

SCHEDULE M-3 (Form 1120-PC)

Net Income (Loss) Reconciliation for U.S. Property and Casualty Insurance Companies With Total Assets of \$10 Million or More

OMB No. 1545-1027

2007

Department of the Treasury Internal Revenue Service

Attach to Form 1120-PC. See separate instructions.

Check applicable box(es): (1) Non-Consolidated return (2) Consolidated return (Form 1120-PC only) (3) Mixed 1120/L/PC group (4) Dormant subsidiaries schedule attached

Name of corporation (common parent, if consolidated return) Employer identification number

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

- 1a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
b Did the corporation prepare a certified audited non-tax-basis income statement for that period?
c Did the corporation prepare a non-tax-basis income statement for that period?
2a Enter the income statement period: Beginning / / Ending / /
b Has the corporation's income statement been restated for the income statement period on line 2a?
c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?
3a Is any of the corporation's voting common stock publicly traded?

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock
c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock

Table with 2 columns: Description and Amount. Rows include: 4 Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1; 5a Net income from nonincludible foreign entities; 5b Net loss from nonincludible foreign entities; 6a Net income from nonincludible U.S. entities; 6b Net loss from nonincludible U.S. entities; 7a Net income (loss) of other disregarded entities; 7b Net income (loss) of other includible entities; 8 Adjustment to eliminations of transactions between includible entities and nonincludible entities; 9 Adjustment to reconcile income statement period to tax year; 10a Intercompany dividend adjustments; 10b Other statutory accounting adjustments; 10c Other adjustments; 11 Net income (loss) per income statement of includible corporations.

Name of corporation (common parent, if consolidated return)	Employer identification number :
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120-PC group (7) <input type="checkbox"/> 1120-PC eliminations	
Name of subsidiary (if consolidated return)	Employer identification number :

**Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return** (see instructions)

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships (attach schedule)				
10 Income (loss) from foreign partnerships (attach schedule)				
11 Income (loss) from other pass-through entities (attach schedule)				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)				
14 Hedging transactions				
15 Mark-to-market income (loss)				
16 Premium income (attach schedule)				
17 Sale versus lease (for sellers and/or lessors)				
18 Section 481(a) adjustments				
19 Income from a special loss discount account				
20 Income recognition from long-term contracts				
21 Original issue discount and other imputed interest				
22 Reserved for future use				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 <b>Total income (loss) items.</b> Combine lines 1 through 25				
27 <b>Total expense/deduction items</b> (from Part III, line 39)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b 1120 subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 <b>Reconciliation totals.</b> Combine lines 29a through 29c				

**Note.** Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120-PC, Schedule A, line 35.

Name of corporation (common parent, if consolidated return)	Employer identification number :
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group	
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120-PC group (7) <input type="checkbox"/> 1120-PC eliminations	
Name of subsidiary (if consolidated return)	Employer identification number :

**Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Expense/Deduction Items** (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense . . . . .				
2 U.S. deferred income tax expense . . . . .				
3 State and local current income tax expense . . . . .				
4 State and local deferred income tax expense . . . . .				
5 Foreign current income tax expense (other than foreign withholding taxes) . . . . .				
6 Foreign deferred income tax expense . . . . .				
7 Foreign withholding taxes . . . . .				
8 Stock option expense . . . . .				
9 Other equity-based compensation . . . . .				
10 Meals and entertainment . . . . .				
11 Fines and penalties . . . . .				
12 Judgments, damages, awards, and similar costs				
13 Parachute payments . . . . .				
14 Compensation with section 162(m) limitation . . . . .				
15 Pension and profit-sharing . . . . .				
16 Other post-retirement benefits . . . . .				
17 Deferred compensation . . . . .				
18 Charitable contribution of cash and tangible property . . . . .				
19 Charitable contribution of intangible property . . . . .				
20 Charitable contribution limitation/carryforward . . . . .				
21 Write-off of premium receivables . . . . .				
22 Guarantee fund assessments . . . . .				
23 Current year acquisition or reorganization investment banking fees . . . . .				
24 Current year acquisition or reorganization legal and accounting fees . . . . .				
25 Current year acquisition/reorganization other costs				
26 Amortization of acquisition, reorganization, and start-up costs . . . . .				
27 Amortization/impairment of goodwill, insurance in force, and ceding commissions . . . . .				
28 Other amortization or impairment write-offs . . . . .				
29 Discounting of unpaid losses (section 846) (attach schedule) . . . . .				
30 Reduction of loss deduction (section 832(b)(5)(B)) . . . . .				
31 Depreciation . . . . .				
32 Bad debt expense and/or agency balances written off . . . . .				
33 Deduction from a special loss discount account . . . . .				
34 Corporate owned life insurance premiums . . . . .				
35 Purchase versus lease (for purchasers and/or lessees) . . . . .				
36 Interest expense (attach Form 8916-A) . . . . .				
37 Domestic production activities deduction . . . . .				
38 Other expense/deduction items with differences (attach schedule) . . . . .				
39 <b>Total expense/deduction items.</b> Combine lines 1 through 38. Enter here and on Part II, line 27 . . . . .				