ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

Assets	September 30, 2005 (Unaudited)	December 31, 2004
Investments:		
Fixed maturities-available for sale at fair value (Cost of $67,878,445 in 2005 and $55,726,811 in 2004)	$ 67,265,192	55,618,928
Equity securities, at fair value (Cost of $11,056,559 in 2005 and $10,240,059 in 2004)	10,968,223	10,447,046
Short-term investments, at cost which approximates fair value	22,071,591	15,362,115
Total investments	100,305,006	81,428,089
Cash and cash equivalents	12,505,792	28,774,539
Accrued interest receivable	456,291	463,592
Receivables, net of allowance for doubtful accounts of $302,606 in 2005 and 2004	1,238,138	2,713,604
Reinsurance recoverable:		
Unpaid losses	3,815,952	3,870,088
Paid losses	753,672	507,545
Prepaid expenses	334,711	188,927
Deferred income taxes	2,003,615	2,034,038
Property & equipment, net	10,807,267	10,946,328
Deferred policy acquisition costs	1,219,639	1,649,698
Assets of Discontinued Operations		
Other assets	994,223	5,286,874
Intangibles	1,920,360	1,920,360
	$136,354,666	139,783,682
Liabilities & Stockholders' Equity		
Accounts payable	$ 1,493,136	2,169,205
Reserves for losses and loss adjustment expenses	23,080,679	23,169,971
Unearned premiums	5,230,561	6,841,966
Collateral held	43,928,717	44,361,990
Income taxes	607,023	86,355
Accrued liabilities	1,943,259	2,690,607
Long-term debt	14,518,114	16,399,879
Total liabilities	90,801,489	95,719,973
Stockholders' Equity:		
Common Stock (No par value; 3,500,000 shares authorized; 539,335 and 540,329 shares issued and outstanding)	539,335	540,329
Class A Stock (No par value; 10,000,000 shares authorized;1,699,848 and 1,738,478 shares issued and outstanding)	1,699,848	1,738,478
Retained earnings	43,899,373	41,676,900
Accumulated other comprehensive income	(585,379)	108,002
Total stockholders' equity	45,553,177	44,063,709
	$136,354,666	139,783,682

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings (Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Contract revenues	$767,743	3,299,508	2,828,238	8,557,982
Earned premiums	3,408,003	3,577,597	9,920,858	10,504,691
Investment income, net	1,183,798	899,614	3,048,936	2,417,931
Net realized capital gains (losses)	(1,246)	31,408	(9,023)	52,059
Other income	169,860	253,438	649,830	616,999
	5,528,158	8,061,565	16,438,839	22,149,662
Cost of contract revenues	829,506	3,249,124	2,827,218	8,454,620
Losses and loss adjustment expenses	921,286	1,323,589	3,162,085	4,113,021
Amortization of policy acquisition costs	696,556	663,732	2,064,651	1,929,848
General and administrative expenses	1,168,101	1,290,537	3,576,791	3,780,784
Interest expense	230,274	193,995	696,765	652,703
	3,845,723	6,720,977	12,327,510	18,930,976
Earnings before income taxes	1,682,435	1,340,588	4,111,329	3,218,686
Income taxes	578,434	465,902	1,411,810	1,139,965
Net earnings	$1,104,001	874,686	2,699,519	2,078,721
Basic earnings per share	$ .49	.38	1.20	.90
Diluted earnings per share	$ .48	.37	1.17	.88

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
September 30, 2005 and 2004

	Common Stock Par Value	Class A Stock Par Value	Retained Earnings	Accumulated Other Comprehensive Income(Loss)	Total Stockholders' Equity
Balance as of December 31, 2003	$549,355	1,742,705	39,438,778	351,340	42,082,178
Comprehensive income:					
Net unrealized losses on debt and equity securities, net of reclassification	-	-	-	(225,075)	(225,075)
Net unrealized gains on derivatives qualifying as cash flow hedges	-	-	-	23,486	23,486
Net earnings	-	-	2,078,721		2,078,721
Total comprehensive income					1,877,132
Acquisition and retirement of 59,026 shares of Common Stock	(59,026)	-	(771,330)	-	(830,356)
Acquisition and retirement of 70,727 shares of Class A Stock	-	(70,727)	(853,304)	-	(924,031)
Issuance of 50,000 shared of Common Stock pursuant to stock options	50,000	-	547,000	-	597,000
Issuance of 104,000 shares of Class A Stock pursuant to stock options	-	104,000	844,500	-	948,500
Balance as of September 30, 2004	$540,329	1,775,978	41,284,365	149,751	43,750,423
Balance as of December 31, 2004	$540,329	1,738,478	41,676,900	108,002	44,063,709
Comprehensive income:					
Net unrealized losses on debt and equity securities, net of reclassification	-	-	-	(596,010)	(596,010)
Net unrealized gains on derivatives qualifying as cash flow hedges	-	-	-	(97,371)	(97,371)
Net earnings	-	-	2,699,519	-	2,699,519
Total comprehensive income					2,006,138
Acquisition and retirement of 994 shares of Common Stock	(994)	-	(8,599)	-	(9,593)
Acquisition and retirement of 38,630 shares of Class A Stock	-	(38,630)	(468,447)	-	(507,077)
Balance as of September 30, 2005	$539,335	1,699,848	43,899,373	(585,379)	45,553,177

See Notes to Unaudited Consolidated Financial Statements.

ACMAT CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Net earnings	$2,699,519	2,078,721
Adjustments to reconcile net earnings to net cash used for operating activities:		
Depreciation and amortization	430,720	550,791
Net realized capital gains	9,023	(52,059)
Changes in:		
Accrued interest receivable	7,301	(209,372)
Reinsurance recoverable	(191,991)	3,105,170
Receivables, net	1,475,466	(1,871,890)
Deferred policy acquisition costs	430,059	(197,478)
Prepaid expenses and other assets	4,146,867	(381,450)
Accounts payable and other accrued liabilities	(1,326,046)	1,655,778
Reserves for losses and loss adjustment expenses	(89,292)	1,463,322
Collateral held	(433,273)	8,958,403
Income taxes	597,027	1,136,451
Unearned premiums	(1,611,405)	1,115,367
Net cash provided by operating activities	6,143,975	17,351,754
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Fixed maturities-sold	1,000,000	1,670,000
Fixed maturities-matured	9,311,978	10,882,827
Equity securities	647,183	1,909,965
Purchases of:		
Fixed maturities	(22,516,684)	(13,801,070)
Equity securities	(1,500,000)	(2,950,695)
Short-term investments, net	(6,709,476)	(16,215,565)
Capital expenditures	(247,288)	(6,614)
Net cash used for investing activities	(20,014,287)	(18,511,152)
Cash flows from financing activities:		
Repayments on long-term debt	(1,881,765)	(2,020,951)
Issuance of Common Stock	---	537,500
Issuance of Class A Stock	---	754,000
Payments for acquisition & retirement of stock	(516,670)	(1,754,387)
Net cash used for financing activities	(2,398,435)	(2,483,838)
Net change in cash	(16,268,747)	(3,643,236)
Cash at beginning of period	28,774,539	37,687,994
Cash at end of period	$12,505,792	34,044,758

See Notes to Unaudited Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:

(1) Financial Statements

The consolidated financial statements include the accounts of ACMAT Corporation ("ACMAT" or the "Company") and its subsidiaries. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and are unaudited.

The interim financial information contained in this report has been prepared from the books and records of the Company and its subsidiaries and reflects, in the opinion of the management of the Company, all adjustments (consisting of normal and recurring accruals) necessary to fairly present results of operations for the periods indicated. All significant intercompany accounts and transactions have been eliminated in consolidation.

These statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2004.

(2) Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three-month periods ended September 30, 2005 and 2004:

2005:	Earnings	Weighted Average Shares Outstanding	Per-Share Amount
Basic EPS:			
Earnings available to stockholders	$1,104,001	2,239,545	.49
Effect of Dilutive Securities:			
Stock options	-	69,836	
Diluted EPS:			
Earnings available to stockholders	$1,104,001	2,309,381	.48
2004:			
Basic EPS:			
Earnings available to stockholders	$874,686	2,317,828	$.38
Effect of Dilutive Securities:			
Stock options	-	57,804	
Diluted EPS:			
Earnings available to stockholders	$874,686	2,375,632	$.37

The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the nine-month periods ended September 30, 2005 and 2004:

	Earnings	Weighted Average Shares Outstanding	Per-Share Amount
2005:			
Basic EPS:			
Earnings available to stockholders	$2,699,519	2,253,386	$1.20
Effect of Dilutive Securities:			
Stock options	-	61,085	
Diluted EPS:			
Earnings available to stockholders	$2,699,519	2,314,471	$1.17
2004:			
Basic EPS:			
Earnings available to stockholders	$2,078,721	2,306,888	$.90
Effect of Dilutive Securities:			
Stock options	-	54,240	
Diluted EPS:			
Earnings available to stockholders	$2,078,721	2,361,128	$.88

(3) Supplemental Cash Flow Information

Income taxes paid during the nine months ended September 30, 2005 and 2004 was $814,785 and $3,515, respectively. Interest paid for the nine months ended September 30, 2005 and 2004 was $694,650 and $651,994, respectively.

(4) Comprehensive Income (Loss)

The following table summarizes reclassification adjustments for other comprehensive income (loss) and the related tax effects for the nine months ended September 30, 2005 and 2004:

	2005	2004
Unrealized losses on investments:		
Unrealized holding losses arising during period	$(605,033)	$ (190,716)
Less reclassification adjustment for gains included in net income, net of income tax expense of $17,700 for 2004	(9,023)	34,359
Unrealized gain (loss) on derivatives qualifying as cash flow hedges	(97,371)	23,486
Other comprehensive income (loss)	$(693,381)	$(201,589)

(5) Stock-Based Compensation

The Company accounts for stock options under the recognition and measurement principles of Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees", and related interpretations.

The stock options were awarded at an exercise price equal to the market value of the underlying common stock on the date of the grant. Accordingly, there has been no employee compensation cost recognized in earnings for the stock options.

FAS 123 provides an alternative to APB 25 whereby fair values may be ascribed to options using a valuation model and amortized to compensation cost over the vesting period of the options. The following tables illustrate the pro forma effect on net income and earnings per share for each period indicated as if the Company applied the fair value recognition provisions of FAS 123 to its stock option program.

The pro forma fair value of stock-based compensation in the Company's Common and Class A Shares for the three and nine months ended September 30, 2005 and 2004 is as follows:

	Three Months Ended		Nine Months Ended	
	2005	2004	2005	2004
Net earnings as reported	$1,104,001	874,686	2,699,519	2,078,721
Add: Stock-based employee compensation reported in net earnings, net of related tax effects	---	---	---	---
Deduct: Stock-based compensation expense determined under fair value based method, net of related tax effects	(23,612)	(99,037)	(80,265)	(254,967)
Net earnings, pro forma	$1,080,389	775,649	2,619,254	1,823,754
Earnings per share				
Basic and diluted – as reported	$.49/$.48	$.38/$.37	$1.20/$1.17	$.90/$.88
Basic and diluted – pro forma	$.48/$.47	$.33/$.33	$1.16/$1.13	$.79/$.77

The significant assumptions used during the year in estimating the fair value on the date of the grant for options and granted in 2005 and 2004 were as follows:

	2005	2004
Expected life of stock options, in years	9	9
Expected volatility of ACMAT stock	44%	44%
Risk-free interest rate	4.0	4.0
Expected annual dividend yield	---	---
Expected annual forfeiture rate	---	---

(6) Investments

The Company's portfolio is comprised primarily of fixed maturity securities rated AA or better by Standard and Poor's and includes mostly U.S. Treasuries and tax-free municipal securities.

The Company makes investments in collateralized mortgage obligations (CMOs). CMOs typically have high credit quality, offer good liquidity, and provide a significant advantage in yield and total return compared to U.S. Treasury securities. The Company's investment strategy is to purchase CMO tranches which offer the most favorable return given the risks involved. One significant risk evaluated is prepayment sensitivity. This drives the investment process to generally favor prepayment protected CMO tranches including planned amortization classes and last cash flow tranches. The Company does invest in other types of CMO tranches if a careful assessment indicates a favorable risk/return tradeoff. The Company does not purchase residual interests in CMOs.

An investment in debt or equity security is impaired if its fair value falls below its book value and the decline is considered to be other-than temporary. Factors considered in determining whether a decline is other-than-temporary include the length of time and the extent to which fair value has been below cost, the financial condition and the near-term prospects of the issuer; and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. Additionally, for certain securitized financial assets with contractual cash flows (including asset backed securities), EITF 99-20 requires the Company to periodically update its best estimate of cash flows over the life of the security. If management determines that the fair value of its securitized financial asset is less than its carrying amount and there has been a decrease in the present value of the estimated cash flows since the last revised estimate, considering both timing and amount, then an other-than-temporary impairment charge is recognized. A debt security is impaired if it is probable that the Company will not be able to collect all amounts due under the security's contractual terms. Equity investments are impaired when it becomes apparent that the Company will not recover its cost over the expected holding period and consideration is given to the financial condition of the issue. Further, for securities expected to be sold, an other-than-temporary impairment charge is recognized if the Company does not expect the fair value of a security to recover the cost prior to the expected date of sale.

The Company's process for reviewing invested assets for impairments during any quarter includes the following:

- Identification and evaluation of investments which have possible indications of impairment;
- Analysis of investments with gross unrealized investment losses that have fair value less than 80% of amortized cost during successive quarterly periods over a rolling one-year period;
- Management review of for other-than-temporary impairments based on the investee's current financial condition, liquidity, near term recovery prospects and other factors, as well as consideration of other investments that were not recommended for other-than-temporary impairments;
- Consideration of evidential matter, including an evaluation of factors or triggers that would or could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairments;
- Determination of the status of each analyzed investment as other-than-temporary or not.

The gross unrealized investment losses and related fair value for fixed maturities and equity securities at September 30, 2005 and 2004 were as follows:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
2005:						
Fixed maturities:						
States, municipalities and political subdivisions	$ ---	---	531,240	9,644	531,240	9,644
United States government and government agencies	9,422,391	123,512	6,649,850	101,451	16,072,241	224,963
Mortgage-backed securities	8,665,424	154,357	6,796,393	100,516	15,461,817	254,873
Industrial and miscellaneous	8,038,113	60,887	5,052,674	246,372	13,090,787	307,259
Total fixed maturities	26,125,928	338,756	19,030,157	457,983	45,156,085	796,739
Equity securities – common stocks:	---	---	0	0	0	0
Equity securities – redeemable preferred:	0	0	2,288,200	211,800	2,288,200	211,800
Equity securities – perpetual preferred:	0	0	1,595,520	4,480	1,595,520	4,480
Total equity	0	0	3,883,720	216,280	3,883,720	216,280
Total temporarily impaired securities	$26,125,928	338,756	22,913,877	674,263	49,039,805	1,013,019

	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
2004:						
Fixed maturities:						
United States government and government agencies	$6,326,907	48,012	7,185,469	55,825	13,512,376	103,837
Mortgage-backed securities	3,307,693	45,558	3,583,707	76,494	6,891,400	122,052
States, municipalities	-	-	543,705	2,460	543,705	2,460
Industrial and miscellaneous	3,273,320	26,346	3,935,000	65,000	7,208,320	91,346
Total fixed maturities	12,907,920	119,916	15,247,881	199,779	28,155,801	319,695
Equity securities – common stocks:	175,700	9,300	-	-	175,700	9,300
Equity securities – redeemable preferred:	4,000,280	99,720	2,567,880	32,120	6,568,160	131,840
Total equity	4,175,980	109,020	2,567,880	32,120	6,743,860	141,140
Total temporarily impaired securities	$17,083,900	228,936	17,815,761	231,899	34,899,661	460,835

(7) Accounting Policies Not Yet Adopted

Share Based Payment

In December 2004, the FASB issued Revised Statement of Financial Standards No. 123, "Share-Based Payment (FAS 123R), an amendment to FAS 123 and a replacement of Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees", and related implementation guidance. FAS 123R requires public entities to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, and to recognize that cost over the requisite service period.

As of the required effective date, FAS 123R requires entities that use the fair-value method of either recognition or disclosure under FAS 123, to apply a modified version of the prospective application. Under modified prospective application, compensation cost is recognized on or after the required effective date for all unvested awards, based on their grant-date fair value as calculated under FAS 123 for either recognition of pro forma disclosure purposes. FAS 123R is effective January 1, 2006. The stock options were awarded at an exercise price equal to the market value of the underlying common stock on the date of the grant. Accordingly, there has been no employee compensation cost recognized in earnings for the stock options. The Company does not expect the impact of adopting FAS 123R to have a significant effect on operations, financial condition or liquidity.

(8) Segment Reporting

The Company has three reportable operating segments: ACMAT Contracting, ACSTAR Bonding and United Coastal Liability Insurance. The Company's reportable segments are primarily the three main legal entities of the Company, which offer different products and services. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the Company's annual report.

ACMAT Contracting provides construction contracting services to commercial and governmental customers. ACMAT Contracting also provides underwriting services to its insurance subsidiaries. In addition, ACMAT Contracting owns a commercial office building in New Britain Connecticut and leases office space to its insurance subsidiaries as well as third parties.

The United Coastal Liability Insurance operating segment offers specific lines of liability insurance as an approved non-admitted excess and surplus lines insurer in forty-six states, Puerto Rico, the Virgin Islands and the District of Columbia. United Coastal offers claims made and occurrence policies for specific specialty lines of liability insurance through certain excess and surplus lines brokers who are licensed and regulated by the state insurance department(s) in the state(s) in which they operate. United Coastal offers general, professional, products, pollution, asbestos and lead liability insurance to specialty trade contractors, environmental contractors, property owner, storage and treatment facilities and professionals. United Coastal also offers products liability insurance to manufacturers and distributors.

The Bonding operating segment provides, primarily through ACSTAR, surety bonds written for prime, specialty trade, environmental, asbestos and lead abatement contractors and miscellaneous obligations. ACSTAR also offers other miscellaneous surety such as workers' compensation bonds, supply bonds, subdivision bonds and license and permit bonds.

The Company evaluates performance based on earnings before income taxes and excluding interest expense. The Company accounts for intersegment revenue and expenses as if the products/services were to third parties. Information relating to the three segments for the three and nine-month periods ended September 30, 2005 and 2004 is summarized as follows:

	Three Months ended		Nine Months ended	
	2005	2004	2005	2004
Revenues:				
ACSTAR Bonding	$3,484,116	2,738,100	8,621,018	6,780,723
United Coastal Liability Insurance	948,279	1,620,075	3,991,272	5,855,154
ACMAT Contracting	1,625,659	4,352,615	5,370,689	11,413,829
	$6,058,054	8,710,790	17,982,979	24,049,706
Operating Earnings (Loss):				
ACSTAR Bonding	$1,877,324	1,030,046	4,383,922	2,411,557
United Coastal Liability Insurance	210,260	449,462	751,883	1,492,240
ACMAT Contracting	(174,875)	55,075	(327,711)	(32,408)
	$1,912,709	1,534,583	4,808,094	3,871,389
Depreciation and Amortization:				
ACSTAR Bonding	$ 38,085	40,403	95,264	148,022
United Coastal Liability Insurance	(6,454)	14,486	3,136	58,980
ACMAT Contracting	106,666	114,545	332,320	343,789
	$138,297	169,434	430,720	550,791

Identifiable Assets:	September 30, 2005	December 31, 2004
ACSTAR Bonding	$ 85,086,849	82,490,014
United Coastal Liability Insurance	36,486,663	39,072,544
ACMAT Contracting	14,781,154	18,221,124
	$136,354,666	139,783,682

The components of revenue for each segment for the three and nine-month periods ended September 30, 2005 and 2004 are as follows:

	Three Months ended		Nine Months ended	
	2005	2004	2005	2004
ACSTAR Bonding:				
Premiums	$2,808,789	2,326,016	6,976,074	5,696,620
Investment income, net	757,403	443,641	1,784,591	1,168,135
Capital gains (losses)	(1,246)	31,408	(9,952)	52,059
Other	(80,830)	(62,965)	(129,695)	(136,091)
	$3,484,116	2,738,100	8,621,018	6,780,723
United Coastal Liability Insurance:				
Premiums	$599,214	1,251,581	2,944,784	4,808,071
Investment income, net	345,466	351,491	1,030,096	1,017,243
Capital gains	---	---	929	---
Other	3,599	17,003	15,463	29,840
	$948,279	1,620,075	3,991,272	5,855,154
ACMAT Contracting:				
Contract revenues	$767,743	3,299,508	2,828,238	8,557,982
Investment income, net	2,695	3,346	16,182	10,302
Intersegment revenue:				
Rental income	199,105	181,962	600,106	608,911
Underwriting services, agency commissions and funds administration services	577,333	757,099	1,599,056	1,891,200
Other	78,783	110,700	327,107	345,434
	$1,625,659	4,352,615	5,370,689	11,413,829

The following is a reconciliation of segment totals for revenue and operating income to corresponding amounts in the Company's statement of earnings:

	Three Months ended		Nine Months ended	
Revenue:	2005	2004	2005	2004
Total revenue for reportable segments	$6,058,054	8,710,790	17,982,979	24,049,706
Intersegment eliminations	(529,896)	(649,225)	(1,544,140)	(1,900,044)
	$5,528,158	8,061,565	16,438,839	22,149,662

The adjustments and eliminations required to arrive at consolidated amounts shown above consist principally of the elimination of the intersegment revenues related to the performance of certain services and rental charges. Identifiable assets are those assets that are used by each segment's operations. Foreign revenues are not significant.

Operating Earnings:	2005	2004	2005	2004
Total operating earnings for reportable segments	$1,912,709	1,534,583	4,808,094	3,871,389
Interest expense	(230,274)	(193,995)	(696,765)	(652,703)
	$1,682,435	1,340,588	4,111,329	3,218,686

Operating earnings for ACMAT contracting are operating revenues less cost of contract revenues and identifiable selling, general and administrative expenses. Operating earnings for the bonding and liability insurance segments are revenues less losses and loss adjustment expenses, amortization of policy acquisition costs and identifiable, general and administrative expenses.

(9) Subsequent Event

On November 22, 2005, the Company and its insurance subsidiary, ACSTAR Insurance Company ("ACSTAR") completed the sale of their shares of United Coastal Insurance Company ("United Coastal") to Rockhill Holding Company. The operations of United Coastal have been reported as a reportable operating segment as detailed in Footnote 8. United Coastal shares were owned 66% by ACMAT and 34% by ACSTAR.

The purchase price of approximately $30 million was based upon United Coastal's net assets valued at market plus a premium for United Coastal's insurance authorizations. Net assets at the time of the sale were comprised solely of cash and investments. The transaction resulted in a one-time increase in the Company's net earnings of approximately $5 million in the fourth quarter of 2005.

All of the existing business of United Coastal has been assumed by ACSTAR Insurance and will be serviced going forward. The Company is not restricted from participating in the excess and surplus lines business in the future and has the ability to do so at anytime.