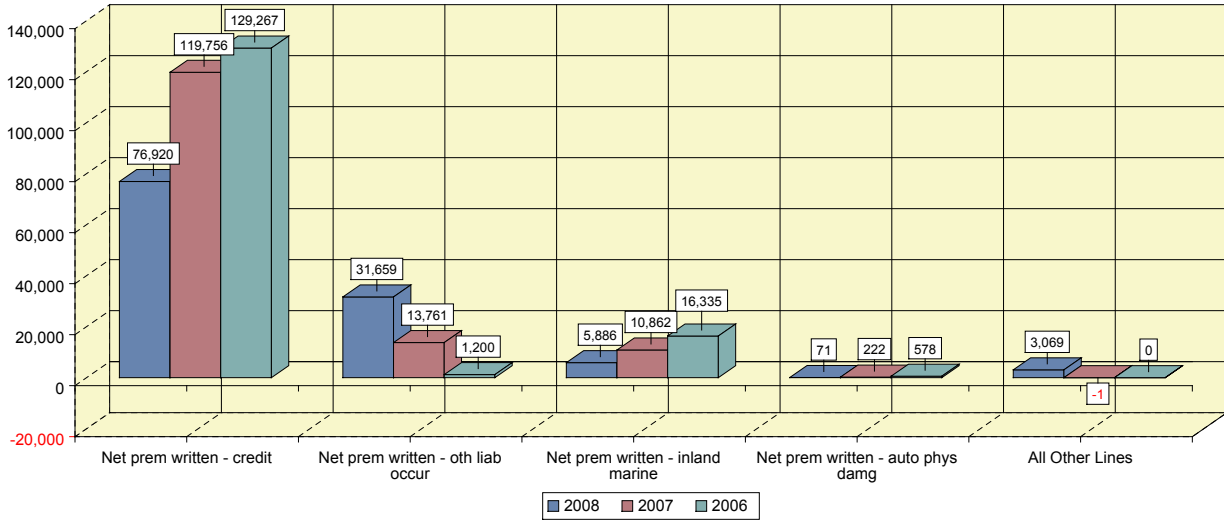
AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

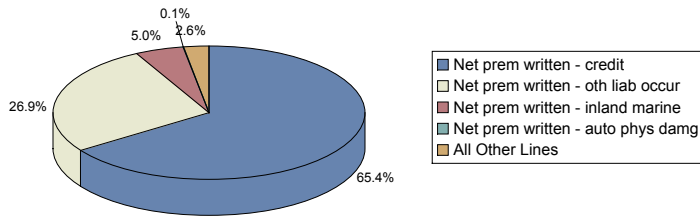
As of May 27, 2009

Top Lines and States of Business (\$000)

3-Year Net Premiums Trend Analysis

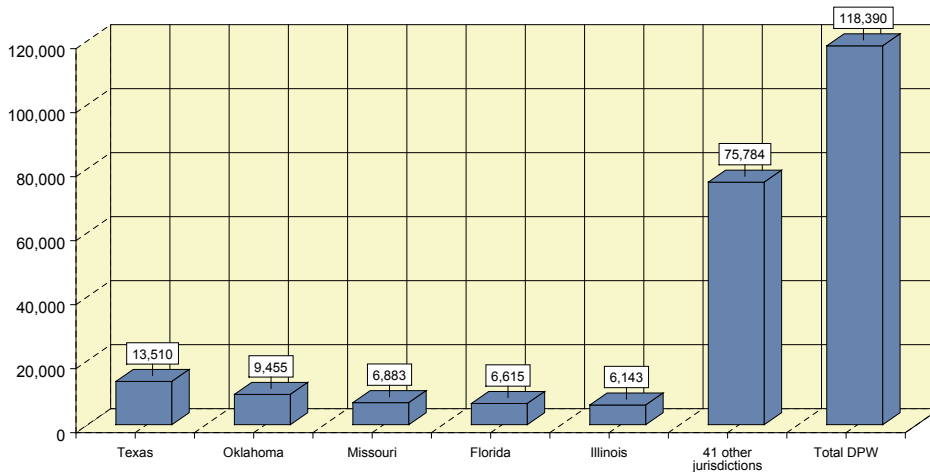


Top Lines of Business (Net Premiums Written)



	2008	2007	2006
Net prem written - credit	76,920	119,756	129,267
Net prem written - oth liab occur	31,659	13,761	1,200
Net prem written - inland marine	5,886	10,862	16,335
Net prem written - auto phys dang	71	222	578
All Other Lines	3,069	-1	0
Total	117,605	144,600	147,380

Top States of Business (Direct Premiums Written)



	2008
Texas	13,510
Oklahoma	9,455
Missouri	6,883
Florida	6,615
Illinois	6,143
41 other jurisdictions	75,784
Total DPW	118,390



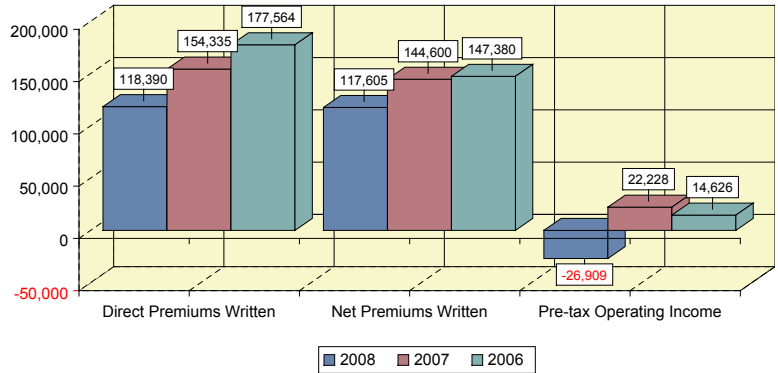
AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

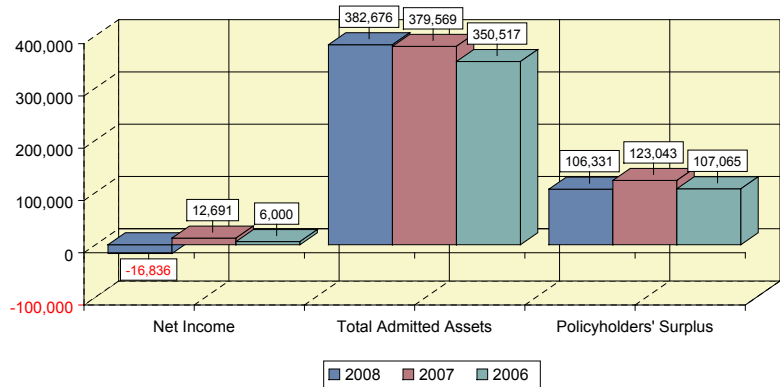
As of May 27, 2009

Key Financial Indicators (\$000)

	Direct Premiums Written	Net Premiums Written	Pre-tax Operating Income
2008	118,390	117,605	-26,909
2007	154,335	144,600	22,228
2006	177,564	147,380	14,626



	Net Income	Total Admitted Assets	Policyholders' Surplus
2008	-16,836	382,676	106,331
2007	12,691	379,569	123,043
2006	6,000	350,517	107,065



Profitability

	Comb. Ratio	Inv. Yield (%)	Pre-tax ROR (%)
2008	139.9	5.0	-26.5
2007	90.8	5.1	19.0
2006	88.9	4.3	13.6

Leverage

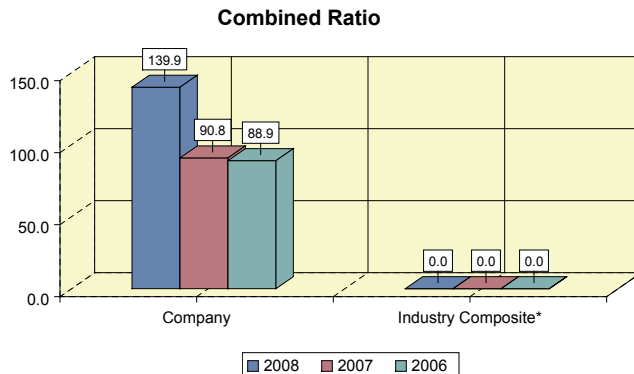
	NA Inv. Leverage	NPW to PHS	Net Leverage
2008	4.5	1.1	3.7
2007	0.8	1.2	3.2
2006	1.1	1.4	3.6

Liquidity

	Overall Liq. (%)	Oper. Cash Flow (%)
2008	139.3	85.2
2007	148.7	134.8
2006	146.0	167.1

Combined Ratio

	Company	Industry Composite*
2008	139.9	N/A
2007	90.8	N/A
2006	88.9	N/A



*Industry Composite for this company is Credit Composite



AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

As of May 27, 2009

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.	
2008	-43,578	120.2	0.3	120.5	8.8	10.6	19.4	0.0	139.9
2007	5,523	71.7	0.2	71.9	13.2	5.7	18.9	0.0	90.8
2006	3,764	68.9	-0.2	68.7	14.3	5.9	20.2	0.0	88.9

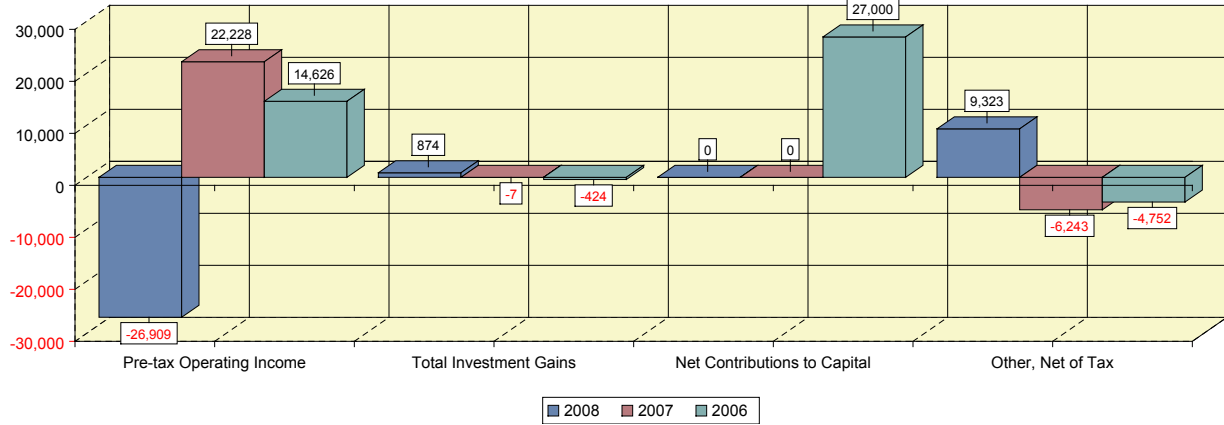
	2008	2007	Change Amount	Change %
Direct Premiums Written	118,390	154,335	-35,946	-23.3%
Net Premiums Written	117,605	144,600	-26,996	-18.7%
Pretax Operating Income	-26,909	22,228	-49,136	-99.9%
Net Income	-16,836	12,691	-29,528	-99.9%
Total Admitted Assets	382,676	379,569	3,108	0.8%
Policyholders' Surplus	106,331	123,043	-16,711	-13.6%



00201 First Colonial Insurance Company

As of May 27, 2009

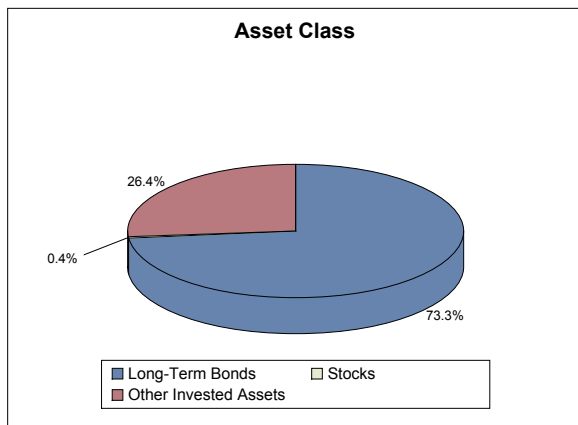
Capital Generation Analysis (\$000)



	Pre-tax Operating Income	Total Investment Gains	Net Contributions to Capital	Other, Net of Tax
2008	-26,909	874	0	9,323
2007	22,228	-7	0	-6,243
2006	14,626	-424	27,000	-4,752
3-Year Total	9,945	443	27,000	-1,671

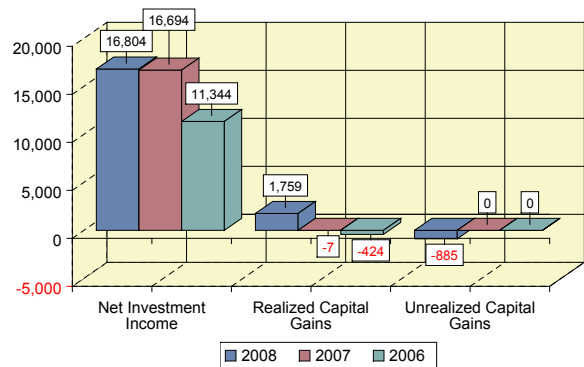
Investment Portfolio Analysis (\$000)

Asset Class	2008
Long-Term Bonds	249,621
Stocks	1,208
Affiliated Investments	0
Other Invested Assets	89,788
Total	340,617



Investment Income Analysis (\$000)

	Net Investment Income	Realized Capital Gains	Unrealized Capital Gains
2008	16,804	1,759	-885
2007	16,694	-7	0
2006	11,344	-424	0





AMB Credit Report - Business Professional

00201 First Colonial Insurance Company

As of May 27, 2009

Balance Sheet (\$000)

ADMITTED ASSETS	2008
Bonds	249,621
Preferred stock	983
Common stock	224
Cash & short-term invest	85,839
Other non-affil inv asset	867
Total invested assets	337,534
Premium balances	13,130
Accrued interest	3,082
All other assets	28,930
Total Assets	382,676
LIABILITIES & SURPLUS	2008
Loss & LAE reserves	31,666
Unearned premiums	206,535
Conditional reserve funds	1,704
All other liabilities	36,440
Total Liabilities	276,345
Capital & assigned surplus	127,245
Unassigned surplus	-20,914
Total policyholders' surplus	106,331
Total Liabilities & Surplus	382,676

Summary of Operations

STATEMENT OF INCOME	2008
Premiums earned	101,485
Losses incurred	121,948
LAE incurred	300
Undrw expenses incurred	22,816
Net underwriting income	-43,578
Net investment income	16,804
Other income/expense	-134
Pre-tax oper income	-26,909
Realized capital gains	1,759
Income taxes incurred	-8,313
Net Income	-16,836

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 ©2009 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.