Ken Fisher, Associate Vice President, Medical Affairs at UIHC has provided the following response to a question Regent Downer asked concerning the UIHC Audit report for FY 2009 presented by external auditors, KPMG, LLP at the April 29, 2010 meeting.

Patrice Sayre

During the Audit Committee Regent Downer raised a question about the increase in UIP receivables carried on the balance sheet of UIHC.

The prior years, UIP has been reporting operations on a cash basis; June 30, 2009 we converted UIP to a full accrual basis of accounting. To make this conversion we recorded a onetime entry to increase receivables and increase the offsetting due to UIP on our balance sheet. Both entries were for about $6 million.

As you may know, UIP and UIHC share a common receivables system. UIHC is a separate audit report which does not include UIP and we handle the transactions between the two units through intercompany accounts on the balance sheet.

I will be happy to answer any additional questions

Ken Fisher

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